Assured Guaranty Ltd. (AGO)
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Third Quarter 2026 Earnings Call

Robert Tucker
Senior Managing Director, Investor Relations and Corporate Communications

Thank you, operator. And thank you all for joining Assured Guaranty for our Third Quarter 2026 financial results conference call.

Today's presentation is made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995.

The presentation and today's discussion may contain forward-looking statements about our new business and credit outlooks, including but not limited to estimates, expectations or ranges regarding future PVP or other new business production, market conditions, credit spreads, financial ratings, loss reserves, financial results or other items that may affect our future results.

These statements are subject to change due to new information or future events, and the actual results may differ from those expressed or implied in these statements due to a number of risks and uncertainties, some of which are outside of our control. Therefore, you should not place undue reliance on them, as we do not undertake any obligation to publicly update or revise them including any estimates, expectations or ranges regarding future PVP or other new business production, except as required by law.

These forward-looking statements apply as of today, and you should not rely on them as representing our views in the future. We undertake no obligation to update these statements after this call. Please refer to our recent SEC filings for a discussion of risk factors that may cause actual results to differ materially from those expressed in our forward-looking statements and the investor information section of our website for our most recent presentations.

This presentation and today's discussion also includes references to non-GAAP financial measures.

We present the GAAP financial measures most directly comparable to the non-GAAP financial measures referenced in this presentation, along with a reconciliation between such GAAP and non-GAAP financial measures, in our Financial Supplement and Equity Investor Presentation, which are on our website at AssuredGuaranty.com.

Turning to the presentation, our speakers today are Dominic Frederico, President and Chief Executive Officer of Assured Guaranty Ltd., Rob Bailenson, our Chief Operating Officer, and Ben Rosenblum, our Chief Financial Officer. After their remarks, we will open the call to your questions.

As the webcast is not enabled for Q&A, please dial in to the call if you would like to ask a question.

I will now turn the call over to Dominic.

Dominic Frederico
President and Chief Executive Officer

Thank you, Robert, and welcome to everyone on today's call.

Through the first nine months of 2026, our key valuation metrics, adjusted operating shareholders' equity and adjusted book value per share, once again reached record highs.

New business production was strong, generating $280 million of PVP in the first nine months. PVP increased in all three of our financial guaranty business lines, and global structured finance PVP more than doubled year over year. These results reflect the success of our growth strategy across the financial guaranty business. Rob will discuss our production in more detail in a moment.

During the third quarter, we also negotiated a restructuring agreement for Brightline, and we are pleased with the outcome. As outlined in our press release, once Brightline Florida Holding and its affiliates exit bankruptcy, the agreement provides for a total of $490 million of new OpCo capital, which includes $350 million of junior debt and $140 million of senior debt, of which Assured Guaranty has committed to provide $70 million. Assured Guaranty insures 51% of the senior revenue bonds and therefore holds and will continue to hold after the issuance of the new debt, the controlling voting position with respect to the bonds.

We are also pleased that Assured Life Re is progressing on its new business opportunities, especially considering that these deals can have a somewhat long gestation period, and we look forward to having additional information for you in the near term. We remain focused on opportunities that align with Assured Guaranty's core competencies while offering attractive returns and capital-efficient growth.

We see significant opportunities for future growth and greater revenue diversification. Along with our new annuity reinsurance business, we remain focused on growing our core financial guaranty business in the U.S. and non-U.S. markets, including Europe and the Asia-Pacific region. Within structured finance, fund finance is one of the areas where we continue to see strong growth and future opportunities. Looking forward, we will maintain disciplined underwriting and risk management to protect our policyholders, and the counterparties whose capital we help optimize.

We will continue to pursue our traditional business thoughtfully and strategically. We will also focus on new business opportunities and ways to further optimize our capital

structure. This strategy positions us to maximize the value of our guaranty for issuers and investors while also maximizing long-term shareholder value.

I will now turn the call over to Rob for more detail on our production results.

Robert Bailenson
Chief Operating Officer

Thank you, Dominic, and good morning, everyone.

Assured Guaranty closed $280 million of PVP in the first nine months of 2026. That is a 44% increase from $194 million in the first nine months of 2025, and only $6 million less than our total PVP for all of 2025.

PVP increased in all three of our financial guaranty businesses: 31% in U.S. public finance, 63% in non-U.S. public finance, and 117% in global structured finance. As Dominic noted, these results reflect the strength of our new business strategy and our multi-pronged approach to applying our financial guaranty products globally.

In U.S. public finance, we insured $15.6 billion of aggregate par across the primary and secondary markets in the first nine months of 2026, generating $199 million of PVP.

Highlights of the $15.6 billion of U.S. public finance par included:

- $1.5 billion of taxable military housing revenue bonds for Hampton Roads in the third quarter. Of that, $1.0 billion had an underlying AA rating, and $322 million was A rated;
- $636 million for the City of Houston, Texas, Hotel Tax, and
- $330 million in Student Housing Revenue Bonds for the Kentucky Bond Development Corporation, both earlier in the year;
- $285 million of port revenue bonds for the Municipality of Anchorage, Alaska in the third quarter, and
- $1.0 billion of secondary market par through September.

We guaranteed 23 transactions using $100 million or more of our insurance in the first nine months. The market continues to recognize the size of our capital base and the strength of our value proposition on these larger transactions.

We also insured approximately $5.1 billion of par on credits rated AA or higher by S&P and/or Moody's. This shows that we can add meaningful value even to highly rated bonds.

Turning to global structured finance, we are very pleased with PVP of $50 million, split evenly between U.S. and non-U.S. structured finance. That compares with $23 million in the first nine months of 2025. These results came primarily from fund finance, along with

financial guaranties for life insurance capital management and a commercial real estate balloon note guaranty.

We continue to actively develop our fund finance business. As I've explained on previous calls, these transactions are often repeatable flow business with relatively short lives, from a few months to just over two years. As a result, we earn premiums considerably faster and can reuse the capital more quickly. Ben will discuss the earnings impact of the shorter duration business in a few minutes. Additionally, we expect many of these transactions to renew at maturity.

Non-U.S. public finance PVP was $31 million for the first nine months of 2026, compared with $19 million for the same period in 2025. In the third quarter, results included a primary market European toll road transaction. Earlier in the year, they included two regulated energy transactions in Spain and a primary social housing transaction in France. On the toll road deal, Assured Guaranty Europe guaranteed 200 million euros as part of a larger financing to refinance the A28 toll road in France.

We expect to finish the year with strong financial guaranty production. We are off to a good start in the fourth quarter, and we have a strong pipeline for the rest of 2026. We expect to deliver more than $400 million of financial guaranty PVP for full-year 2026. Several larger transactions could raise that total further, depending on their timing and execution.

Looking ahead to 2027, we are optimistic about our financial guaranty new business opportunities. As part of our strategy to grow globally, including in Europe and the Asia-Pacific region, we continue to expand how our products are used, grow our geographic footprint, and add or expand counterparty relationships. At the same time, we continue to create material value for issuers and investors in the U.S. municipal and other markets.

I will now turn the call over to Ben to discuss our financial results.

Benjamin Rosenblum
Chief Financial Officer

Thank you Dominic and Rob, and good morning.

I am pleased to report third quarter 2026 adjusted operating income of $86 million, or $1.94 per share.

This compares to adjusted operating income of $124 million, or $2.57 per share, in the third quarter of 2025. Last year’s results included a significant benefit due to increased recovery assumptions on U.S. RMBS exposures, which was the primary driver of the $30 million benefit in loss expense. This compares to a $2 million loss expense in the third quarter of this year.

Economic loss development, which unlike loss expense, ignores the impact of unearned premiums, was a benefit of $27 million in the third quarter of 2026, and is net of a $16 million loss attributed to updating discount rates. The largest component of the positive economic loss development was Brightline, which achieved improved liquidity from the settlement we reached. Additionally, Brightline has continued to experience revenue growth, which, along with its improved liquidity position, should put the train system on the path to success.

Net earned premiums and credit derivative revenues increased from $98 million in the third quarter of last year to $114 million in the third quarter of this year. In addition to higher refundings, scheduled net earned premiums also increased mainly due to the continued growth in shorter duration strategies like fund finance, as well as the higher scheduled public finance net earned premiums.

Alternative investments generated $21 million in gains in the third quarter of this year, compared to $32 million in the third quarter of 2025 reflecting lower gains across several asset classes. We have an inception-to-date IRR of approximately 11.5% on the alternative investment portfolio, which is significantly higher than the 3-year average pre-tax yield in our fixed maturity portfolio of 4.5%.

As always, we continuously evaluate a range of capital deployment opportunities, and allocate capital to various strategies that may include:

- supporting growth in our financial guaranty business,
- growing our nascent life and annuity platform,
- helping to grow Sound Point, and
- capital management

In addition, we are also pursuing synthetic capital opportunities, including reinsurance, to further improve the efficiency and cost at which we can deploy capital. We will update you on that in the fourth quarter.

In the third quarter of 2026, we repurchased 123,000 shares for $10 million, at an average price of $83.78 per share, and we returned $17 million in dividends to our shareholders.

Our holding company liquidity is currently approximately $144 million, of which $66 million is at AGL.

As of the end of the third quarter of 2026, we had again reached record per-share valuations of:

- $131.99 for adjusted operating shareholders' equity, and
- $192.60 for adjusted book value, reflecting the successful execution of our key strategic initiatives.

I will now turn the call over to our operator to give you instructions for the Q&A period.

Q&A TO BE ADDED WHEN AVAILABLE