

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

Form 10-K

- ☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 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 Number 001-09583

MBIA INC.

(Exact name of registrant as specified in its charter)

Connecticut
(State of incorporation)

06-1185706
(I.R.S. Employer
Identification No.)

1 Manhattanville Road, Suite 202, Purchase, New York
(Address of principal executive offices)

10577
(Zip Code)

Registrant's telephone number, including area code: (914) 273-4545

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	MBI	New York Stock Exchange

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 definitions 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

As of June 30, 2025, the aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant was \$196.0 million.

As of February 19, 2026, 50,511,149 shares of Common Stock, par value \$1 per share, were outstanding.

Documents incorporated by reference:

Portions of the Registrant's Definitive Proxy Statement for its Annual Shareholders Meeting to be held in May of 2026 are incorporated by reference into Part III of this Form 10-K.

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FORWARD-LOOKING AND CAUTIONARY STATEMENTS

This annual report of MBIA Inc., together with its consolidated subsidiaries, (collectively, “MBIA”, the “Company”, “we”, “us” or “our”) includes statements that are not historical or current facts and are “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words “believe”, “anticipate”, “project”, “plan”, “expect”, “estimate”, “intend”, “will likely result”, “looking forward”, or “will continue” and similar expressions identify forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. MBIA cautions readers not to place undue reliance on any such forward-looking statements, which speak only to their respective dates. We undertake no obligation to publicly correct or update any forward-looking statement if the Company later becomes aware that such result is not likely to be achieved.

The following are some of the general factors that could affect financial performance or could cause actual results to differ materially from estimates contained in or underlying the Company's forward-looking statements:

- increased credit losses or impairments on public finance obligations that National Public Finance Guarantee Corporation (“National”) insures issued by state, local and territorial governments and finance authorities and other providers of public services, located in the U.S. or abroad, that are experiencing fiscal stress;
- the possibility that loss reserve estimates are not adequate to cover potential claims;
- a disruption in the cash flow from National or an inability to access the capital markets and our exposure to significant fluctuations in liquidity and asset values in the global credit markets as a result of collateral posting requirements;
- our ability to fully implement our strategic plan;
- the possibility that MBIA Insurance Corporation will have inadequate liquidity or resources to timely pay claims as a result of higher than expected losses on certain insured transactions or as a result of a delay or failure in collecting expected recoveries, which could lead the New York State Department of Financial Services (“NYSDFS”) to put MBIA Insurance Corporation into a rehabilitation or liquidation proceeding under Article 74 of the New York Insurance Law and/or take such other actions as the NYSDFS may deem necessary to protect the interests of MBIA Insurance Corporation's policyholders;
- deterioration in the economic environment and financial markets in the United States or abroad, real estate market performance, credit spreads, interest rates and foreign currency levels; and
- the effects of changes to governmental regulation, including insurance laws, securities laws, tax laws, legal precedents and accounting rules.

The above factors provide a summary of and are qualified in their entirety by the risk factors discussed under “Risk Factors” in Part IA of this annual Report on Form 10-K. The Company encourages readers to review these risk factors in their entirety.

This annual report of MBIA Inc. also includes statements of the opinion and belief of MBIA management which may be forward-looking statements subject to the preceding cautionary disclosure. Unless otherwise indicated herein, the basis for each statement of opinion or belief of MBIA management in this report is the relevant industry or subject matter experience and views of certain members of MBIA's management. Accordingly, MBIA cautions readers not to place undue reliance on any such statements, because like all statements of opinion or belief they are not statements of fact and may prove to be incorrect. We undertake no obligation to publicly correct or update any statement of opinion or belief if the Company later becomes aware that such statement of opinion or belief was not or is not then accurate. In addition, readers are cautioned that each statement of opinion or belief may be further qualified by disclosures set forth elsewhere in this report or in other disclosures by MBIA.

PART I

Item 1. Business

As used in this Annual Report on Form 10-K, (i) “MBIA,” the “Company,” “we,” “our” and “us” refer to MBIA Inc., a Connecticut corporation incorporated in 1986, together with its subsidiaries, and (ii) unless otherwise indicated or the context otherwise requires, references to “MBIA Corp.” are to MBIA Insurance Corporation together with MBIA Mexico S.A. de C.V. (“MBIA Mexico”).

OVERVIEW

The Company’s operating subsidiaries are running off their insured portfolios. Today, the Company’s primary objectives are ensuring that adequate liquidity exists at the holding company to satisfy all of its outstanding obligations, mitigating losses at National Public Finance Guarantee Corporation (“National”) and MBIA Corp., and maximizing recoveries on paid insurance claims. We do not expect National or MBIA Corp. to write new financial guarantee policies outside of remediation related activities.

MBIA’s primary business has been to provide financial guarantee insurance to the United States’ public finance markets through our indirect, wholly-owned subsidiary, National, whose financial guarantee insurance policies provide investors with unconditional and irrevocable guarantees of the payment of the principal, interest or other amounts owing on insured obligations when due. National ceased pursuing the writing of new financial guarantee insurance policies in 2017, and its primary activity today is to provide ongoing surveillance, including remediation activity where warranted, of its existing insured portfolio of \$22.3 billion gross par outstanding as of December 31, 2025. The Company has also provided financial guarantee insurance in the international and structured finance markets through its subsidiary MBIA Corp. As of December 31, 2025, MBIA Corp.’s total insured gross par outstanding was \$2.1 billion. As a result of MBIA Corp.’s capital structure and business prospects, we do not expect its financial performance to have a material economic impact on MBIA Inc. Refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” in Part II, Item 7 of this Form 10-K for a further discussion of MBIA Corp.’s insurance statutory capital.

MBIA Services Corporation (“MBIA Services”), also owned by MBIA Inc., is a service company that provides support services such as surveillance, risk management, legal, accounting, treasury and information technology, among others, to our businesses on a fee-for-service basis.

MBIA Inc. Capital Management

The Company manages its capital and liquidity in order to ensure that it can service its debt and other financial obligations and pay its operating expenses while maintaining an adequate cushion against potential adverse events. MBIA Inc. has received both annual and special dividends from National. The Company maintains a stable liquidity position which is expected to allow it to service its obligations over the next several years without needing to access the capital markets. Our capital management strategies include (i) retiring our unsecured and MBIA Global Funding, LLC (“GFL”) debt through calls and repurchases at prices that create economic benefit to the Company and (ii) having the Company or National purchase or repurchase outstanding MBIA Inc. common shares to enhance shareholder value when permissible, authorized, and when management deems such actions are appropriate, taking into account regulatory capacity constraints, the price of the stock, anticipated liquidity needs, and other relevant factors.

On May 3, 2023, the Company’s Board of Directors approved a share repurchase program authorizing the Company and/or National to purchase up to \$100 million of the Company’s shares in open market transactions, in privately negotiated transactions or by any other legal means. Neither MBIA Inc. nor National repurchased or purchased any MBIA Inc. common shares during 2025 or 2024. During 2023, National and MBIA Inc. purchased or repurchased a total of 3.6 million shares at an average price per share of \$8.12. As of December 31, 2025, the remaining authorization under this share repurchase program was \$71 million.

Item 1. Business (continued)

As of December 31, 2025, \$705 million of unsecured debt, issued from our corporate segment, which includes MBIA Inc.'s senior notes ("Debentures") and medium-term notes ("MTNs") issued by its subsidiary, GFL, was outstanding. While the Company repurchased no unsecured debt in 2025, \$45 million of MBIA Inc. Debentures reached maturity. During 2024, MBIA Inc. repurchased \$16 million principal amount of its Debentures and repurchased \$63 million par value outstanding of GFL MTNs with maturities in 2024 and 2025 at a discount. During 2023, the Company repurchased \$11 million par value outstanding of GFL MTNs with maturity in 2024 at a discount.

In the fourth quarters of 2025, 2024 and 2023, National declared and paid as-of-right dividends of \$63 million, \$69 million and \$97 million, respectively, to its ultimate parent, MBIA Inc. Additionally, on December 7, 2023, National paid a \$550 million special dividend that was approved by the New York State Department of Financial Services ("NYSDFS") to its ultimate parent, MBIA Inc. Also on December 7, 2023, the Company's Board of Directors declared an extraordinary cash dividend on MBIA's common stock of \$8.00 per share. The dividend was paid on December 22, 2023 to shareholders of record as of the close of business on December 18, 2023.

National Risk Mitigation

National's most significant risk is credit risk in its large and diverse insured portfolio of domestic public finance credits. National's risk mitigation strategy is premised on proactive portfolio management, including surveillance of financial performance and covenant compliance, the exercise of creditor rights, remediation, and in select cases, workouts of distressed credits. National's approach generally focuses on the early detection of stress and proactive intervention, though its rights and its ability to take certain actions on a particular credit will always be case-specific. As part of its remediation efforts, National may elect to facilitate and participate in refinancings of existing credit exposures where the new transaction will have the anticipated effect of improving the issuer's ability to service its debt and strengthen National's legal security or covenant package. National may also seek to purchase its own insured obligations as part of an overall risk mitigation strategy, subject to internal and regulatory limitations.

Presently, the most distressed credit in National's portfolio is the Puerto Rico Electric Power Authority ("PREPA") which is in a bankruptcy-like process under Title III of the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA"). The Commonwealth of Puerto Rico itself, as well as the Puerto Rico Sales Tax Financing Corporation ("COFINA"), the Public Building Authority ("PBA"), and the Puerto Rico Highways and Transportation Authority ("PRHTA") have each exited the bankruptcy-like process and National's exposures to these credits have been reduced to zero. For additional information relating to the risks arising from National's remaining Puerto Rico exposure, refer to the "Insured Portfolio Loss Related Risk Factors" section in Part I, Item 1A of this Form 10-K.

MBIA Corp. Risk Mitigation

MBIA Corp.'s strategy is focused primarily on recovering losses on insured transactions, reducing future expected economic losses in the insured portfolio through commutations and other risk mitigation strategies, and managing liquidity primarily for the benefit of its policyholders and senior creditors. Refer to "Note 6: Loss and Loss Adjustment Expense Reserves" in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for further information regarding loss reserves and recoveries.

Our liquidity and capital forecasts, and projected collections of recoveries for MBIA Corp., reflect resources that we expect to be adequate to pay expected insurance claims over the next several years. However, there can be no assurance that MBIA Corp. will realize its expected recoveries in full or on its projected timeframe. Refer to "Risk Factors-MBIA Corp. Risk Factors-Continuing elevated loss payments and delay or failure in realizing expected recoveries on insured transactions may materially and adversely affect MBIA Corp.'s statutory capital and its ability to meet liquidity needs and could cause the NYSDFS to put MBIA Insurance Corporation into a rehabilitation or liquidation proceeding if the NYSDFS concludes that MBIA Insurance Corporation will not be able to pay expected insurance claims," in Part I, Item 1A of this Form 10-K. Given the separation of MBIA Inc. and MBIA Corp. as distinct legal entities, the absence of any cross defaults between the entities, and the lack of reliance by MBIA Inc. on MBIA Corp. for the receipt of dividends, we do not believe that a rehabilitation or liquidation proceeding of MBIA Insurance Corporation by the NYSDFS would have any material economic impact on MBIA Inc.

Item 1. Business (continued)

OUR INSURANCE OPERATIONS

Our U.S. public finance insurance portfolio is managed through National, and our international and structured finance insurance portfolios are managed through MBIA Corp. We do not expect National or MBIA Corp. to write new financial guarantee policies outside of remediation related activities. We have been compensated for our insurance policies by insurance premiums that were paid upfront or on an installment basis. Our financial guarantee insurance was offered in both the new issue and secondary markets. In addition, we have provided financial guarantees or sureties to debt service reserve funds. The primary risk in our insurance operations is that of adverse credit performance in the insured portfolio. When writing new business we sought to maintain a diversified insured portfolio with the aim of managing and diversifying risk based on a variety of criteria including revenue source, issue size, type of asset, industry concentrations, type of bond and geographic location. Despite this objective, there can be no assurance that we will avoid losses on multiple credits as a result of a single event or series of events. In addition, as National's insurance portfolio runs off, a change in the diversification of the criteria noted above may subject National to higher concentrations of certain risks.

Because we generally guarantee to the holder of an insured obligation the timely payment of amounts due in accordance with its insurance policy terms, in the case of a default by an issuer or other triggering event, payments under the insurance policy generally cannot be accelerated against us unless we consent to the acceleration. In the event of a default, however, we may have the right, in our sole discretion, to accelerate the obligations and pay them in full. Otherwise, we are required to pay principal, interest or other amounts only as scheduled payments come due, even if the holders are permitted by the terms of the insured obligations to have the full amount of principal, accrued interest or other amounts due, declared due and payable immediately in the event of a default.

In the event of a default in the payment of principal, interest or other insured amounts by an issuer, the insurance company will make funds available in the insured amount generally within one to three business days following notification. Longer time frames may apply for international transactions. Generally, our insurance companies provide for this payment upon receipt of proof of ownership of the obligations due, as well as upon receipt of instruments appointing the insurer as agent for the holders and evidencing the assignment of the rights of the holders with respect to the payments made by the insurer or other appropriate documentation.

National Insured Portfolio

National's insured portfolio consists of municipal bonds, including tax-exempt and taxable indebtedness of U.S. political subdivisions and territories, as well as utilities, airports, health care institutions, higher educational facilities, housing authorities and other similar agencies and obligations issued by private entities that finance projects that serve a substantial public purpose. Municipal bonds and privately issued bonds used for the financing of public purpose projects are generally supported by taxes, assessments, user fees or tariffs related to the use of these projects, lease payments or other similar types of revenue streams.

As of December 31, 2025, National had \$22.3 billion of insured gross par outstanding on U.S. public finance obligations covering 1,137 policies and diversified among 782 "credits," which we define as any insured obligations secured by the same revenue source. Insurance in force, which includes all gross insured debt service, as of December 31, 2025 was \$45.6 billion.

Item 1. Business (continued)

All of the policies were underwritten on the assumption that the insurance will remain in force until maturity or early retirement of the insured obligations. National estimates that the average life of its domestic public finance insurance policies in force as of December 31, 2025 is 8 years. The average life was determined by applying a weighted average calculation, using the remaining years to contractual maturity and weighting them on the basis of the remaining debt service insured. No assumptions were made for any future refundings, early redemptions or terminations of insured issues. Average annual insured debt service on the portfolio as of December 31, 2025 was \$3.5 billion. National's underwriting guidelines limited the insurance in force for any one insured credit, and for other categories such as geography. In addition, National is subject to regulatory single-risk limits with respect to any insured bond issue. See the "Insurance Regulation" section below for a description of these regulatory requirements. As of December 31, 2025, National's gross par amount outstanding for its ten largest insured U.S. public finance credits totaled \$7.2 billion, representing 32.3% of National's total U.S. public finance gross par amount outstanding. Refer to "Note 12: Insurance in Force" in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for further information regarding the Company's operating companies' insured portfolios.

MBIA Corp. Insured Portfolio

MBIA Corp.'s insured portfolio consists of policies that insure various types of international public finance and global structured finance obligations that were sold in the new issue and secondary markets. International public finance obligations include bonds and loans extended to entities located outside of the U.S., including utilities, infrastructure projects and sovereign-related and sub-sovereign issuers, such as regions, authorities or their equivalent as well as sovereign owned entities that might be supported by a sovereign state, region or authority. Global structured finance obligations include asset-backed transactions and financing of commercial activities that are typically secured by undivided interests or collateralized by the related assets or cash flows.

As of December 31, 2025, MBIA Corp. had 146 policies outstanding in its insured portfolio. In addition, MBIA Corp. had 20 insurance policies outstanding relating to liabilities issued by MBIA Inc. and its subsidiaries, which are described further under the section "Affiliated Financial Obligations Insured by MBIA Corp." below. MBIA Corp.'s total policies in its insured portfolio are diversified among 109 credits.

As of December 31, 2025, the gross par amount outstanding of MBIA Corp.'s insured obligations (excluding \$0.6 billion of insured affiliated financial obligations and \$15.1 billion of U.S. public finance debt ceded to National), was \$2.1 billion. Insurance in force for the above portfolio, which includes all gross insured debt service, as of December 31, 2025 was \$2.7 billion.

MBIA Corp. estimates that the average life of its international and structured finance insurance policies in force as of December 31, 2025 is 6 years. The average life was determined by applying a calculation using the remaining years to contractual maturity for international public finance obligations and estimated maturity for structured finance obligations and weighting them on the basis of the remaining debt service insured. No assumptions were made for any future refundings, early redemptions or terminations of insured issues. Average annual insured debt service on the portfolio as of December 31, 2025 was \$0.3 billion. Refer to "Note 12: Insurance in Force" in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for further information regarding the Company's operating companies' insured portfolios.

Affiliated Financial Obligations Insured by MBIA Corp.

Prior to 2008, MBIA Inc. provided customized investment agreements and one of its subsidiaries, GFL, issued MTNs with varying maturities. Each of these obligations is guaranteed by MBIA Corp. GFL lent the proceeds of its GFL MTN issuances to MBIA Inc. As a result of ratings downgrades of MBIA Corp., MBIA Inc. is required to post collateral for the remaining investment agreements. Since the ratings downgrades of MBIA Corp. that began in 2008, we have not issued new MTNs or investment agreements. The investment agreements are currently fully collateralized with high quality assets. We believe the outstanding investment agreements and MTNs and corresponding asset balances will continue to decline over time as the liabilities mature, terminate, or are repurchased by the Company.

Item 1. Business (continued)

Risk Management

Our largest risk is the credit exposure in our insured portfolio. The Company's credit risk management and remediation functions are managed through committees and units that oversee risks in ongoing portfolio surveillance and remediation. The Company's Insured Portfolio Management Divisions ("IPM") monitor and remediate domestic and international public finance and structured risks. In addition, National and MBIA Corp. each has its own risk oversight committee that, as appropriate, reviews certain portfolio decisions. Additionally, each subsidiary has its own investment committee that reviews its respective investment portfolio and investment-related decisions.

The Company's Risk Oversight Committee (the "Risk Oversight Committee") reviews material transactions and provides firm-wide review of policies and decisions related to credit, market, operational, legal, financial and business risks. The Company and its subsidiaries' respective Loss Reserve Committees review loss reserving activity.

The Company's Board of Directors and related Committees, including Audit, and Finance and Risk, oversee risks faced by the Company and its subsidiaries. The Board regularly evaluates and discusses emerging risks and risks associated with strategic initiatives. On an annual basis, the Board also evaluates and approves the Company's risk tolerance policy. The purpose of the risk tolerance policy is to define the types and amounts of risks the Company is prepared to accept. The assessment includes risks associated with credit, capital adequacy, market, liquidity, legal, operations, cybersecurity and technology. This policy provides the basis upon which risk criteria and procedures are developed and seeks to have these applied consistently across the Company.

The Audit Committee oversees risks associated with financial and other reporting, auditing, legal and regulatory compliance, and risks that may otherwise result from the Company's operations, including cybersecurity risk. The Audit Committee oversees these risks by monitoring (i) the integrity of the financial statements of the Company and of other material financial disclosures made by the Company, (ii) the qualifications, independence and performance of the Company's independent auditor, (iii) the performance of the Company's internal audit function, (iv) the Company's compliance policies and procedures and its compliance with legal and regulatory requirements, and (v) the performance of the Company's operational risk management function. In connection with its oversight of cybersecurity risk, the Audit Committee receives quarterly, or more frequent as appropriate, briefings from the Company's senior management and Enterprise Security Council Chair concerning, among other topics, the implementation of the Company's Cybersecurity Policy, its ongoing strategy and associated training to prevent, identify and react to security incidents, internal and external vulnerability assessments results, and Internal Audit's periodic reviews of MBIA's data security policies and procedures. For additional information relating to cybersecurity, refer to the "Item 1C. Cybersecurity" section in Part I, Item 1C of this Form 10-K.

The Finance and Risk Committee oversees the Company's credit risk governance framework, market risk, liquidity risk and other material financial risks. The Finance and Risk Committee oversees these risks by monitoring the Company's: (i) capital and liquidity, (ii) proprietary investment portfolios, (iii) exposure to changes in the market value of assets and liabilities, (iv) credit exposures in the Insured Portfolios, and (v) financial risk policies and procedures, including regulatory requirements and limits.

The Company has a designated Model Governance Team. Given the significance of models in the Company's surveillance and remediation activities, financial reporting and corporate treasury operations, the Company established a Model Governance Policy to enhance the consistency, reliability, maintenance and transparency of its models so that model risk can be mitigated on an enterprise-wide basis. The Model Governance Team is responsible for the Model Governance Policy, as well as other Model Governance related initiatives.

Item 1. Business (continued)

Insurance Surveillance and Remediation

We surveil and remediate our insured portfolios on an ongoing basis. Although our monitoring and remediation activities vary somewhat by sector and bond type, in all cases we focus on assessing event risk and potential losses under stress.

- *U.S. Public Finance:* For U.S. public finance, our ongoing credit surveillance focuses on economic and political trends, issuer or project debt and financial management, adequacy of historical and anticipated cash flows under stress, satisfactory legal structure and bond security provisions, viable tax and economic bases, including consideration of tax limitations and unemployment trends, adequacy of stressed loss coverage and project feasibility, including satisfactory reports from consulting engineers, traffic advisors and others, if applicable. Depending on the credit, specialized cash flow analyses may be conducted to understand loss sensitivity. In addition, specialized credit analysts consider the potential event risk of natural disasters or headline events on both single obligors/credits and across a sector, as well as regulatory issues. U.S. public finance credits/exposures are monitored by reviewing trustee, issuer and project financial and operating reports as well as reports provided by technical advisors and counsel. Projects may be periodically visited by MBIA personnel.
- *International Public Finance:* International public finance credits are monitored and remediated in a manner relatively consistent with U.S. public finance transactions. In addition, credit analysts consider country risk, including economic and political factors, the type and quality of local regulatory oversight, the strength of the legal framework in each country and the stability of the local institutional framework. Analysts also monitor local accounting and legal requirements, local financial market developments, the impact of exchange rates and local demand dynamics. Furthermore, exposures are reviewed periodically; the frequency and scope of review is often increased when an exposure is downgraded. MBIA personnel may periodically visit projects or issuers to meet with management.
- *Global Structured Finance Transactions:* For global structured finance credits, we focus on the historical and projected cash flows generated by the assets, the credit and operational strength of the originator, servicer, manager and/or operator of the assets, and the transaction's structure (including the degree of protection from bankruptcy of the originator or servicer). We may use both probability modeling and cash flow sensitivity analysis (both at the transaction and asset specific levels) to test asset performance assumptions and performance covenants, triggers and remedies. In addition, IPM may use various quantitative tools and qualitative analyses to test for credit quality, correlation, liquidity and capital sensitivity within the insured portfolio.

A key to our ongoing monitoring is early detection of deterioration in either obligor credit quality or macroeconomic or market factors that could adversely impact an insured credit. If deterioration is detected, analysts generally evaluate possible remedial actions and, in the event of significant stress, we may develop and implement a remediation strategy. The nature of any remedial action is based on the type of insured issue and the nature and scope of the event giving rise to the remediation. In most cases, as part of any such remedial activity, we work with the issuer, trustee, legal counsel, financial advisors, servicer, other creditors, underwriters and/or other related parties to reduce chances of default and the potential severity of loss if a default should occur.

We use an internal credit rating system to rank credits, with frequency of review based on risk type, internal rating, performance and credit quality. Credits with performance issues are designated as "Caution List-Low," "Caution List-Medium" or "Caution List-High" based on the nature and extent of our concerns, but these categories do not require establishment of any case basis reserves. In the event we determine that a claim for payment is expected with respect to an insured issue using probability-weighted cash flows, we place the issue on the "Classified List" and establish a case basis loss reserve for that insured issue. See "Losses and Reserves" below for information on our loss reserving process.

Item 1. Business (continued)

Credit Risk Models

We use credit risk models to test qualitative judgments, to design appropriate structures and to understand sensitivity within transactions and across broader portfolio exposure concentrations. Models are updated to reflect changes in both portfolio and transaction data and also in expectations of stressed future outcomes. For portfolio monitoring we use internal and third-party models based on individual transaction attributes and customized structures and these models are also used to determine case basis loss reserves and, where applicable, to mark-to-market any insured obligations as may be required for financial reporting. When using third-party models, we generally perform the same review and analyses of the collateral, transaction structure, performance triggers and cash flow waterfalls as when using our internal models. See “Risk Factors—Insured Portfolio Loss Related Risk Factors—Financial modeling involves uncertainty over ultimate outcomes which makes it difficult to estimate liquidity, potential claims payments, loss reserves and fair values” in Part I, Item 1A of this Form 10-K.

Market Risk Assessment

We measure and assess market risk on a consolidated basis as well as at the holding company and subsidiaries on a stand-alone basis. Key market risks include changes in interest rates, credit spreads and foreign exchange rates. We use various models and methodologies to test exposure under market stress scenarios, including parallel and non-parallel shifts in the yield curve, changes in credit spreads, and changes in foreign exchange rates. See “Quantitative and Qualitative Disclosures About Market Risk” in Part II, Item 7A of this Form 10-K for additional information on our market risk exposure. We also analyze stressed liquidity scenarios. The analyses are used in testing investment portfolio guidelines. The Risk Oversight Committee and the Finance and Risk Committee of the Company’s Board of Directors receive periodic reports on market risk.

Operational Risk Assessment

The Operational Risk function assesses potential economic loss or reputational impact arising from processes and controls, systems, or staff actions and seeks to identify vulnerabilities to operational disruptions caused by external events. The Operational Risk framework is generally managed using a self-assessment process across our business units, with controls associated with the execution of key processes monitored through Internal Audit reviews. The Operational Risk function reports periodically to the Risk Oversight Committee and the Audit Committee of the Company’s Board of Directors. The Audit Committee reviews the Company’s operational risk profile, risk event activity and ongoing risk mitigation efforts.

Environmental & Social Responsibility Risk Management

MBIA recognizes and embraces its responsibilities to the environment and to the promotion of social welfare. The Company’s operations are analytical and administrative in nature and it has no other material locations or operations away from its headquarters in an Energy Star certified office complex in Purchase, New York. Thus, while we regularly assess the impact of environmental risk on our insured portfolios, and have demonstrated a strong commitment to environmental and social responsibility, we believe that the nature of our business, small size and current operations provide us with limited opportunities to improve upon that record. Our Risk Oversight Committee nevertheless regularly reviews and implements policies and decisions related to environmental and social governance risks.

As part of its Enterprise Risk Management framework, MBIA has identified climate change as an emerging risk to its insured portfolio of public finance credits. While the Company’s insurance subsidiaries are no longer writing new business and therefore do not need to assess climate risk in the context of underwriting decisions, its existing insured portfolios will take decades to run off and remain exposed to the impact of climate change.

The significant majority of MBIA’s outstanding insured exposure is to U.S. municipalities, which are subject to both direct and indirect effects of climate change including an increasing risk to severe weather events, flooding, droughts and fires. The direct effects include costs to repair storm damage and flooding and to mitigate the impact of future events. Indirect impacts include potential deterioration of tax bases as populations move away from areas prone to severe weather, flooding, droughts and fires. The impact of climate change on MBIA’s insured portfolio is real but likely to manifest itself over a long period of time. It is as yet unclear what impact attempts to reduce carbon emissions will have. The expense to municipalities of mitigating climate risk may result in financial strain depending upon the nature of the risk being mitigated and the availability of state and/or federal funding.

Item 1. Business (continued)

In response to these threats, MBIA's risk management and insured portfolio management groups have identified the sectors of the insured portfolio that are particularly vulnerable to the impacts of climate change and factor these risks into internal ratings, frequency of review and potential remedial action. Sectors at increased risk to climate-driven events include water and sewer systems, single site/revenue generating assets, bridge and road infrastructure, electric utilities and housing.

MBIA is committed to promoting social welfare for its employees, the communities in which they live and work, and the citizens in the municipalities that benefit from its insurance. It is MBIA's policy to ensure equal employment opportunity for all job applicants and employees with regard to all personnel-related matters, including, but not limited to recruitment, hiring, placement, promotion, compensation, benefits, transfers and training and all other terms and conditions of employment. In all such activities, MBIA prohibits and will not tolerate discrimination or harassment against any persons because of age, gender (including gender identity or gender expression), sex, race, color, religion, creed, marital status, sexual orientation, pregnancy, disability, national origin, alien or citizenship status, genetic predisposition or carrier status, military or veteran status, or any other characteristic protected by law.

MBIA's Equal Employment Opportunity and Non-Discrimination and Anti-Harassment Policy applies to all applicants and employees, and other non-employee third-parties and individuals working for or on behalf of MBIA. It prohibits harassment, discrimination and retaliation whether engaged in by, or directed toward, fellow employees, a supervisor or manager, or third-parties. MBIA prohibits retaliation or adverse employment action against any individual who, in good faith, reports discrimination or harassment or participates in an investigation of such reports.

MBIA reasonably accommodates employees and applicants with disabilities (including temporary disabilities), those who are pregnant, nursing mothers, and those with sincerely held religious beliefs, in accordance with applicable law. If an employee suffers from a disability, is pregnant, or has a sincerely held religious belief that interferes with the employee's ability to perform his or her job, the employee can contact Human Resources to inquire whether a reasonable accommodation may be available and appropriate under the circumstances. All employees are subject to the Company's Standard of Conduct, which serves as a critical guide for the manner in which it conducts business. All employees are required to read the Standard of Conduct and complete an on-line compliance training program annually.

MBIA offers its employees a comprehensive compensation and benefits package that includes a competitive salary and an annual cash performance bonus, paid time-off benefits, health and welfare voluntary benefits that include medical and dental insurance, a health savings account that includes a company match to employee contributions, and supplemental life insurance. Senior management also receives an annual long-term incentive award linked to shareholders' interests. The Company also provides a qualified defined contribution pension, a qualified 401(k) plan and a voluntary non-qualified deferred compensation plan that accepts contributions that exceed limitations established by federal regulations. In addition, the Company provides paid and unpaid employee leave of absences such as Safe Time Leave, Family Medical Leave, Parental Leave, Bereavement Leave, Military and Jury Duty Leave.

MBIA's corporate mission has long included enhancing the strength and vitality of communities, whether through offering its insurance product, which reduces the borrowing cost of towns, cities and municipalities, or through the sponsorship of many diverse philanthropic efforts. In 2001, MBIA formed the MBIA Foundation, a 501(c)(3) tax-exempt organization, with a mission of helping to improve the quality of life in the communities where the Company conducts business and where its employees live and work. Since inception, the MBIA Foundation has paid out over \$23 million in matching gifts, almost \$16 million in grants to community organizations and over \$450,000 in service grants in support of employees' volunteer efforts. The MBIA Foundation has also been active in supporting disaster relief efforts through direct donations from the Foundation and by increasing the customary match of 2:1 to 4:1 to further encourage employees' donations. In connection with the run-off of the Company's businesses, the MBIA Foundation was legally wound down in 2024.

Additionally, MBIA promotes employee volunteerism through its annual company-wide days of service.

Item 1. Business (continued)

Losses and Reserves

Loss and loss adjustment expense (“LAE”) reserves are established by Loss Reserve Committees in each of our operating insurance companies and are reviewed by our executive Loss Reserve Committee, which consists of members of senior management. The Company’s loss and LAE reserves as of December 31, 2025 represent case basis reserves and estimates for LAE to be incurred. Case basis reserves represent the Company’s estimate of expected losses to be paid under its insurance contracts, net of potential recoveries and discounted using a current risk-free interest rate, for contracts where the estimated loss amount exceeds the unearned premium revenue on the related insurance contract. The Company estimates expected losses net of potential recoveries using the present value of probability-weighted estimated loss payments and recoveries, discounted at a rate equal to the risk-free rate applicable to the weighted average remaining life of the insurance contract as required by accounting principles generally accepted in the United States for financial guarantee contracts. We record case basis loss reserves on insured obligations which have defaulted or are expected to default during the remaining life of the obligation.

For a further discussion of the methodology used by the Company for determining when a case basis reserve is established, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates—Loss and Loss Adjustment Expense Reserves” in Part II, Item 7 and “Note 6: Loss and Loss Adjustment Expense Reserves” in the Notes to Consolidated Financial Statements in Part II Item 8 of this Form 10-K. Management believes that our reserves are adequate to cover the ultimate net cost of claims. However, because the reserves are based on management’s judgment and estimates, there can be no assurance that the ultimate liability will not exceed such estimates or that the timing of claims payments and the realization of recoveries will not create liquidity issues for the corresponding insurance company.

Reinsurance

We currently have third-party reinsurance agreements in place covering approximately 2.1% of our insured par outstanding. At this time we do not intend to utilize reinsurance to decrease the insured exposure in our portfolio; however, we may, from time to time, look to enter into transactions to reduce risks embedded in our insured portfolios on an individual and portfolio-wide basis.

Intercompany Reinsurance Arrangements

MBIA Corp. and National are parties to a reinsurance agreement pursuant to which National reinsures certain public finance guarantee policies originally written by MBIA Corp. In addition, National entered into a second-to-pay policy covering the reinsurance agreement.

Insurance Regulation

National and MBIA Insurance Corporation are incorporated in and subject to primary insurance regulation and supervision by the State of New York. MBIA Mexico has been dissolved in accordance with Mexican law and as such has ceased to exist as a corporate entity. The only pending procedure derived from its dissolution is the cancellation of its Mexican Tax ID (RFC) before the Mexican Tax Administration System (SAT). The Company’s insurance subsidiaries are also licensed to issue financial guarantee policies in multiple jurisdictions as needed to conduct their business activities.

The extent of state and national insurance regulation and supervision varies by jurisdiction, but New York and most other jurisdictions have laws and regulations prescribing minimum standards of solvency, including minimum capital requirements, and business conduct which must be maintained by insurance companies, and if our insurance companies fail to meet such requirements our regulators may impose certain remedial actions. Among other regulated conduct, these laws and regulations prescribe permitted classes and concentrations of investments. In addition, some state laws and regulations require the approval or filing of policy forms and rates. MBIA Insurance Corporation and National each are required to file detailed annual financial statements with the NYSDFS and similar supervisory agencies in each of the other jurisdictions in which it is licensed. The operations and accounts of the insurance companies are subject to examination by regulatory agencies at regular intervals. In addition to being subject to the insurance laws in the jurisdictions in which we operate, as a condition to obtaining required insurance regulatory approvals to enter into certain transactions and take certain other corporate actions, including the release of excessive contingency reserves in MBIA Insurance Corporation described below under “Contingency Reserves” and entry into the asset swap between MBIA Inc. and National described under “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Corporate Liquidity” in Part II, Item 7 of this Form 10-K, MBIA Inc. and its operating insurance subsidiaries have agreed and may in the future agree to provide notice to the NYSDFS or other applicable regulators prior to entering into transactions or taking other corporate actions (such as paying dividends when applicable statutory tests are satisfied) that would not otherwise require regulatory approval.

Item 1. Business (continued)

New York Insurance Regulation

Our domestic insurance companies are licensed to provide financial guarantee insurance under Article 69 of the New York Insurance Law (the "NYIL"). Article 69 defines financial guarantee insurance to include any guarantee under which loss is payable upon proof of occurrence of financial loss to an insured as a result of certain events. These events include the failure of any obligor or any issuer of any debt instrument or other monetary obligation to pay principal, interest, premium, dividend or purchase price of or on such instrument or obligation when due. Under Article 69, our domestic insurance companies are permitted to transact financial guarantee insurance, surety insurance and credit insurance and such other kinds of business to the extent necessarily or properly incidental to the kinds of insurance which we are authorized to transact. In addition, we are empowered to assume or reinsure the kinds of insurance described above. Amendments to the statutes or regulations governing financial guarantee insurers are possible, but the adoption or timing of any such amendments is uncertain.

New York State Dividend Limitations

The laws of New York regulate the payment of dividends by National and MBIA Insurance Corporation and provide that a New York domestic stock property/casualty insurance company may not declare or distribute dividends except out of statutory earned surplus. New York law provides that the sum of (i) the amount of dividends declared or distributed during the preceding 12-month period and (ii) the dividend to be declared may not exceed the lesser of (a) 10% of policyholders' surplus, as shown by the most recent statutory financial statement on file with the NYSDFS, or (b) 100% of adjusted net investment income for such 12-month period (the net investment income for such 12-month period plus the excess, if any, of net investment income over dividends declared or distributed during the two-year period preceding such 12-month period), unless the Superintendent of Financial Services of the State of New York (the "Superintendent") approves a greater dividend distribution based upon a finding that the insurer will retain sufficient surplus to support its obligations and writings.

Due to its significant earned surplus deficit, MBIA Insurance Corporation has not had the statutory capacity to pay dividends since December 31, 2009, is not expected to have any statutory capacity to pay dividends, and has agreed that it will not pay any dividends without receiving prior approval from the NYSDFS in connection with certain prior approvals to release excess contingency reserves. The foregoing dividend limitations are determined in accordance with statutory accounting principles ("U.S. STAT").

Contingency Reserves

As financial guarantee insurers, our domestic insurance companies are required by the laws and regulations of New York and other states to maintain, as applicable, contingency reserves on their municipal bond, asset-backed securities ("ABS") or other financial guarantee liabilities and reflect such reserves in their financial statements prepared in accordance with U.S. STAT. Under NYIL, a financial guarantee insurance company is required to contribute to contingency reserves 50% of premiums as they are earned on policies written prior to July 1, 1989 (net of reinsurance), and, with respect to policies written on and after July 1, 1989, such an insurer must make contributions over a period of 15 or 20 years (based on issue type), or until the contingency reserve for such insured issues equals the greater of 50% of premiums written for the relevant category of insurance or a percentage of the principal guaranteed, varying from 0.55% to 2.5%, depending upon the type of obligation guaranteed (net of collateral, reinsurance, refunding, refinancings and certain insured securities). Other states maintain similar requirements. The contribution to, and maintenance of, the contingency reserve limits the amount of earned surplus that might otherwise be available for the payment of dividends. In each state, our domestic insurance companies may apply for release of portions of our contingency reserves in certain circumstances. For policies which have exceeded the percentages in aggregate by category as required by NYIL, due to refunding and scheduled amortization, contributions are discontinued. These policies are monitored quarterly and if a deficit were to occur, contributions would resume. MBIA Insurance Corporation maintains a fixed \$5 million contingency reserve, which was approved by the NYSDFS.

Item 1. Business (continued)

Risk Limits

Insurance laws and regulations also limit both the aggregate and individual securities risks that our domestic insurance companies may insure on a net basis based on the type of obligations insured. The individual limits are generally on the amount of insured par and/or annual debt service for a given insured issue, entity or revenues source and stated as a percentage of the insurer's policyholders' surplus and contingency reserves. The aggregate risk limits limit the aggregate amount of insured par to a stated multiple of the insurer's policyholders' surplus and contingency reserves based on the types of obligations insured. The aggregate risk limits can range from 300:1 for certain municipal obligations to 50:1 for certain non-municipal obligations.

During 2025 and 2024, National and MBIA Insurance Corporation reported single risk limit overages to the NYSDFS due to changes in their statutory capital. National and MBIA Insurance Corporation were in compliance with their aggregate risk limits as of December 31, 2025 and 2024.

Holding Company Regulation

MBIA Inc., National and MBIA Insurance Corporation also are subject to regulation under NYIL. The requirements of holding company statutes vary from jurisdiction to jurisdiction but generally require insurance companies that are part of an insurance holding company system to register and file certain reports describing, among other information, their capital structure, ownership and financial condition. The holding company statutes also generally require prior approval of changes in control, of certain dividends and other inter-corporate transfers of assets, and of certain transactions between insurance companies, their parents and affiliates. The holding company statutes impose standards on certain transactions with related companies, which include, among other requirements, that all transactions be fair and reasonable and those transactions not in the ordinary course of business exceeding specified limits receive prior regulatory approval.

Change of Control

Prior approval by the NYSDFS is required for any entity seeking to acquire, directly or indirectly, "control" of National or MBIA Insurance Corporation. In many states, including New York, "control" is presumed to exist if 10% or more of the voting securities of the insurer are owned or controlled, directly or indirectly, by an entity, although the insurance regulator may find that "control" in fact does or does not exist when an entity owns or controls either a lesser or greater amount of securities.

Insurance Guarantee Funds

National and MBIA Insurance Corporation are exempt from assessments by the insurance guarantee funds in the majority of the states in which they do business. Guarantee fund laws in most states require insurers transacting business in the state to participate in guarantee associations, which pay claims of policyholders and third-party claimants against impaired or insolvent insurance companies doing business in the state. In most states, insurers licensed to write only municipal bond insurance, financial guarantee insurance and other forms of surety insurance are exempt from assessment by these funds and their policyholders are prohibited from making claims on these funds.

INVESTMENTS AND INVESTMENT POLICY

Investment objectives, policies and guidelines related to the Company's businesses are generally subject to review and approval by the Finance and Risk Committee of the Board of Directors. Investment objectives, policies and guidelines related to investment activity on behalf of our insurance companies are also subject to review and approval by the respective Investment Committee of their Boards of Directors or similar body.

Insight North America, LLC ("Insight Investment") manages the investment portfolios of the Company and its subsidiaries in accordance with the guidelines adopted for each such portfolio. The agreements with Insight Investment provide generally that Insight Investment will have the right to manage the fixed-income investment portfolios of the Company and its subsidiaries and guarantee certain minimum revenues thereunder. The agreements can be terminated with six-month notice by either party or as otherwise agreed to by the parties.

Item 1. Business (continued)

To continue to optimize capital resources and provide for claims-paying capabilities, the investment objectives and policies of our operations are tailored to reflect their various strategies and operating conditions. The investment objectives of National set preservation of capital as the primary objective, subject to an appropriate degree of liquidity, and optimization of after-tax income and total return as secondary objectives. The investment objectives of MBIA Corp. are primarily to maintain adequate liquidity to meet claims-paying and other corporate needs and secondarily to maximize after-tax income within defined investment risk limits. The investment objectives of the corporate segment are to provide sufficient liquidity to meet maturing liabilities and, in the case of the investment agreement business collateral posting obligations, while maximizing the total long-term return.

RATING AGENCIES

The Company does not maintain a contractual relationship with Moody's Investor Services ("Moody's"), Standard & Poor's Financial Services LLC, or Kroll Bond Rating Agency. Moody's, at its discretion and in the absence of a contract with the Company, continues to maintain ratings on MBIA Inc. and its other subsidiaries.

CAPITAL FACILITIES

The Company does not currently maintain a capital facility. For a discussion of the Company's capital resources refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" in Part II, Item 7 of this Form 10-K.

FINANCIAL INFORMATION

Refer to "Note 11: Business Segments" in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for information on the Company's financial information by segment and premiums earned by geographic location.

EMPLOYEES AND HUMAN CAPITAL MANAGEMENT

As of December 31, 2025, MBIA had 57 employees at our single corporate headquarters located at 1 Manhattanville Road, Purchase, New York, none of whom are covered by collective bargaining agreements. In recent years, we have experienced only modest employee turnover and consider our employee relations to be satisfactory. MBIA's human capital focus has been on identifying and retaining key personnel as the Company runs off its portfolios. MBIA has a succession plan in place and has identified internal candidates that could fill senior management and mid-level management positions as the need arises. The Company's senior management team and senior employee relations professionals work together on employee-related issues and initiatives, and on an annual basis conduct a full review of personnel to enable managers to provide meaningful feedback and growth opportunities, and to award promotions within the Company where warranted. The Company continues to rely on compensation components (such as salary, cash bonus awards and long-term incentive plan awards) to support employee retention. The Company incorporates performance metrics as part of the annual bonus offering with increased bonus potential for exceptional results. We utilize third-party benchmark data to establish market-based compensation levels. We believe that our current compensation and incentive levels reflect high performance expectations as part of our merit pay philosophy. The targeted use of long-term incentive plan awards for key talent is an important element of MBIA's long-term retention strategy.

AVAILABLE INFORMATION

The Company maintains a website at www.mbia.com. The Company is not including the information on its website as a part of, nor is it incorporating such information by reference into, this Form 10-K. The Company makes available through its website under the "SEC Filings" tab, free of charge, all of its SEC filings, including annual reports on Form 10-K, quarterly filings on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as is reasonably practicable after these materials have been filed with or furnished to the SEC.

As a courtesy, the Company posts on its website under the section "Legal Proceedings," selected information and documents in reference to selected legal proceedings in which the Company is the plaintiff or the defendant. The Company will not necessarily post all documents for each proceeding and undertakes no obligation to revise or update them to reflect changes in events or expectations. The complete official court docket can be publicly accessed by contacting the clerk's office of the respective court where each litigation matter is pending.

Item 1. Business (continued)**EXECUTIVE OFFICERS OF THE REGISTRANT**

The executive officers of the Company and their present ages and positions with the Company as of February 26, 2026 are set forth below:

<u>Name</u>	<u>Age</u>	<u>Position and Term of Office</u>
William C. Fallon	66	Chief Executive Officer and Director (executive officer since July 2005)
Joseph R. Schachinger	57	Executive Vice President and Chief Financial Officer (executive officer since April 2024)
Daniel M. Avitabile	52	Assistant Vice President, and President and Chief Risk Officer of MBIA Corp. (executive officer since September 2017)
Adam T. Bergonzi	62	Assistant Vice President and Chief Risk Officer of National (executive officer since September 2017)
Christopher H. Young	53	Assistant Vice President, and Chief Financial Officer of National (executive officer since September 2017)

William C. Fallon was elected as a Director of the Company in May 2017, and appointed as Chief Executive Officer in September 15, 2017. Prior to being named Chief Executive Officer and Director, Mr. Fallon served as President, Chief Operating Officer, and Vice President of the Company and head of the Global Structured Finance Division. Mr. Fallon also serves as President and Chief Executive Officer of National. From July of 2005 to March 1, 2007, Mr. Fallon was Vice President of the Company and head of Corporate and Strategic Planning. Prior to joining the Company in 2005, Mr. Fallon was a partner at McKinsey & Company and co-leader of that firm's Corporate Finance and Strategy Practice.

Joseph R. Schachinger was named Executive Vice President and Chief Financial Officer of MBIA Inc. on April 30, 2024. Mr. Schachinger was also appointed Chairman and Chief Financial Officer of MBIA Insurance Corporation on April 30, 2024. Prior to those appointments, Mr. Schachinger served as the Company's Controller since May of 2017. Prior to being appointed the Company's Controller, he served as the Company's Deputy Controller. Prior to joining the Company, Mr. Schachinger was the Controller, Chief Trading Risk Officer, and Financial and Operations Principal at DNB US, New York.

Daniel M. Avitabile is an Assistant Vice President of the Company and President and Chief Risk Officer of MBIA Corp. Prior to being named Chief Risk Officer in 2016, Mr. Avitabile managed MBIA Corp.'s Special Situations Group, which was responsible for remediation and commutation activity. Mr. Avitabile has worked at MBIA since 2000, where he has held positions in insured portfolio management, remediation, corporate strategy and structured finance new business. Prior to joining MBIA, he held positions at The Chase Manhattan Bank and State Street Bank. The Board of Directors of MBIA Inc. and MBIA Insurance Corporation appointed Mr. Avitabile to the offices set forth opposite his name above on February 13, 2018, September 15, 2017 and March 11, 2016, respectively.

Adam T. Bergonzi is an Assistant Vice President of the Company and Chief Risk Officer of National, overseeing all of National's risk and insured portfolio management activities. Prior to being named Chief Risk Officer of National in 2010 when he rejoined the Company, Mr. Bergonzi was employed at Municipal and Infrastructure Assurance Corporation, which he co-founded and served as its Chief Risk Officer, from 2008 to 2010. The Board of Directors of MBIA Inc. and National Public Finance Guarantee Corporation appointed Mr. Bergonzi to the offices set forth opposite his name above on May 3, 2016 and November 15, 2010, respectively.

Christopher H. Young is an Assistant Vice President of the Company and Chief Financial Officer of National. Prior to being named National's Chief Financial Officer in March of 2009, Mr. Young worked at MBIA Insurance Corporation, from 2001 to 2009, in a variety of Structured Finance positions and in Corporate Strategy. The Board of Directors of MBIA Inc. and National Public Finance Guarantee Corporation appointed Mr. Young to the offices set forth opposite his name above on February 13, 2018 and March 5, 2009, respectively.

Item 1A. Risk Factors

References in the risk factors to the “Company” are to MBIA Inc., together with its subsidiaries. References to “we,” “our” and “us” are to MBIA Inc. or the Company, as the context requires. Our risk factors are grouped into categories and are presented in the following order: “Insured Portfolio Loss Related Risk Factors”, “Legal, Regulatory and Other Risk Factors”, “Capital, Liquidity and Market Related Risk Factors”, “MBIA Corp. Risk Factors”, and “General Risk Factors”. Risk Factors are generally listed in order of significance within each category.

Insured Portfolio Loss Related Risk Factors

Some of the state, local and territorial governments and finance authorities and other providers of public services, located in the U.S. or abroad, that issued public finance obligations we insured are experiencing fiscal stress that could result in increased credit losses or impairments on those obligations.

Certain issuers are reporting fiscal stress that has resulted in a significant increase in taxes and/or a reduction in spending or other measures in efforts to satisfy their financial obligations. In particular, certain jurisdictions have significantly underfunded pension liabilities which are placing additional stress on their finances and are particularly challenging to restructure either through negotiation or under Chapter 9 of the United States Bankruptcy Code. If the issuers of the obligations in our public finance portfolio are unable to raise taxes, or increase other revenues, cut spending, reduce liabilities, and/or receive state or federal assistance, we may experience losses or impairments on those obligations, which could materially and adversely affect our business, financial condition and results of operations. The financial stress experienced by certain municipal issuers could result in the filing of Chapter 9 proceedings in states where municipal issuers are permitted to seek bankruptcy protection. In these proceedings, which remain rare, the resolution of bondholder claims (and by extension, those of bond insurers) may be subject to legal challenge by other creditors.

In particular, while the Commonwealth of Puerto Rico has completed its court-ordered restructuring pursuant to the Puerto Rico Oversight, Management and Economic Stability Act (“PROMESA”), the Puerto Rico Electric Power Authority (“PREPA”) currently remains in a bankruptcy-like proceeding under PROMESA in the United States District Court for the District of Puerto Rico.

As of December 31, 2025, National had \$565 million of debt service outstanding related to Puerto Rico. During 2025, PREPA defaulted on scheduled debt service for National insured bonds and National paid gross claims in the aggregate of \$105 million. On January 1, 2026 PREPA also defaulted on scheduled debt service for National insured bonds and National paid gross claims in the aggregate of \$11 million.

On January 29, 2024, the First Circuit Court of Appeals heard arguments on the appeal of Judge Swain's ruling on the scope of the bondholder liens and the allowed amount of the under-secured portion of the bondholders' unsecured claim. On June 12, 2024, the First Circuit Court of Appeals reversed Judge Swain's prior rulings and supported bondholder liens and claim amounts (the “Appeal Decision”). On June 26, 2024, the Oversight Board filed a petition for a First Circuit panel rehearing, and the Unsecured Creditors Committee (“UCC”) filed an en banc appeal. On November 13, 2024, the First Circuit affirmed the Appeal Decision. On November 27, 2024, the Oversight Board filed a petition for further rehearing, and on December 31, 2024, the First Circuit denied the rehearing request. Following the Appeal Decision, the Oversight Board informed the Court, National and other parties that it intended to modify National's settlement in a forthcoming amended Plan. Thereafter, National provided notice to the Oversight Board that National did not support Oversight Board's actions and that such actions constituted a breach and termination of the PREPA RSA, as amended. On January 29, 2025, the Court extended its litigation stay through March 24, 2025, and on March 3, 2025, entered an order identifying key legal issues and requiring a joint proposed litigation schedule. On March 20, 2025, the Court set a briefing schedule addressing the key issues and requested the parties provide a joint status report by May 30, 2025 proposing a plan for limited discovery necessary to resolve the issues. On June 11, 2025, the Court set June 30, 2025, as the deadline for discovery, and July 23, 2025, for oral arguments in the administrative expense claim motion. Following the hearing, the Court reserved its decision on the legal issues and permitted the parties to continue resolution of discovery disputes. On August 8, 2025, the Court entered an order suspending deadlines for the Administrative Expense Claim until further order of the Court. On October 22, 2025, the Court ordered the parties to meet and confer on scheduling issues in the Administrative Expense Claim litigation and required they filed a Joint Status Report by November 24, 2025. Following the filing of the Joint Status Report, the Court entered an order dated December 9, 2025, lifting the litigation stay to permit the parties to litigate motions to compel solely in connection with the Administrative Expense Motion. Bondholders filed their Motion to Compel on January 9, 2026, and the Oversight Board on January 23, 2026 filed its opposition. Bondholders filed their reply brief on February 6, 2026. There is no assurance that a plan that is substantially similar in the treatment of National's claims and rights will ultimately be confirmed and become effective.

Item 1A. Risk Factors (continued)

Refer to the “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—U.S. Public Finance Insurance Puerto Rico Exposures” section in Part II, Item 7 of this Form 10-K for additional information on our Puerto Rico exposures.

Loss reserve estimates and credit impairments are subject to additional uncertainties and loss reserves may not be adequate to cover potential claims.

Our insurance companies issued financial guarantee policies that insure the financial performance of the obligations guaranteed over a long period of time which are unconditional and irrevocable. Under substantially all of our policies, we do not have a right to cancel the policy. We do not use actuarial approaches that are customarily used by other types of insurance companies to determine our loss reserves. The establishment of the appropriate level of loss reserves is an inherently uncertain process involving numerous assumptions, estimates and subjective judgments by management, and therefore, there can be no assurance that future net claims in our insured portfolio will not exceed our loss reserves. If our loss reserves are not adequate to cover actual losses, our results of operations and financial condition could be materially and adversely affected. We use financial models to project future net claims on our insured portfolio, including insured derivatives, and to establish loss reserves and estimate impairments and related recoveries. There can be no assurance that the future loss projection and impairments based on these models will ultimately reflect the actual losses and impairment and recovery that we experience. Additionally, small changes in the assumptions underlying these estimates could significantly impact loss expectations. For example, our loss reserves are discounted to a net present value reflecting our general obligation to pay claims over time and not on an accelerated basis. Risk-free rates are used to discount our loss reserves under accounting principles generally accepted in the U.S., and the yield-to-maturity of each insurer’s investment fixed-income portfolio (excluding cash and cash equivalents and other investments not intended to defease long-term liabilities) as of year-end is used to discount each insurer’s loss reserves under statutory accounting principles. Accordingly, changes in the risk-free rates or the yield in our insurance companies’ fixed-income investment portfolios may materially impact loss reserves.

Political and economic conditions in the United States and elsewhere may materially adversely affect our business and results of operations.

As a financial guarantee company, our insured exposures and our results of operations can be materially affected by general political and economic conditions, both in the U.S. and around the world. General global unrest, including fraud, terrorism, catastrophic events, natural disasters, pandemics such as the novel coronavirus COVID-19, or similar events could disrupt the economy in the U.S. and other countries where we have insured exposure or operate our businesses. In certain jurisdictions outside the U.S., we face higher risks of governmental intervention through nationalization or expropriation of assets, changes in regulation, an inability to enforce our rights in court or otherwise and corruption, which may cause us to incur losses on the exposures we insure or reputational harm.

Budget deficits at all levels of government in the U.S., recessions, increases in corporate, municipal, sovereign, sub-sovereign or consumer default rates and other general economic conditions may adversely impact the performance of our insured portfolios and the Company’s investment portfolio. In addition, we are exposed to correlation risk as a result of the possibility that multiple credits will experience losses as a result of any such event or series of events, in particular exposures that are backed by revenues from business and personal travel, such as bonds backed by hotel taxes.

Financial modeling involves uncertainty over ultimate outcomes, which makes it difficult to estimate liquidity, potential claims payments, loss reserves and fair values.

The Company uses third-party and internal financial models to estimate liquidity, potential claims payments, loss reserves and fair values. We use internal financial models to conduct liquidity stress-scenario testing to ensure that we maintain cash and liquid securities sufficient to meet our payment requirements. These measurements are performed on a legal entity and operating segment basis. We also rely on financial models, generated internally and supplemented by models generated by third parties, to estimate factors relating to the highly complex securities we insure, including future credit performance of the underlying assets, and to evaluate structures, rights and our potential obligations over time. We also use internal models for ongoing insurance portfolio monitoring and to estimate case basis loss reserves and, where applicable, to report our obligations under our contracts at fair value. We may supplement such models with third-party models or use third-party experts to consult with our internal modeling specialists. Both internal and external models are subject to model risk and information risk, and there can be no assurance that the inputs into the models received from third parties will be accurate or that the models themselves are accurate or comprehensive in estimating our liquidity, potential future paid claims, related loss reserves and fair values or that they are similar to methodologies employed by our competitors, counterparties or other market participants. Estimates of our claims payments, in particular, may materially impact our liquidity position. We may make changes to our estimated claims payments, loss reserves or fair value models from time to time. These changes could materially impact our financial results.

Item 1A. Risk Factors (continued)

Our risk management policies and procedures may not adequately detect or prevent future losses.

We assess our risk management policies and procedures on a periodic basis. As a result of such assessment, we may take steps to change our internal risk assessment capabilities and procedures, portfolio management policies, systems and processes and our policies and procedures for monitoring and assessing the performance of our insured portfolio in changing market conditions. There can be no assurance, however, that these steps will be adequate to avoid future losses. In some cases, losses can be substantial, particularly if a loss occurs on a transaction in which we have a large notional exposure or on a transaction structured with large, bullet-type maturities.

Legal, Regulatory and Other Risk Factors

Regulatory change could adversely affect our businesses, and regulations could limit investors' ability to affect a takeover or business combination that shareholders might consider in their best interests.

The financial guarantee insurance industry has historically been and will continue to be subject to the direct and indirect effects of governmental regulation, including insurance laws, securities laws, tax laws, legal precedents and accounting rules affecting asset-backed and municipal obligations, as well as changes in those laws. Failure to comply with applicable laws and regulations could expose our insurance companies and/or their constituents, to fines, the loss of their insurance licenses, and the inability to engage in certain business activity, as the case may be. These laws also limit investors' ability to affect a takeover or business combination without the approval of our insurance regulators.

Changes to laws and regulations, or the interpretation thereof could subject our insurance companies to increased loss reserves and capital requirements or more stringent regulation generally, which could materially adversely affect our financial condition and results of operations. Finally, changes to accounting standards and regulations may require modifications to our accounting methodology, both prospectively and for prior periods; such changes could have an adverse impact on our reported financial results and/or make it more difficult for investors to understand the economics of our business and may thus influence the types or volume of business that we may choose to pursue.

Our insurance companies could become subject to regulatory action.

Our insurance companies are subject to various statutory and regulatory restrictions that require them to maintain qualifying investments to support their reserves and required minimum surplus. Furthermore, our insurance companies may be restricted from making commutation or other payments if doing so would cause them to fail to meet such requirements, and the New York State Department of Financial Services ("NYSDFS") may impose other remedial actions on us as described further below to the extent our insurance companies do not meet such requirements.

Under New York Insurance Law ("NYIL"), the Superintendent of Financial Services (the "Superintendent") may apply for an order directing the rehabilitation or liquidation of a domestic insurance company under certain circumstances, including upon the insolvency of the company, if the company has willfully violated its charter or the NYIL, or if the company is found, after examination, to be in such condition that further transaction of business would be hazardous to its policyholders, creditors or the public. The Superintendent may also suspend an insurer's license, restrict its license authority, or limit the amount of premiums written in New York if, after a hearing, the Superintendent determines that the insurer's surplus to policyholders is not adequate in relation to its outstanding liabilities or financial needs. If the Superintendent were to take any such action as to National, it could result in the reduction or elimination of the payment of dividends to MBIA Inc.

In addition to the Superintendent's authority to commence a rehabilitation or liquidation proceeding, if the Superintendent finds that the liabilities of MBIA Insurance Corporation exceed its admitted assets, the Superintendent could use its authority under Section 1310 of the NYIL to order MBIA Insurance Corporation to cease making claims payments (a "1310 Order"). Continuing elevated loss payments and delay or failure in realizing expected recoveries as well as certain other factors may materially and adversely affect MBIA Insurance Corporation's liquidity and its ability to timely meet its insurance obligations, and could cause the NYSDFS to put MBIA Insurance Corporation into a rehabilitation or liquidation proceeding, or issue a 1310 Order, if it does not believe MBIA Insurance Corporation will be able to pay expected claims. See Risk Factor "An MBIA Insurance Corporation rehabilitation or liquidation proceeding could accelerate certain of the Company's other obligations and have other adverse consequences" under "MBIA Corp. Risk Factors" for the potential impacts of an MBIA Insurance Corporation rehabilitation or liquidation proceeding, or a 1310 Order.

Item 1A. Risk Factors (continued)

Private litigation claims could materially adversely affect our reputation, business, results of operations and financial condition.

As further set forth in “Note 18: Commitments and Contingencies” in the Notes to Consolidated Financial Statements of MBIA Inc. and Subsidiaries in Part II, Item 8 of this Form 10-K, the Company and/or its subsidiaries are named as defendants in certain litigations, and in the ordinary course of business, may be a defendant in or party to a new or threatened legal action. Although the Company intends to vigorously defend against any current or future action, there can be no assurance that it will prevail in any such action, and any adverse ultimate outcome could result in a loss and/or have a material adverse effect on our reputation, business, results of operations or financial condition.

An ownership change under Section 382 of the Internal Revenue Code could have materially adverse tax consequences.

In connection with transactions in our shares from time to time, we may in the future experience an “ownership change” within the meaning of Section 382 of the Internal Revenue Code. In general terms, an ownership change may result from transactions increasing the aggregate ownership of certain stockholders in our stock by more than 50 percentage points over a testing period (generally three years). If an ownership change were to occur, our ability to use certain tax attributes, including certain losses, credits, deductions or tax basis, may be limited. On May 2, 2018, MBIA Inc.’s shareholders ratified an amendment to the Company’s By-Laws, which had been adopted earlier by MBIA Inc.’s Board of Directors. The amendment places restrictions on certain acquisitions of Company stock that otherwise may have increased the likelihood of an ownership change within the meaning of Section 382. The amendment generally prohibits a person from becoming a “Section 382 five-percent shareholder” by acquiring, directly or by attribution, 5% or more of the outstanding shares of the Company’s common stock and will generally restrict existing “Section 382 five-percent shareholders” from increasing their ownership interest under Section 382 by more than one percentage point over their percentage stock ownership immediately prior to the effective date of the amendment or, if lower, their percentage thereafter. Nevertheless, there can be no assurance that MBIA Inc. will not undergo an ownership change at a time when these limitations could have a materially adverse effect on the Company’s financial condition.

Changes in U.S. federal income tax law could materially adversely affect the value of the Company’s net deferred tax asset.

MBIA Inc. carries a net deferred tax asset whose value is calculated by application of the federal corporate taxation rates in effect at the time of determination. Changes in applicable U.S. tax laws and regulations, or their interpretation and application, including the possibility of retroactive effect, could affect our net deferred tax asset. As a result of the Company having established a full valuation allowance against its net deferred tax asset in 2017, any adjustment to the Company’s net deferred tax asset, will likely result in a corresponding change to the Company’s valuation allowance, resulting in no impact to the Company’s balance sheet or income statement.

Ineffective internal controls, including internal control over financial reporting, could materially and adversely affect our business, financial condition, results of operations and reputation.

We cannot be certain that we will not identify control deficiencies or material weaknesses in the future. Ineffective internal controls over entities (including any entities the Company controls, is affiliated with or exercises significant influence over as a result of the Zohar Recoveries or otherwise) could result in failure to ensure that such entities comply with applicable laws. If we fail to remediate a material weakness or fail to otherwise maintain effective internal control over financial reporting in the future, such failure could result in a material misstatement of our annual or quarterly financial statements that would not be prevented or detected on a timely basis and which could cause investors and other users to lose confidence in our financial statements, limit our ability to raise capital and have a negative effect on the trading price of our common stock. Additionally, failure to remediate a material weakness or otherwise failing to maintain effective internal control over financial reporting may materially and adversely affect our business, financial condition, results of operations and reputation, and could impair our ability to timely file our periodic reports with the SEC, subject us to litigation and regulatory actions and cause us to incur substantial additional costs in future periods relating to the implementation of remedial measures.

Item 1A. Risk Factors (continued)

Capital, Liquidity and Market Related Risk Factors

We are a holding company and rely to a significant degree on cash flow from National. A disruption in this cash flow or an inability to access third-party capital could materially and adversely affect our business, operating results and financial condition and ultimately adversely affect liquidity.

As a holding company, MBIA Inc. is largely dependent on dividends from National to pay principal and interest on our indebtedness and operating expenses, among other items. We expect that for the foreseeable future, National alone will be the source of dividends to the Company, and it is subject to various statutory and regulatory restrictions applicable to insurance companies generally, that limit the amount of cash dividends, loans and advances that it may pay. See “New York State Dividend Limitations” in Part 1, Item 1 and “Note 13: Insurance Regulations and Dividends” in the Notes to Consolidated Financial Statements of MBIA Inc. and Subsidiaries in Part II, Item 8 of this Form 10-K for a further discussion of dividends.

We may also from time to time seek to raise capital from external sources. The Company’s access to external sources of financing, as well as the cost of such financing would be influenced by various factors, which could include (i) the long-term debt ratings of the Company, (ii) expected dividends from National, (iii) the financial condition and business prospects of our insurance companies and (iv) the perceptions of the financial strength of MBIA Inc. and our insurance companies. There can be no assurance that an inability to obtain adequate capital on favorable terms, or at all, would not adversely affect our business, operating results and financial condition.

Consequently, National’s inability to pay dividends or our inability to access capital from external sources on favorable terms could have an adverse impact on our ability to pay losses and debt obligations, to pay dividends on our capital stock, to pay principal and interest on our indebtedness, to pay our operating expenses and to make capital investments in our subsidiaries. In addition, future capital raises for equity or equity-linked securities could result in dilution to the Company’s shareholders. Also, some securities that the Company could issue, such as preferred stock or securities issued by the Company’s operating subsidiaries may have rights, preferences and privileges that are senior to those of its common shares.

MBIA Inc. has substantial indebtedness, and may incur additional indebtedness, which could adversely affect our financial condition, and/or our ability to obtain financing in the future, react to changes in our business and/or satisfy our obligations.

As of December 31, 2025, MBIA Inc. had \$472 million of medium-term note liabilities, \$233 million of Senior Notes liabilities and \$174 million of investment agreement liabilities. Our substantial indebtedness and other liabilities could have material consequences because:

- we may be unable to obtain additional financing, should such a need arise, which may limit our ability to satisfy obligations with respect to our debt;
- a large portion of MBIA Inc.’s financial resources must be dedicated to the payment of principal and interest on our debt, thereby reducing the funds available to use for other purposes;
- it may be more difficult for us to satisfy our obligations to our creditors, resulting in possible defaults on, and acceleration of, such debt;
- we may be more vulnerable to general adverse economic and industry conditions;
- our ability to refinance debt may be limited or the associated costs may increase;
- our flexibility to adjust to changing market conditions could be limited; and
- we are exposed to the risk of fluctuations in interest rates and foreign currency exchange rates because a portion of our liabilities are at variable rates of interest or denominated in foreign currencies.

Adverse developments in the credit markets may materially and adversely affect MBIA Inc.’s ability to post collateral and meet other liquidity needs.

Currently, a significant portion of the cash and securities of MBIA Inc. are pledged against investment agreement liabilities, and intercompany financing arrangements, which limit its ability to raise liquidity through asset sales. If the market value or rating eligibility of the assets which are pledged against MBIA Inc.’s obligations were to decline, we would be required to pledge additional eligible assets in order to meet minimum required collateral amounts against these liabilities. In such an event, we may sell assets, potentially with substantial losses, finance unencumbered assets through intercompany facilities, or use free cash or other assets, although there can be no assurance that these strategies will be available or adequate to meet liquidity requirements.

Item 1A. Risk Factors (continued)

The level of interest rates and foreign currency exchange rates could materially and adversely affect our financial condition.

Increases in prevailing interest rate levels can adversely affect the value of our investment portfolios and, therefore, our financial condition. In the event that investments must be sold in order to make payments on insured exposures or other liabilities, such investments would likely be sold at discounted prices. Increases in interest rates also adversely affect the values of investments collateralizing our investment agreement liabilities in our corporate operations, which would require the Company to post additional collateral to its counterparties. In the insurance operations, with respect to credit risk, increasing interest rates could lead to increased stress on transactions in our insured portfolio with floating rate liabilities. Increasing interest rates could also result in a lower present value of salvage reserves while declining interest rates could result in a higher present value of future loss payments. Lower interest rates can result in lower net interest income since a substantial amount of assets are now held in cash and cash equivalents given the increased focus on liquidity.

In addition, the Company is exposed to foreign currency exchange rate fluctuation risk in respect of assets and liabilities denominated in currencies other than U.S. dollars. In addition to insured liabilities denominated in foreign currencies, some of the remaining liabilities in our corporate segment are denominated in currencies other than U.S. dollars and the assets of our corporate segment are predominantly denominated in U.S. dollars. Accordingly, the weakening of the U.S. dollar versus foreign currencies could substantially increase our potential obligations and statutory capital exposure. Exchange rates have fluctuated significantly in recent periods and may continue to do so in the future, which could adversely impact the Company's financial position, results of operations and cash flows.

MBIA Corp. Risk Factors

As described further and for the reasons stated herein, we believe that MBIA Corp. will not provide significant economic or shareholder value to MBIA Inc. For additional information on MBIA Corp., refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—International and Structured Finance Insurance" in Part II, Item 7 of this Form 10-K. Additionally, also as described further herein, given the separation of MBIA Inc. and MBIA Corp. as distinct legal entities, the absence of any cross defaults between the entities, and the lack of reliance by MBIA Inc. on MBIA Corp. for the receipt of dividends, we do not believe that a rehabilitation or liquidation proceeding of MBIA Insurance Corporation by the NYSDFS would have any material economic impact on the financial condition or liquidity of MBIA Inc. However, there can be no assurance that the financial condition or a rehabilitation or liquidation proceeding of MBIA Insurance Corporation would not have an adverse impact on MBIA Inc. The risk factors described below with respect to MBIA Corp. are set forth for that reason, as well as for an independent understanding of the risks to MBIA Corp.

Continuing elevated loss payments and delay or failure in realizing expected recoveries on insured transactions may materially and adversely affect MBIA Insurance Corporation's statutory capital and its ability to meet liquidity needs and could cause the NYSDFS to put MBIA Insurance Corporation into a rehabilitation or liquidation proceeding if the NYSDFS concludes that MBIA Insurance Corporation will not be able to pay expected claims.

MBIA Insurance Corporation is particularly sensitive to the risk that it will not have sufficient capital or liquid resources to meet contractual payment obligations when due or to make settlement payments in order to terminate insured exposures to avoid losses. While management's expected liquidity and capital forecasts for MBIA Insurance Corporation reflect adequate resources to pay expected claims, there are risks to the capital and liquidity forecasts as MBIA Insurance Corporation's remaining insured exposures and its expected salvage recoveries are potentially volatile. Such volatility exists in salvage that MBIA Insurance Corporation may collect, including in particular recoveries related to the claims it paid in respect of the insured notes issued by Zohar collateralized debt obligation ("CDO") 2003-1, Limited and Zohar II 2005-1 CDO (collectively, the "Zohar Recoveries"), and the exposure in its remaining insured portfolio, which could deteriorate and result in significant additional loss reserves and claim payments, including claims on insured exposures that in some cases may require large bullet payments. In addition, if we fail to maintain effective internal controls over entities (including any entities the Company controls, is affiliated with or exercises significant influence over as a result of the Zohar Recoveries or otherwise), this could result in failure to ensure that such entities comply with applicable laws.

While MBIA Insurance Corporation believes that it will receive a substantial recovery on the Zohar Recoveries, there still remains significant uncertainty with respect to the realizable value of these assets.

Item 1A. Risk Factors (continued)

If the Zohar Recoveries fall below our expectations, MBIA Insurance Corporation would likely incur additional and potentially substantial losses, which could materially impair its statutory capital and liquidity. Further, MBIA Insurance Corporation believes that if the NYSDFS concludes at any time that MBIA Insurance Corporation will not be able to satisfy its obligations under its other issued policies, the NYSDFS would likely put MBIA Insurance Corporation into a rehabilitation or liquidation proceeding under Article 74 of the NYIL and/or take such other actions as the NYSDFS may deem necessary to protect the interests of MBIA Insurance Corporation's policyholders. The determination to commence such a proceeding or take other such actions is within the exclusive control of the NYSDFS. The NYSDFS enjoys broad discretion in this regard, and any determination they may make would not be limited to consideration of the matters described above. As noted, however, given the separation of MBIA Inc. and MBIA Corp. as distinct legal entities, the absence of any cross defaults between the entities, and the lack of reliance by MBIA Inc. on MBIA Corp. for the receipt of dividends, we do not believe that a rehabilitation or liquidation proceeding of MBIA Insurance Corporation by the NYSDFS would have any material economic long-term liquidity impact on MBIA Inc.

MBIA Corp. insures certain transactions that continue to perform poorly and increased losses or a delay or failure in collecting expected recoveries may materially and adversely affect its financial condition and results of operations.

MBIA Corp. insures certain structured finance transactions that remain volatile and could result in additional losses, which could be substantial. MBIA Corp. has also recorded significant loss reserves on its residential mortgage-backed securities ("RMBS"), and there can be no assurance that these reserves will be sufficient, in particular if the economy deteriorates. These transactions are also subject to servicer risk, which relates to problems with the transaction's servicer that could adversely affect performance of the underlying assets. As of December 31, 2025, MBIA Corp. recorded expected RMBS recoveries of \$48 million, including recoveries related to consolidated VIEs, on our RMBS transactions, in reimbursement of our past and future expected claims. Of this amount, \$22 million is included in "Insurance loss recoverable" and \$26 million is included in "Loss and loss adjustment expense reserves" on the Company's consolidated balance sheets. RMBS recoveries relate to structural features within the trust structures that allow for the Company to be reimbursed for prior claims paid. These reimbursements for specific trusts include recoveries that are generated from the excess spread of the transactions. Excess spread within insured RMBS securitizations is the difference between interest inflows on mortgage loan collateral and interest outflows on the insured RMBS notes. There can be no assurance that this recovery will be received in its entirety or in the expected timeframe.

An MBIA Insurance Corporation rehabilitation or liquidation proceeding could accelerate certain of the Company's other obligations and have other adverse consequences.

As noted above, MBIA Insurance Corporation continues to face a number of significant risks and contingencies, which could, if realized, result in MBIA Insurance Corporation being placed into a rehabilitation or liquidation proceeding by the NYSDFS. In the event of an MBIA Insurance Corporation rehabilitation or liquidation proceeding, the Company may be subject to, among other things, the following:

- MTNs issued by MBIA Global Funding LLC ("GFL"), which are insured by MBIA Insurance Corporation, would accelerate. To the extent GFL failed to pay the accelerated amounts under the GFL MTNs, the MTN holders would have policy claims against MBIA Insurance Corporation for scheduled payments of interest and principal;
- An MBIA Insurance Corporation proceeding may accelerate certain investment agreements issued by MBIA Inc., including, in some cases, with make-whole payments. While the investment agreements are fully collateralized with high quality collateral, the settlements of these amounts could reduce MBIA Inc.'s liquidity resources, and to the extent MBIA Inc. fails to pay the accelerated amounts under these investment agreements or the collateral securing these investment agreements is deemed insufficient to pay the accelerated amounts due, the holders of the investment agreements would have policy claims against MBIA Insurance Corporation;
- The payment of installment premiums due to National from MBIA Insurance Corporation under the reinsurance agreement between National and MBIA Insurance Corporation (Refer to Item 1, "Our Insurance Operations", "Reinsurance" for a description of the agreement) could be disrupted, delayed or subordinated to the claims of policyholders of MBIA Insurance Corporation;
- The rehabilitator or liquidator could replace the Board of Directors of MBIA Insurance Corporation and take control of the operations and assets of MBIA Insurance Corporation, which would result in the Company losing control of MBIA Insurance Corporation and possible changes to MBIA Insurance Corporation's strategies and management; and

Item 1A. Risk Factors (continued)

- Unplanned costs on MBIA Inc., as well as significant additional expenses for MBIA Insurance Corporation arising from the appointment of a rehabilitator or liquidator, as receiver, and payment of the fees and expenses of the advisors to such rehabilitator or liquidator.

Revenues and liquidity would be adversely impacted by a decline in realization of installment premiums.

Due to the installment nature of a significant percentage of its premium income, MBIA Corp. has an embedded future revenue stream. The amount of installment premiums actually realized by MBIA Corp. could be reduced in the future due to factors such as early termination of insurance contracts, accelerated prepayments of underlying obligations, commutation of existing financial guarantee insurance policies or non-payment. Such a reduction would result in lower revenues and reduced liquidity.

General Risk Factors

Interruption in information technology and other operational systems, or a failure to maintain the security, confidentiality or privacy of sensitive data residing on such systems, could harm our business.

We depend heavily on our information technology and other operational systems and on the integrity and timeliness of data we use to run our businesses. These systems may fail to operate properly or become disabled as a result of events or circumstances wholly or partly beyond our control. Further, we face the risk of operational and technology failures by others, including various financial intermediaries, vendors and parties to which we outsource the provision of services or business operations. If this risk is realized, we may experience operational difficulties, increased costs and other adverse effects on our business.

Despite our implementation and maintenance of a cybersecurity program which includes a variety of security measures, our information technology systems, networks and data could be subject to cyber-attacks or physical break-ins, unauthorized tampering or other security breaches, resulting in a failure to maintain the security, confidentiality or privacy of sensitive information. For additional information relating to cybersecurity, refer to the "Item 1C. Cybersecurity" section in Part I, Item 1C of this Form 10-K.

Interruption in information technology and other operational systems, or a failure to maintain the security, confidentiality or privacy of sensitive data residing on such systems, whether due to actions or inactions by us or others, could delay or disrupt our ability to do business, harm our reputation, subject us to regulatory sanctions and other claims, lead to a loss of revenues and/or otherwise adversely affect our business.

The Company is dependent on key executives and the loss of any of these executives, or its inability to retain other key personnel, could adversely affect its business.

The Company's success substantially depends upon its human capital management including its ability to retain qualified employees and upon the ability of its senior management and other key employees to implement its business strategy. The Company believes there are only a limited number of available qualified executives in the business lines in which the Company operates. The Company relies substantially upon the services of William C. Fallon, Chief Executive Officer, and other senior executives. There is no assurance that the Company will be able to retain the services of key executives. While the Company has a succession plan for key executives and does not expect the departure of any key executives to have a material adverse effect on its operations, there can be no assurance that the loss of the services of any of these individuals or other key members of the Company's management team would not adversely affect the implementation of its business strategy.

Item 1B. Unresolved Staff Comments

The Company from time to time receives written comments from the staff of the SEC regarding its periodic or current reports under the Securities Exchange Act of 1934, as amended. There are no comments that remain unresolved that the Company received more than 180 days before the end of the year to which this report relates.

Item 1C. Cybersecurity

The cybersecurity program of the Company establishes the framework for safeguarding critical information assets through an evolving, multi-tiered security approach. This program encompasses the Company's policies and controls designed to mitigate risks from malicious and unauthorized use, as well as cybersecurity threats or attacks targeting the Company's Information Assets ("IA"). These IA primarily include business and technology applications, networks, computing platforms, and the data stored therein. The following is a discussion of our cybersecurity risk management and strategy and our cybersecurity governance.

Risk Management and Strategy

Cybersecurity is a part of the Company's overall risk management strategy. The Audit Committee oversees risks associated with cybersecurity. Refer to the following "Governance" section for additional information on the Audit Committee's oversight of cybersecurity.

The Company has developed a security architecture designed to minimize and defend against threats, with an emphasis on the capability to effectively assess and identify cyber risks to its IA. This includes regulating access to IA and protection against unauthorized access, malicious software, and hacking attempts. The Company maintains reasonable defenses to protect against known threats by systematic scanning for security vulnerabilities and utilizes more advanced technologies to protect against new threat vectors for which there is not yet a vendor-provided security solution. The Company uses tools such as firewalls, anti-malware software, multi-factor authentication, e-mail and internet security gateways, virtual private networks, and an active vulnerability management program to safeguard IA against cyberattacks. The Company also engages third-party outsourced security services to continuously monitor and provide timely remediation of security events across all information technology ("IT") assets. This serves as a virtual extension of the internal security team. In addition, the Company engages third-party security firms to perform periodic penetration testing to validate the security of its IT infrastructure and applications. Periodic incident response exercises are also conducted as part of the Company's overall cybersecurity program. Our processes also address threats to its IA associated with our use of third-party security providers. Third-party risks are included within our risk management strategy discussed above. Cybersecurity considerations affect the selection and oversight of our third-party service providers. We perform diligence on third-parties that have access to our systems, data or facilities that house such systems or data, and continually monitor cybersecurity threats identified through such diligence. Additionally, we may require certain third-parties to agree by contract to manage their cybersecurity risks in specified ways, and to agree to be subject to cybersecurity audits, which we conduct as appropriate.

The Company manages software using a risk-based approach that assesses software version requirements, technology obsolescence, business value and cost. Web based applications have external penetration testing performed to determine vulnerabilities and/or open exploits before deployment to production. The Company also utilizes data leakage prevention controls to further protect IA. The Company's hardware, including computers, smartphones, and tablets, has security software installed to extend cybersecurity and general technology management controls. In addition, the Company's IT department arranges periodic training for Company employees related to best practices to prevent, identify, and report cybersecurity incidents. All Company employees are required to participate in scheduled training and are obligated to certify the completion of each training session. Additionally, all third parties retained by the Company, including vendors, that are granted access to the Company's IA are required to certify compliance with all relevant Company policies relating to such access and re-certify compliance as deemed necessary. This certification includes the completion of questionnaires that are reviewed by the Chief Information Security Officer ("CISO") and Chief Information Officer ("CIO").

Despite the Company's implementation and maintenance of the cybersecurity program and its components as identified above and elsewhere herein that includes a variety of best practice security measures, our information technology systems, networks, and data are subject to cyber-attacks or physical break-ins, unauthorized tampering or other security breaches. Notwithstanding these protections, attacks may result in a failure to maintain the security, confidentiality or privacy of sensitive information. To date, the Company has not had any cybersecurity incidents that have materially affected, or are reasonably likely to materially affect, its business strategy, results of operations, or its financial condition. There can be no assurance that a future cybersecurity incident would not result in a loss and/or have a material adverse effect on our reputation, business, results of operations, or financial condition.

Item 1C. Cybersecurity (continued)

Governance

The Company created an Enterprise Security Council ("ESC") that is comprised of senior IT management (including the CISO and CIO), Internal Audit and Compliance leaders which meet regularly to evaluate potential security risks to the Company and its IA.

The CISO is responsible for performing a thorough examination of any identified or suspected cybersecurity incidents or violations. The CISO will collaborate with the Company's General Counsel and other relevant personnel during this formal review. Documentation detailing the event and an action plan, if required, will be generated by the CISO. Additionally, communication will be promptly established with the Cyber Incident Response Team ("CIRT"), and if deemed necessary, the Audit Committee.

The Audit Committee receives quarterly or more frequent as appropriate, briefings from the Company's senior management and CISO. The briefings concern, among other topics, the cyber threat landscape and associated risks to the Company, updates to the Company's cybersecurity program and associated policies, its ongoing strategy to prevent, identify and react to security incidents, internal and external vulnerability assessments, penetration testing results, and Internal Audit's periodic reviews of MBIA's security controls, policies, and procedures. The CIRT is comprised of senior leaders from across the company, which include Legal, Compliance, Investor/Media Relations, and Information Technology.

Item 2. Properties

The Company leases office space located in Purchase, New York, in which the Company has its headquarters. The Company generally believes that its office space is adequate and suitable for its current needs.

Item 3. Legal Proceedings

For a discussion of the Company's litigation and related matters, see "Note 18: Commitments and Contingencies" in the Notes to Consolidated Financial Statements of MBIA Inc. and Subsidiaries in Part II, Item 8. In the normal course of operating its businesses, MBIA Inc. may be involved in various legal proceedings. As a courtesy, the Company posts on its website under the section "Legal Proceedings," selected information and documents in reference to selected legal proceedings in which the Company is the plaintiff or the defendant. The Company will not necessarily post all documents for each proceeding and undertakes no obligation to revise or update them to reflect changes in events or expectations. The complete official court docket can be publicly accessed by contacting the clerk's office of the respective court where each litigation is pending.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company’s common stock is listed on the New York Stock Exchange under the symbol “MBI.” As of February 19, 2026, there were 193 shareholders of record of the Company’s common stock. The Company did not pay cash dividends on its common stock during 2025 or 2024. On December 7, 2023, the Company’s Board of Directors declared an extraordinary cash dividend on MBIA’s common stock of \$8.00 per share. The dividend was paid on December 22, 2023 to shareholders of record as of the close of business on December 18, 2023. For information on the ability for certain subsidiaries of the Company to transfer funds to the Company in the form of cash dividends or otherwise, refer to “Item 1. Business—Insurance Regulation” in this annual report.

On May 3, 2023, the Company’s Board of Directors approved a share repurchase program authorizing the Company and/or National to purchase up to \$100 million of the Company’s shares in open market transactions, in privately negotiated transactions or by any other legal means. During 2025 or 2024, the Company or National did not purchase or repurchase any shares. During 2023, National or the Company purchased or repurchased 3.6 million shares at an average price per share of \$8.12. As of December 31, 2025, the remaining authorization under this share repurchase program was \$71 million.

The table below presents repurchases made by the Company or National in each month during the fourth quarter of 2025. See “Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters” in Part III for a further discussion of securities authorized for issuance under long-term incentive plans.

Month	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Amount That May Be Purchased Under the Plan (in millions) (2)
October	—	\$ —	—	\$ 71
November	—	—	—	71
December	25,532	7.16	—	71

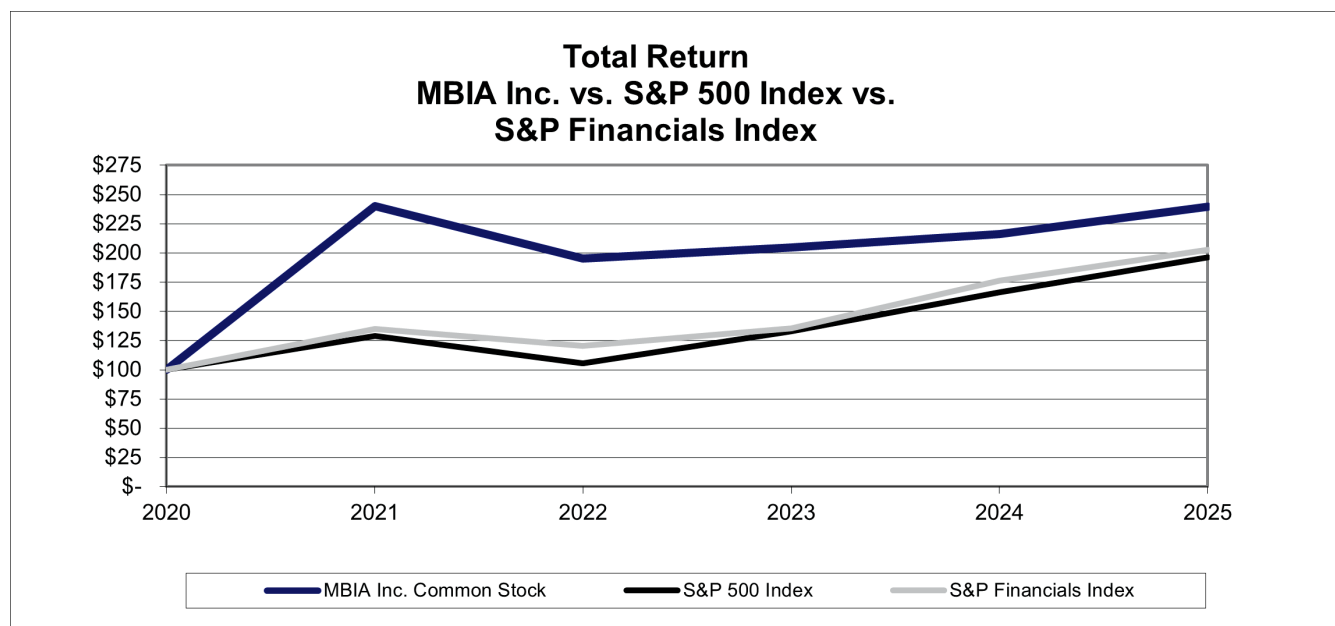
(1) Represents shares withheld from participants for income tax purposes whose shares of restricted stock vested during the period. Such restricted stock was originally issued to participants under the Company’s long term incentive plan.

(2) On May 3, 2023, the Company’s Board of Directors approved a share repurchase program authorizing the Company and/or National to purchase up to \$100 million of the Company’s shares in open market transactions, in privately negotiated, or by any other legal means.

As of December 31, 2025, 283,186,115 shares of Common Stock of the Company, par value \$1 per share, were issued and 50,510,250 shares were outstanding.

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities (continued)

Stock Performance Graph The following graph compares the cumulative total shareholder return (rounded to the nearest whole dollar) of our common stock, the S&P 500 Index (“S&P 500 Index”) and the S&P 500 Financials Sector Index (“S&P Financials Index”) for the last five fiscal years. The graph and table outline the value on December 31 of each year from 2020 through 2025 of a \$100 investment made on December 31, 2020 and reinvestment of dividends in the security/index on the respective dividend payment dates without commissions. This does not forecast future performance of our common stock.



	2020	2021	2022	2023	2024	2025
MBIA Inc. Common Stock	100.00	239.97	195.29	204.56	215.94	239.35
S&P 500 Index	100.00	128.68	105.35	133.02	166.27	195.96
S&P Financials Index	100.00	134.87	120.61	135.21	176.45	202.86

Source: Bloomberg Finance L.P.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of financial condition and results of operations of MBIA Inc. should be read in conjunction with the other sections of this Form 10-K. In addition, this discussion and analysis of financial condition and results of operations includes statements of the opinion of MBIA Inc.'s management which may be forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. Refer to "Risk Factors" in Part I, Item 1A of this Form 10-K for a further discussion of risks and uncertainties.

This section of this Form 10-K generally discusses 2025 and 2024 items and year-to-year comparisons between 2025 and 2024 results. Discussions of 2023 items and year-to-year comparisons between 2024 and 2023 results not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

OVERVIEW

MBIA Inc., together with its consolidated subsidiaries, (collectively, "MBIA", the "Company", "we", "us", or "our") operates within the financial guarantee insurance industry. MBIA manages its business within three operating segments: 1) United States ("U.S.") public finance insurance; 2) corporate; and 3) international and structured finance insurance. Our U.S. public finance insurance portfolio is managed through National Public Finance Guarantee Corporation ("National"), our corporate segment is managed through MBIA Inc. and several of its subsidiaries, including our service company, MBIA Services Corporation ("MBIA Services"), and our international and structured finance insurance business is managed through MBIA Insurance Corporation and its subsidiaries ("MBIA Corp.").

National's primary objectives are to maximize the performance of its existing insured portfolio through effective surveillance and remediation activity and effectively manage its investment portfolio. Our corporate segment consists of general corporate activities, including providing support services to MBIA's operating subsidiaries and asset and capital management. MBIA Corp.'s primary objectives are to satisfy all claims by its policyholders and to maximize future recoveries, if any, for its surplus note holders, and then its preferred stock holders. MBIA Corp. is executing this strategy by, among other things, taking steps to maximize the collection of recoveries and reducing and mitigating potential losses on its insurance exposures. We do not expect National or MBIA Corp. to write new financial guarantee policies outside of remediation related activities.

Economic Environment

Available indicators suggest that U.S. economic activity has been expanding at a solid pace. The unemployment rate has shown signs of stabilization and job gains have remained low. Inflation remains elevated. The Federal Open Market Committee ("FOMC") seeks to achieve maximum employment and 2% inflation over the longer run, and has noted that uncertainty around the economic outlook remains elevated. At its most recent meeting, the FOMC maintained its federal funds rate target range at 3.50% to 3.75%. Economic and financial market trends could impact the Company's financial results. Economic improvement at the state and local level strengthens the credit quality of the issuers of our insured municipal bonds, improves the performance of our insured U.S. public finance portfolio and could reduce the amount of National's potential incurred losses. Lower interest rates could adversely affect investment portfolio yields and income, but increase the values of our Company's investment portfolio. Lower interest rates could also adversely affect the present value of loss reserves.

Business Developments

The following is a summary of business developments:

Puerto Rico

- During 2025, the Puerto Rico Electric Power Authority ("PREPA") defaulted on scheduled debt service for National insured bonds and National paid gross claims in the aggregate of \$105 million. As of December 31, 2025, National had \$565 million of debt service outstanding related to PREPA. On January 1, 2026, PREPA defaulted on scheduled debt service for National insured bonds and National paid gross claims in the aggregate of \$11 million.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

OVERVIEW (continued)

- On January 31, 2023, National entered into a restructuring support agreement ("PREPA RSA") with the Financial Oversight and Management Board for Puerto Rico (the "Oversight Board"), on behalf of itself and as the sole Title III representative of PREPA. A plan of adjustment for PREPA (the "Plan") and related disclosure statement was filed on February 9, 2023. Subsequently, both the Plan and PREPA RSA were amended. The Title III Court conducted confirmation hearings in March 2024. On June 12, 2024, the First Circuit Court of Appeals reversed Judge Swain's prior rulings and supported bondholder liens and claim amounts (the "Appeal Decision"). On June 26, 2024, the Oversight Board filed a petition for a First Circuit panel rehearing, and the Unsecured Creditors Committee ("UCC") filed an en banc appeal. On November 13, 2024, the First Circuit affirmed the Appeal Decision. On November 27, 2024, the Oversight Board filed a petition for further rehearing, and on December 31, 2024, the First Circuit denied the rehearing request. Following the Appeal Decision, the Oversight Board informed the Court, National and other parties that it intended to modify National's settlement in a forthcoming amended Plan. Thereafter, National provided notice to the Oversight Board that National did not support the board's actions and that such actions constituted a breach and termination of the PREPA RSA, as amended. On January 29, 2025, the Court extended its litigation stay through March 24, 2025, and on March 3, 2025, the Court entered an order identifying key legal issues and requiring a joint proposed litigation schedule. On March 20, 2025, the Court set a briefing schedule on a motion for allowance of an administrative expense. On June 11, 2025, the Court set June 30, 2025, as the deadline for discovery, and July 23, 2025, for oral arguments in the administrative expense claim motion. Following the hearing, the Court reserved its decision on the legal issues and permitted the parties to continue resolution of discovery disputes. On August 8, 2025, the Court entered an order suspending deadlines for the Administrative Expense Claim until further order of the Court. On October 22, 2025, the Court ordered the parties to meet and confer on scheduling issues in the Administrative Expense Claim litigation and required they filed a Joint Status Report by November 24, 2025. Following the filing of the Joint Status Report, the Court entered an order dated December 9, 2025, lifting the litigation stay to permit the parties to litigate motions to compel solely in connection with the Administrative Expense Motion. Bondholders filed their Motion to Compel on January 9, 2026, and the Oversight Board on January 23, 2026 filed its opposition. Bondholders filed their reply brief on February 6, 2026. There is no assurance that a plan that is substantially similar in the treatment of National's claims and rights will ultimately be confirmed and become effective. In the event of a substantially different confirmed plan, National's PREPA loss reserves and recoveries could be materially adversely affected.
- In July of 2025, National transferred certain PREPA bankruptcy claims to a custodian in exchange for tradeable custodial receipts (the "Custodial Receipts"). At the time of transfer, National owned the Custodial Receipts and continued to hold the same rights and was entitled to the same economic benefits associated with the transferred bankruptcy claims. In August of 2025, National sold the Custodial Receipts in a series of transactions through the transfer of ownership of approximately \$374 million face amount of the Custodial Receipts, representing approximately 47% of the principal amount of National's then current bond claims in the PREPA Title III case. This transaction reduced potential volatility and ongoing risk of remediation around National's remaining PREPA exposure, for which the Title III case continues to remain uncertain and National continues to use its best efforts to strengthen its position. Subsequent to the sale of these Custodial Receipts, National does not retain any additional Custodial Receipts for sale. The sales price of the Custodial Receipts was higher than National's previous estimate, which resulted in National recording a gain included in "Losses and loss adjustment" on our consolidated statements of operations for the year ended December 31, 2025. These sales also reduced National's "Insurance loss recoverable" related to PREPA on the Company's consolidated balance sheet as of December 31, 2025. Refer to the following "U.S. Public Finance Insurance Segment - Losses and Loss Adjustment Expenses" section for additional information on the sales of our Custodial Receipts.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

OVERVIEW (continued)

- Between August 1 and August 8, 2025, President Trump notified six Oversight Board members that their membership on the Oversight Board was terminated effective immediately. On September 18, 2025, three of the terminated Oversight Board members, Arthur Gonzalez, Andrew Biggs and Betty Rosa (the "Plaintiffs") sought reinstatement on the Oversight Board by filing injunctive, declaratory and legal relief (the Termination Case"). On September 22, 2025, Plaintiffs also filed a Motion for Preliminary Injunction seeking restrictions on replacing them on the Oversight Board until the Court hears the underlying merits of their claims. On October 3, 2025, the District Court for the District of Puerto Rico granted Plaintiffs' Motion for Preliminary Injunction permitting the Plaintiffs to remain on the Oversight Board until a final hearing on the adequacy of the termination notice as well as the scope of executive authority. On December 30, 2025, the Court of Appeals for the First Circuit entered an order holding the Termination Case in abeyance until the court is notified that the Supreme Court has issued a decision in the *Trump v. Cook* case, heard by the Supreme Court on January 21, 2026.

Refer to the following "U.S. Public Finance Insurance Puerto Rico Exposures" section for additional information on our Puerto Rico exposures.

MBIA Mexico

- During 2025, the Company dissolved MBIA Corp.'s wholly-owned subsidiary, MBIA México, S.A. de C.V. ("MBIA Mexico") and MBIA Mexico returned approximately \$13 million of capital to MBIA Corp. Refer to the following "Liquidity and Capital Resources- Capital Resources- Insurance Statutory Capital" section for additional information.

RESULTS OF OPERATIONS

Summary of Consolidated Results

The following table presents a summary of our consolidated financial results for the years ended December 31, 2025, 2024 and 2023:

In millions except for per share, percentage and share amounts	Years Ended December 31,		
	2025	2024	2023
Total revenues	\$ 80	\$ 42	\$ 7
Total expenses	261	483	491
Income (loss) from continuing operations before income taxes	(181)	(441)	(484)
Provision (benefit) for income taxes	-	-	-
Net income (loss) from continuing operations	(181)	(441)	(484)
Income (loss) from discontinued operations, net of income taxes	(2)	(3)	(3)
Net income (loss)	(183)	(444)	(487)
Less: Net income (loss) attributable to noncontrolling interests	(6)	3	4
Net income (loss) attributable to MBIA Inc.	<u>\$ (177)</u>	<u>\$ (447)</u>	<u>\$ (491)</u>
Net income (loss) per basic and diluted common share attributable to MBIA Inc.	\$ (3.58)	\$ (9.43)	\$ (10.18)
Adjusted net income (loss) ⁽¹⁾	\$ 23	\$ (184)	\$ (169)
Adjusted net income (loss) per diluted share ⁽¹⁾	\$ 0.46	\$ (3.90)	\$ (3.49)
Weighted average basic and diluted common shares outstanding	49,278,281	47,436,079	48,207,574

(1) - Adjusted net income (loss) and adjusted net income (loss) per diluted share are non-GAAP measures. Refer to the following Non-GAAP Adjusted Net Income (Loss) section for a discussion of adjusted net income (loss) and adjusted net income (loss) per diluted share and a reconciliation of GAAP net income (loss) to adjusted net income (loss) and GAAP net income (loss) per diluted share to adjusted net income (loss) per diluted share.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

2025 vs. 2024 GAAP Results

Income (loss) from Continuing Operations Before Income Taxes

The increase in consolidated total revenues for 2025 compared with 2024 was principally due to favorable changes in revenues from consolidated variable interest entities ("VIEs") and fair valuing investments. These increases were partially offset by unfavorable changes in foreign currency gains and losses and net investment income. Consolidated VIE revenue for 2025 was a gain of \$10 million compared with a loss of \$37 million for 2024. Consolidated VIE revenue for 2025 primarily related to a gain from a litigation trust we consolidate as a VIE. The consolidated VIE loss for 2024 was primarily from the reclassification of credit risk losses from accumulated other comprehensive income ("AOCI") to net income (loss) due to early redemptions of VIE liabilities and the deconsolidation of a VIE. In addition, 2025 included \$13 million of losses from fair valuing investments compared with \$49 million of losses for 2024. Unfavorable changes in 2025 included foreign currency losses of \$13 million on euro-denominated liabilities due to the weakening of the U.S. dollar against the euro and foreign currency translation losses of \$5 million reclassified from AOCI to net income (loss) due to the liquidation of MBIA Mexico, compared with \$8 million of foreign currency gains on euro-denominated liabilities in 2024 due to the strengthening of the U.S. dollar against the euro. In addition, net investment income decreased \$11 million for 2025 compared with 2024 primarily due to a lower average asset base and an overall lower investment portfolio yield.

Consolidated total expenses for 2025 included a losses and LAE benefit of \$20 million compared with a losses and LAE expense of \$184 million for 2024. The favorable change in losses and LAE was primarily due to our insured PREPA exposure. Refer to the following "Losses and Loss Adjustment Expenses" sections of the U.S. Public Finance Insurance and International and Structured Finance Insurance segments for additional information on our losses and LAE.

Provision for Income Taxes

For 2025 and 2024, our effective tax rate applied to our loss before income taxes was below the U.S. statutory tax rate of 21% due to the full valuation allowance on the changes in our net deferred tax asset, which included our net operating loss ("NOL").

As of December 31, 2025 and 2024, the Company's valuation allowance against its net deferred tax asset was \$1.4 billion. Notwithstanding the full valuation allowance on its net deferred tax asset, the Company believes that it may be able to use some of its net deferred tax asset before the expirations associated with that asset based upon expected earnings at National. Accordingly, the Company will continue to re-evaluate its net deferred tax asset on a quarterly basis. There is no assurance that the Company will reverse any of its valuation allowance on its net deferred tax asset in the future. Refer to "Note 10: Income Taxes" in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for a further discussion of income taxes, including the valuation allowance against the Company's net deferred tax asset and its accounting for tax uncertainties.

Non-GAAP Adjusted Net Income (Loss)

In addition to our results prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), we also analyze the operating performance of the Company using adjusted net income (loss) and adjusted net income (loss) per diluted common share, both non-GAAP measures. Since adjusted net income (loss) is used by management to assess performance and make business decisions, we consider adjusted net income (loss) and adjusted net income (loss) per diluted common share fundamental measures of periodic financial performance which are useful in understanding our results. Adjusted net income (loss) and adjusted net income (loss) per diluted common share are not substitutes for net income (loss) and net income (loss) per diluted common share determined in accordance with GAAP, and our definitions of adjusted net income (loss) and adjusted net income (loss) per diluted common share may differ from those used by other companies.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

Adjusted net income (loss) and adjusted net income (loss) per diluted common share include the after-tax results of the Company and remove the after-tax results of our international and structured finance insurance segment, comprising the results of MBIA Corp. and its discontinued operations and noncontrolling interest and income taxes. Given MBIA Corp.'s capital structure and business prospects, we do not expect its financial performance to have a material economic impact on MBIA Inc. We also adjust the following:

- *Mark-to-market gains (losses) on financial instruments* – We remove the impact of mark-to-market gains (losses) on financial instruments such as interest rate swaps, investment securities and hybrid financial instruments. These amounts fluctuate based on market interest rates, credit spreads and other market factors.
- *Foreign exchange gains (losses)* – We remove foreign exchange gains (losses) on the remeasurement of certain assets and liabilities and transactions in non-functional currencies. Given the possibility of volatility in foreign exchange markets, we exclude the impact of foreign exchange gains (losses) to provide a measurement of comparability of adjusted net income (loss).
- *Net realized investment gains (losses), impaired securities and extinguishment of debt* – We remove realized gains (losses) on the sale of investments, net investment losses related to impairment of securities and net gains (losses) on extinguishment of debt since the timing of these transactions are subject to management's assessment of market opportunities and conditions and capital liquidity positions.
- *Income taxes* – We apply a zero effective tax rate for federal income tax purposes to our pre-tax adjustments, if applicable, consistent with our consolidated effective tax rate.

The following table presents our adjusted net income (loss) and adjusted net income (loss) per diluted common share and provides a reconciliation of GAAP net income (loss) to adjusted net income (loss) for the years ended December 31, 2025, 2024 and 2023:

In millions except share and per share amounts	Years Ended December 31,		
	2025	2024	2023
Net income (loss) attributable to MBIA Inc.	\$ (177)	\$ (447)	\$ (491)
Less: adjusted net income (loss) adjustments:			
Income (loss) from discontinued operations and noncontrolling interests	4	(6)	(7)
Income (loss) before income taxes of our international and structured finance insurance segment and eliminations	(192)	(265)	(249)
Adjustments to income before income taxes of our U.S. public finance insurance and corporate segments:			
Mark-to-market gains (losses) on financial instruments ⁽¹⁾	6	2	19
Foreign exchange gains (losses) ⁽¹⁾	(12)	7	(6)
Net realized investment gains (losses)	(6)	(3)	(72)
Net investment losses related to impairments of securities ⁽²⁾	-	-	(8)
Other net realized gains (losses)	-	2	1
Adjusted net income adjustment to the (provision) benefit for income tax	-	-	-
Adjusted net income (loss)	\$ 23	\$ (184)	\$ (169)
Adjusted net income (loss) per diluted common share ⁽³⁾	\$ 0.46	\$ (3.90)	\$ (3.49)

(1) - Reported within "Net gains (losses) on financial instruments at fair value and foreign exchange" on the Company's consolidated statements of operations.

(2) - Reported within "Other net realized gains (losses)" on the Company's consolidated statements of operations.

(3) - Adjusted net income (loss) per diluted common share is calculated by taking adjusted net income (loss) divided by the GAAP weighted average number of diluted common shares outstanding.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

Book Value Adjustments Per Share

In addition to GAAP book value per share, for internal purposes management also analyzes adjusted book value ("ABV") per share, changes to which we view as an important indicator of financial performance. ABV is also used by management in certain components of management's compensation. Since many of the Company's investors and analysts continue to use ABV to evaluate MBIA's share price and as the basis for their investment decisions, we present GAAP book value per share as well as the individual adjustments used by management to calculate its internal ABV metric.

Management adjusts GAAP book value to remove the book value of MBIA Corp., its discontinued operations, and for certain items which the Company believes will reverse from GAAP book value through GAAP earnings and comprehensive income, as well as add in the impact of certain items which the Company believes will be realized in GAAP book value in future periods. The Company has limited such adjustments to those items that it deems to be important to fundamental value and performance and for which the likelihood and amount can be reasonably estimated. The following provides a description of management's adjustments to GAAP book value:

- *Negative Book value of MBIA Corp.* – We remove the negative book value of MBIA Corp., including its discontinued operations based on our view that given MBIA Corp.'s current financial condition, the regulatory regime in which it operates, the priority given to its policyholders, surplus note holders and preferred stock holders with respect to the distribution of assets, and its legal structure, it is not and will not likely be in a position to upstream any economic benefit to MBIA Inc. Further, MBIA Inc. does not face any material financial liability arising from MBIA Corp.
- *Net unrealized (gains) losses on available-for-sale ("AFS") securities excluding MBIA Corp.* – We remove net unrealized gains and losses on AFS securities recorded in accumulated other comprehensive income since they will reverse from GAAP book value when such securities mature. Gains and losses from sales and impairments of AFS securities are recorded in book value through earnings.
- *Net unearned premium revenue in excess of expected losses of National* - We include net unearned premium revenue in excess of expected losses. Net unearned premium revenue in excess of expected losses consists of the financial guarantee unearned premium revenue of National in excess of expected insurance losses, net of reinsurance and deferred acquisition costs. In accordance with GAAP, a loss reserve on a financial guarantee policy is only recorded when expected losses exceed the amount of unearned premium revenue recorded for that policy. As a result, we only add to GAAP book value the amount of unearned premium revenue in excess of expected losses for each policy in order to reflect the full amount of our expected losses. The Company's net unearned premium revenue will be recognized in GAAP book value in future periods, however, actual amounts could differ from estimated amounts due to such factors as credit defaults and policy terminations, among others.

Since the Company has a full valuation allowance against its net deferred tax asset and a zero consolidated effective tax rate, the book value per share adjustments reflect a zero effective tax rate.

The following table provides the Company's GAAP book value per share and management's adjustments to book value per share used in our internal analysis:

In millions except share and per share amounts	As of December 31, 2025	As of December 31, 2024
Total shareholders' equity of MBIA Inc.	\$ (2,237)	\$ (2,089)
Common shares outstanding	50,510,250	50,970,181
GAAP book value per share	\$ (44.27)	\$ (40.99)
Management's adjustments described above:		
Remove negative book value per share of MBIA Corp.	(53.35)	(49.48)
Remove net unrealized gains (losses) on available-for-sale securities included in other comprehensive income (loss)	(2.34)	(2.87)
Include net unearned premium revenue in excess of expected losses	2.10	2.43

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

U.S. Public Finance Insurance Segment

Our U.S. public finance insurance portfolio is managed through National. The financial guarantees issued by National provide unconditional and irrevocable guarantees of the payment of the principal of, and interest or other amounts owing on, insured obligations when due or, in the event National has exercised, at its discretion, the right to accelerate the payment under its policies upon the acceleration of the underlying insured obligations due to default or otherwise. National's guarantees insure municipal bonds, including tax-exempt and taxable indebtedness of U.S. political subdivisions, as well as utility districts, airports, healthcare institutions, higher educational facilities, housing authorities and other similar agencies and obligations issued by private entities that finance projects that serve a substantial public purpose. Municipal bonds and privately issued bonds used for the financing of public purpose projects are generally supported by taxes, assessments, user fees or tariffs related to the use of these projects, lease payments or other similar types of revenue streams. As of December 31, 2025, National had total insured gross par outstanding of \$22.3 billion.

National continues to monitor and remediate its existing insured portfolio and has pursued and may continue to pursue other transactions that could enhance shareholder value. Regarding its insured portfolio, Puerto Rico has been experiencing significant fiscal stress and constrained liquidity. Refer to the "U.S. Public Finance Insurance Puerto Rico Exposures" section for additional information on our PREPA exposure. In addition to Puerto Rico, some state and local governments and territory obligors that National insures are experiencing financial and budgetary stress which could lead to an increase in defaults by such entities on the payment of their obligations and, while such stress has not yet occurred materially, losses or impairments on a greater number of the Company's insured transactions. We continue to monitor and analyze these situations and other stressed credits closely, and the overall extent and duration of stress affecting our insured credits remains uncertain.

National has contributed to the Company's NOL carryforward, which is used in the calculation of our consolidated income taxes. If National generates taxable income in the future, it is not expected to make any tax payments under our tax sharing agreement until its NOL carryforward is fully utilized.

The following table presents our U.S. public finance insurance segment results for the years ended December 31, 2025, 2024 and 2023:

In millions	Years Ended December 31,			Percent Change	
	2025	2024	2023	2025 vs. 2024	2024 vs. 2023
Net premiums earned	\$ 25	\$ 30	\$ 30	-17%	-%
Net investment income	60	67	93	-10%	-28%
Net realized investment gains (losses)	(6)	(3)	(39)	100%	-92%
Net gains (losses) on financial instruments at fair value and foreign exchange	1	1	8	-%	-88%
Fees and reimbursements	3	4	2	-25%	100%
Other net realized gains (losses)	-	-	(8)	-%	-100%
Total revenues	83	99	86	-16%	15%
Losses and loss adjustment	(33)	191	170	-117%	12%
Amortization of deferred acquisition costs	6	7	7	-14%	-%
Operating	37	39	40	-5%	-3%
Total expenses	10	237	217	-96%	9%
Income (loss) from continuing operations before income taxes	\$ 73	\$ (138)	\$ (131)	n/m	5%

n/m - Percent change not meaningful.

NET PREMIUMS EARNED Net premiums earned on financial guarantees represent gross premiums earned net of premiums ceded to reinsurers and include scheduled premium earnings and premium earnings from refunded issues. Refunding activity over the past several years has accelerated premium earnings in prior years and reduced the amount of scheduled premiums that would have been earned in the current year. Refunding activity can vary significantly from period to period based on issuer refinancing behavior. For 2025 and 2024, scheduled premiums earned were \$23 million and \$26 million, respectively, and refunded premiums earned were \$2 million and \$4 million, respectively.

NET INVESTMENT INCOME The decrease in net investment income for 2025 compared with 2024 was primarily due to a lower average invested asset base and lower yielding assets. The lower average invested asset base primarily resulted from claims payments, net of salvage received, dividends paid to MBIA Inc., and the payment of operating expenses.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

LOSSES AND LOSS ADJUSTMENT EXPENSES For 2025, the losses and LAE benefit was primarily due to the sale of PREPA Custodial Receipts at a price above prior estimates and updated scenarios and weightings for potential PREPA settlement outcomes. This benefit was partially offset by extending the estimated timing of a settlement on our PREPA exposure. For 2024, losses and LAE incurred primarily related to changes in PREPA reserves as a result of developments in the then PREPA remediation and extending the timing of a resolution.

The following table presents information about our U.S. public finance insurance loss recoverable asset and loss and LAE reserves liabilities as of December 31, 2025 and 2024:

In millions	December 31, 2025	December 31, 2024	Percent Change
Assets:			
Insurance loss recoverable	\$ 22	\$ 165	-87%
Reinsurance recoverable on paid and unpaid losses ⁽¹⁾	13	16	-19%
Liabilities:			
Loss and LAE reserves	219	299	-27%
Insurance loss recoverable - ceded ⁽²⁾	1	2	-50%
Net reserve (salvage)	<u>\$ 185</u>	<u>\$ 120</u>	<u>54%</u>

(1) - Reported within "Other assets" on our consolidated balance sheets.

(2) - Reported within "Other liabilities" on our consolidated balance sheets.

The insurance loss recoverable decreased from December 31, 2024 primarily due to the sale of PREPA Custodial Receipts associated with the transfer of certain of National's PREPA-related bankruptcy claims and the sale of unwrapped PREPA bonds received via subrogation for fully paid secondary insured claims. This decrease was partially offset by the reclassification from losses and LAE of expected recoveries related to paid claims for PREPA and a lease-backed transaction during 2025. The loss and LAE reserves decreased from December 31, 2024, primarily due to claim payments for PREPA and a lease-backed transaction, as well as due to updated PREPA loss reserve scenarios and weightings for possible settlement outcomes. This decrease was partially offset by the reclassification of expected recoveries related to paid claims, extending the estimated timing of a PREPA settlement, and accretion of loss reserves.

Refer to "Note 6: Loss and Loss Adjustment Expense Reserves" in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for additional information related to the Company's loss reserves and recoveries and loss reserving process.

AMORTIZATION OF DEFERRED ACQUISITION COSTS Acquisition costs are recognized as expense when the associated premium is earned. When an insured obligation refunds, we accelerate to expense any remaining deferred acquisition costs associated with the policy covering the refunded insured obligation. We did not defer a material amount of policy acquisition costs during 2025 or 2024 as we did not write any new insurance business in those years.

OPERATING EXPENSES U.S. public finance insurance segment operating expenses for 2025 and 2024 primarily related to the inter-segment service charge from the corporate segment that included support services. For 2025 and 2024, the inter-segment service charge was \$31 million and \$32 million, respectively.

INSURED PORTFOLIO EXPOSURE Financial guarantee insurance companies use a variety of approaches to assess the underlying credit risk profile of their insured portfolios. National uses both an internally developed credit rating system as well as third-party rating sources in the analysis of credit quality measures of its insured portfolio. In evaluating credit risk, we obtain, when available, the underlying rating(s) of the insured obligation before the benefit of National's insurance policy from nationally recognized rating agencies, Moody's Investor Services ("Moody's") and Standard & Poor's Financial Services LLC ("S&P"). Other companies within the financial guarantee industry may report credit quality information based upon internal ratings that would not be comparable to our presentation. We maintain internal ratings on our entire portfolio, and our ratings may be higher or lower than the underlying ratings assigned by Moody's or S&P.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

The following table presents the credit quality distribution of National's U.S. public finance outstanding gross par insured as of December 31, 2025 and 2024. Capital appreciation bonds are reported at the par amount at the time of issuance of the insurance policy. All ratings are as of the period presented and represent S&P underlying ratings, where available. If transactions are not rated by S&P, a Moody's equivalent rating is used. If transactions are not rated by either S&P or Moody's, an internal equivalent rating is used.

In millions Rating	Gross Par Outstanding			
	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
AAA	\$ 931	4.2%	\$ 1,022	4.1%
AA	10,437	46.8%	10,574	41.8%
A	7,352	32.9%	10,023	39.6%
BBB	2,014	9.0%	1,740	6.9%
Below investment grade	1,578	7.1%	1,931	7.6%
Total	<u>\$ 22,312</u>	<u>100.0%</u>	<u>\$ 25,290</u>	<u>100.0%</u>

U.S. Public Finance Insurance Puerto Rico Exposures

On May 3, 2017, the Oversight Board certified and filed a petition under Title III of the Puerto Rico Oversight, Management, and Economic Stability Act for Puerto Rico with the District Court of Puerto Rico thereby commencing a bankruptcy-like case for the Puerto Rico Commonwealth GO ("GO"). Under separate petitions, the Oversight Board subsequently commenced Title III proceedings for the Puerto Rico Sales Tax Financing Corporation ("COFINA"), Puerto Rico Highway and Transportation Authority ("HTA"), PREPA and the Public Buildings Authority ("PBA") on May 5, 2017, May 21, 2017, July 2, 2017 and September 27, 2019, respectively. On February 4, 2019, the District of Puerto Rico entered the order confirming the Third Amended Title III Plan of Adjustment for COFINA. The Title III cases for GO and PBA were confirmed on January 18, 2022, and became effective on March 15, 2022. The confirmation hearing for the HTA Title III case was completed on August 17, 2022, and the confirmation order was entered on October 12, 2022, which became effective on December 6, 2022.

As a result of prior defaults, various stays and the Title III cases, Puerto Rico failed to make certain scheduled debt service payments for National insured bonds. As a consequence, National has paid gross claims in the aggregate amount of \$3.2 billion relating to GO, PBA, PREPA and HTA bonds through December 31, 2025, inclusive of the commutation payment and the additional payment in the amount of \$66 million in 2019 related to COFINA and the GO and HTA acceleration and commutation payments of \$277 million and \$556 million, respectively, in 2022.

Status of Puerto Rico's Fiscal Plans

On June 23, 2023, the Oversight Board filed a fiscal plan for PREPA for fiscal year 2023, which provided for approximately \$2.4 billion of distributions to PREPA bondholders. The University of Puerto Rico (the "University") is not a debtor in Title III and continues to be current on its debt service payments. A standstill agreement with certain bondholders was replaced by an Amended and Restated Trust Agreement during 2025 that cured the remaining technical defaults and implemented monthly sinking-fund payments. National is not a party to the Amended and Restated Trust Agreement. As of December 31, 2025, National had \$46 million of insured debt service outstanding related to the University.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

PREPA

National's largest remaining exposure to Puerto Rico, by gross par outstanding, is to PREPA.

On January 31, 2023, National entered into the PREPA RSA with the Oversight Board, on behalf of itself and as the sole Title III representative of PREPA. The Plan and related disclosure statement was filed on February 9, 2023. Subsequently, both the Plan and PREPA RSA were amended. The Title III Court conducted confirmation hearings in March 2024. On June 12, 2024, following the Appeal Decision affirming the Bondholder liens, the Oversight Board informed the Court that it intended to file an amendment to the Plan it believed would account for the changes required by the First Circuit opinion. Thereafter, National provided notice to the Oversight Board that National did not support the board's actions and that such actions constituted a breach and termination of the PREPA RSA, as amended. On June 26, 2024, the Oversight Board filed a petition for a First Circuit panel rehearing, and the UCC filed an en banc appeal. On November 13, 2024, the First Circuit affirmed its decision. On November 27, 2024, the Oversight Board filed a petition for further rehearing, and on December 31, 2024, the First Circuit denied the rehearing request. On January 29, 2025, the Court extended its litigation stay through March 24, 2025, and on March 3, 2025, entered an order identifying key legal issues and requiring a joint proposed litigation schedule. On March 20, 2025, the Court set a briefing schedule on a motion for allowance of an administrative expense. On June 11, 2025, the Court set June 30, 2025, as the deadline for discovery, and July 23, 2025, for oral arguments in the administrative expense claim motion. Following the hearing, the Court reserved its decision on the legal issues and permitted the parties to continue resolution of discovery disputes. On August 8, 2025, the Court entered an order suspending deadlines for the Administrative Expense Claim until further order of the Court. On October 22, 2025, the Court ordered the parties to meet and confer on scheduling issues in the Administrative Expense Claim litigation and required they filed a Joint Status Report by November 24, 2025. Following the filing of the Joint Status Report, the Court entered an order dated December 9, 2025, lifting the litigation stay to permit the parties to litigate motions to compel solely in connection with the Administrative Expense Motion. Bondholders filed their Motion to Compel on January 9, 2026, and the Oversight Board on January 23, 2026 filed its opposition. Bondholders filed their reply brief on February 6, 2026.

Between August 1 and August 8, 2025, President Trump notified six Oversight Board members that their membership on the Oversight Board was terminated effective immediately. On September 18, 2025, the Plaintiffs sought reinstatement on the Oversight Board by filing injunctive, declaratory and legal relief. On September 22, 2025, Plaintiffs also filed a Motion for Preliminary Injunction seeking restrictions on replacing them on the Oversight Board until the Court hears the underlying merits of their claims. On October 3, 2025, the District Court for the District of Puerto Rico granted Plaintiffs' Motion for Preliminary Injunction permitting the Plaintiffs to remain on the Oversight Board until a final hearing on the adequacy of the termination notice as well as the scope of executive authority. On December 30, 2025, the Court of Appeals for the First Circuit entered an order holding the Termination Case in abeyance until the court is notified that the Supreme Court has issued a decision in the *Trump v. Cook* case, heard by the Supreme Court on January 21, 2026.

On June 22, 2020, the Oversight Board and the Puerto Rico P3 Authority announced an agreement and contract with LUMA Energy, LLC ("LUMA") which calls for LUMA to take full responsibility for the operation and maintenance of PREPA's transmission and distribution system; the contract runs for 15-years following a transition period expected to take 12 months. PREPA retains ownership of the system as well as responsibility for the power generation system. LUMA assumed responsibility for operations on June 1, 2021.

On September 18, 2020, FEMA and the PR COR3 Authority announced the commitment by FEMA to provide approximately \$11.6 billion (net of the required 10% cost share) to fund projects built by PREPA and the PR Department of Education; approximately \$9.4 billion (net) of this amount is designated for PREPA. LUMA is now involved in the planning of the related projects as well as proceedings related thereto in front the PR Energy Bureau as well as PR-COR3.

On January 25, 2023, the Oversight Board and Puerto Rico P3 Authority announced an agreement and contract with Genera PR LLC ("Genera") which calls for Genera to take full responsibility of the operation and maintenance of the existing power generation assets owned by PREPA; the contract will run for 10-years following a transition period. PREPA retains ownership of the assets.

The following table presents our scheduled gross debt service due on our PREPA insured exposures as of December 31, 2025, for each of the subsequent five years ending December 31, and thereafter:

In millions	2026	2027	2028	2029	2030	Thereafter	Total
Puerto Rico Electric Power Authority (PREPA)	\$ 57	\$ 20	\$ 20	\$ 89	\$ 89	\$ 290	\$ 565

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

Corporate Segment

Our corporate segment consists of general corporate activities, including providing support services to MBIA Inc.'s subsidiaries and asset and capital management. Support services are provided by our service company, MBIA Services, and include, among others, management, legal, accounting, treasury, information technology, and insurance portfolio surveillance, on a fee-for-service basis. MBIA Services is compensated for services at cost and its net revenues and expenses are generally managed to break-even. Capital management includes activities related to servicing obligations issued by MBIA Inc. and its subsidiary, MBIA Global Funding, LLC ("GFL"). MBIA Inc. issued debt to finance the operations of the MBIA group. GFL raised funds through the issuance of medium-term notes ("MTNs") with varying maturities, which were in turn guaranteed by MBIA Corp. GFL lent the proceeds of these MTN issuances to MBIA Inc. MBIA Inc. provided customized investment agreements, guaranteed by MBIA Corp., for bond proceeds and other public funds for such purposes as construction, loan origination, escrow and debt service or other reserve fund requirements. The Company ceased issuing new MTNs and investment agreements and the outstanding liability balances and corresponding asset balances have declined over time as liabilities matured, terminated, were called or repurchased. All of the debt within the corporate segment is managed collectively and is serviced by available liquidity.

The following table summarizes the consolidated results of our corporate segment for the years ended December 31, 2025, 2024 and 2023:

In millions	Years Ended December 31,			Percent Change	
	2025	2024	2023	2025 vs. 2024	2024 vs. 2023
Net investment income	\$ 26	\$ 30	\$ 25	-13%	20%
Net realized investment gains (losses)	-	-	(33)	-%	-100%
Net gains (losses) on financial instruments at fair value and foreign exchange	(2)	14	8	-114%	75%
Fees	45	50	50	-10%	-%
Other net realized gains (losses)	-	2	1	-100%	100%
Total revenues	69	96	51	-28%	88%
Operating	60	61	77	-2%	-21%
Interest	69	72	76	-4%	-5%
Total expenses	129	133	153	-3%	-13%
Income (loss) from continuing operations before income taxes	\$ (60)	\$ (37)	\$ (102)	62%	-64%

NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE AND FOREIGN EXCHANGE Net gains (losses) on financial instruments at fair value and foreign exchange were primarily driven by changes in the revaluation of euro-denominated liabilities. For 2025, foreign currency losses were \$13 million and related to euro-denominated liabilities compared with foreign currency gains of \$8 million on these liabilities for 2024. This change was due to the U.S. dollar weakening against the euro in 2025 compared with the U.S. dollar strengthening against the euro in 2024. In addition, 2025 included fair value gains on financial instruments of \$10 million compared with \$7 million on these instruments for 2024.

FEES Corporate segment fees consist entirely of fees paid by our other segments for services provided. The decrease in fees for 2025 compared with 2024 was due to lower inter-segment service charges to the other segments.

International and Structured Finance Insurance Segment

Our international and structured finance insurance portfolio is managed through MBIA Corp. The financial guarantees issued by MBIA Corp. generally provide unconditional and irrevocable guarantees of the payment of the principal of, and interest or other amounts owing on, non-U.S. public finance and global structured finance insured obligations when due or, in the event MBIA Corp. has the right, at its discretion, to accelerate insured obligations upon default or otherwise.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

MBIA Corp. insures sovereign-related and sub- sovereign bonds, utilities, privately issued bonds used for the financing of projects that include toll roads, bridges, public transportation facilities, and other types of infrastructure projects serving a substantial public purpose. MBIA Corp. also insures structured finance and asset-backed obligations repayable from expected cash flows generated by a specified pool of assets, such as residential and commercial mortgages, consumer loans and structured settlements. MBIA Insurance Corporation insures the investment agreements written by MBIA Inc., and if MBIA Inc. were to have insufficient assets to pay amounts due upon maturity or termination, MBIA Insurance Corporation would be required to make such payments under its insurance policies. MBIA Insurance Corporation also insures debt obligations of GFL and obligations under certain types of derivative contracts. As of December 31, 2025, MBIA Corp.'s total insured gross par outstanding was \$2.1 billion. In addition, MBIA Corp. consolidates insured transactions as VIEs if it determines it is the primary beneficiary, and deconsolidates such VIEs when it is no longer the primary beneficiary.

MBIA Corp. has contributed to the Company's NOL carryforward, which is used in the calculation of our consolidated income taxes. If MBIA Corp. becomes profitable, it is not expected to make any tax payments under our tax sharing agreement. Based on MBIA Corp.'s current projected earnings and our expectation that it will not write new business outside of remediation activities, we believe it is unlikely that MBIA Corp. will generate significant income in the near future. As a result of MBIA Corp.'s capital structure and business prospects, we do not expect its financial performance to have a material economic impact on MBIA Inc.

The following table presents our international and structured finance insurance segment results for the years ended December 31, 2025, 2024 and 2023:

In millions	Years Ended December 31,			Percent Change	
	2025	2024	2023	2025 vs. 2024	2024 vs. 2023
Net premiums earned	\$ 7	\$ 8	\$ 10	-13%	-20%
Net investment income	11	11	23	-%	-52%
Net realized investment gains (losses)	-	-	(4)	-%	-100%
Net gains (losses) on financial instruments at fair value and foreign exchange	(28)	(57)	(12)	-51%	n/m
Fees and reimbursements	7	9	7	-22%	29%
Other net realized gains (losses)	-	(1)	3	-100%	-133%
Revenues of consolidated VIEs:					
Net gains (losses) on financial instruments at fair value and foreign exchange	3	(23)	(45)	-113%	-49%
Other net realized gains (losses)	7	(14)	(25)	-150%	-44%
Total revenues	7	(67)	(43)	-110%	56%
Losses and loss adjustment	13	(7)	7	n/m	n/m
Amortization of deferred acquisition costs	6	6	8	-%	-25%
Operating	19	23	22	-17%	5%
Interest	150	159	158	-6%	1%
Expenses of consolidated VIEs:					
Operating	12	17	11	-29%	55%
Interest	1	1	1	-%	-%
Total expenses	201	199	207	1%	-4%
Income (loss) from continuing operations before income taxes	\$ (194)	\$ (266)	\$ (250)	-27%	6%

n/m - Percent change not meaningful.

NET PREMIUMS EARNED Our international and structured finance insurance segment generates net premiums from insurance policies accounted for as financial guarantee contracts. Net premiums earned represent gross premiums earned net of premiums ceded to reinsurers and include scheduled premium earnings and premium earnings from refunded issues. Certain premiums may be eliminated in our consolidated financial statements as a result of the Company consolidating VIEs. Net premiums earned were primarily related to non-U.S. exposures.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE AND FOREIGN EXCHANGE The net losses for 2025 and 2024 were primarily due to fair value losses of \$20 million and \$56 million, respectively, on investments for which the fair value option was elected. In addition, the net loss for 2025 included the reclassification of foreign currency translation losses from AOCI to net income (loss) due to the liquidation of MBIA Mexico.

REVENUES OF CONSOLIDATED VIEs Consolidated VIE gains for 2025 primarily related to a gain from a litigation trust we consolidate as a VIE. Consolidated VIE losses for 2024 were primarily due to the early redemptions of VIE liabilities and the deconsolidation of a VIE, and included the reclassification of \$28 million of credit risk losses from AOCI to net income (loss).

LOSSES AND LOSS ADJUSTMENT EXPENSES For 2025, losses and LAE incurred were primarily due to the impact of lower risk-free rates and accretion of our insured first-lien residential mortgage-backed securities ("RMBS") loss reserves, both of which increased the present value of the loss reserves, net of recoveries. This increase was partially offset by credit improvements on certain RMBS transactions.

For 2024, the losses and LAE benefit primarily related to an increase in risk-free rates in 2024, which caused the present value of loss reserves, net of recoveries, to decline on our insured first-lien RMBS loss reserves. This benefit was partially offset by accretion of reserves and an increase in the secured overnight financing rate ("SOFR"), which increased loss reserves on insured RMBS floating rate liabilities.

As a result of the consolidation of VIEs, losses and LAE excludes a benefit of \$3 million and an expense of \$21 million for 2025 and 2024, respectively, as VIE losses and LAE activity is eliminated in consolidation.

The following table presents MBIA Corp.'s insurance loss recoverable and loss and LAE reserves as of December 31, 2025 and 2024.

In millions	December 31, 2025	December 31, 2024	Percent Change
Assets:			
Insurance loss recoverable	\$ 21	\$ 20	5%
Reinsurance recoverable on paid and unpaid losses ⁽¹⁾	1	-	100%
Liabilities:			
Loss and LAE reserves	235	227	4%
Insurance loss recoverable - ceded ⁽²⁾	1	-	100%
Net reserve (salvage)	<u>\$ 214</u>	<u>\$ 207</u>	<u>3%</u>

(1) - Reported within "Other assets" on our consolidated balance sheets.

(2) - Reported within "Other liabilities" on our consolidated balance sheets.

The insurance loss recoverable primarily relates to reimbursement rights arising from the payment of claims on MBIA Corp.'s policies insuring certain RMBS transactions. Such payments also entitle MBIA Corp. to exercise certain rights and remedies to seek recovery of its reimbursement entitlements. The increase in Loss and LAE reserves from December 31, 2024 primarily related to the impact of a decrease in risk-free rates and accretion of loss reserves related to our insured RMBS transactions, partially offset by claim payments.

Refer to "Note 6: Loss and Loss Adjustment Expense Reserves" in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for a description of the Company's loss reserving policy and additional information related to its loss reserves and recoverables.

AMORTIZATION OF DEFERRED ACQUISITION COSTS We did not defer a material amount of policy acquisition costs during 2025 or 2024 as we did not write any new insurance business in those years. Acquisition costs in the periods presented were primarily related to ceding commissions and premium taxes on installment policies written in prior periods.

OPERATING EXPENSES Our international and structured finance insurance segment's operating expenses for 2025 and 2024 primarily related to the inter-segment service charge from the corporate segment that included support services. For 2025 and 2024, the inter-segment service charge was \$14 million and \$18 million, respectively.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

RESULTS OF OPERATIONS (continued)

INTEREST EXPENSE Interest expense relates to MBIA Corp.'s surplus notes. The interest rate on the surplus notes is 11.26% plus 3-month SOFR plus 0.26161%. The decrease in interest expense for 2025 compared with 2024 was primarily due to a decrease in SOFR. Refer to the following "Liquidity and Capital Resources" section for more information about MBIA Corp.'s surplus notes.

EXPENSES OF CONSOLIDATED VIEs The decrease in expenses of consolidated VIEs for 2025 compared with 2024 was primarily due to a decrease in legal expenses related to a consolidated VIE.

International and Structured Finance Insurance Portfolio Exposures

Credit Quality

The credit quality of our international and structured finance insured portfolio is assessed in the same manner as our U.S. public finance insured portfolio. As of December 31, 2025 and 2024, 25% and 24%, respectively, of our international and structured finance insured portfolio was rated below investment grade, before giving effect to MBIA's guarantees, based on MBIA's internal ratings, which are generally more current than the underlying ratings provided by S&P and Moody's for this subset of our insured portfolio. Below investment grade insurance policies primarily consist of our first-lien RMBS exposures.

Selected Portfolio Exposures

MBIA Corp. insures RMBS backed by residential mortgage loans, including first-lien alternative A-paper and subprime mortgage loans directly through RMBS securitizations. As of December 31, 2025 and 2024, MBIA Corp. had \$504 million and \$554 million, respectively, of first-lien RMBS gross par outstanding. These amounts include the gross par outstanding related to transactions that the Company consolidates under accounting guidance for VIEs and includes international exposure of \$28 million and \$36 million, as of December 31, 2025 and 2024, respectively.

We may experience considerable incurred losses in these sectors. There can be no assurance that the loss reserves recorded in our financial statements will be sufficient or that we will not experience losses on transactions on which we currently have no loss reserves, in particular if the economy deteriorates. We may seek to purchase, directly or indirectly, obligations guaranteed by MBIA Corp. or seek to commute policies. The amount of insurance exposure reduced, if any, and the nature of any such actions will depend on market conditions, pricing levels from time to time, and other considerations. In some cases, these activities may result in a reduction of loss reserves, but in all cases they are intended to limit our ultimate losses and reduce the future volatility in loss development on the related policies. Our ability to purchase guaranteed obligations and to commute policies will depend on management's assessment of available liquidity.

Effective in the first quarter of 2022, MBIA Corp. was granted a permitted practice by the New York State Department of Financial Services ("NYDFS") related to the purchase of certain MBIA Corp.-insured securities with gross case base loss reserves ("Remediation Securities"). The Remediation Securities were being acquired with the intent to terminate or commute the related insurance policies. MBIA Corp. may elect to sell the Remediation Securities to facilitate a termination or commutation. As of December 31, 2025 and 2024, MBIA Corp. did not hold any securities under this permitted practice.

U.S. Public Finance and International and Structured Finance Reinsurance

Reinsurance enables the Company to cede exposure for purposes of syndicating risk. The Company generally retains the right to reassume the business ceded to reinsurers under certain circumstances, including a reinsurer's rating downgrade below specified thresholds. Currently, we do not intend to use reinsurance to decrease the insured exposure in our portfolio. Refer to "Note 12: Insurance in Force" in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for a further discussion about reinsurance agreements.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

We use a liquidity risk management framework, the primary objective of which is to match liquidity resources to needs. We monitor our cash and liquid asset resources using cash forecasting and stress-scenario testing. Members of MBIA's senior management meet regularly to review liquidity metrics, discuss contingency plans and establish target liquidity levels. We evaluate and manage liquidity on a legal-entity basis to take into account the legal, regulatory and other limitations on available liquidity resources within the enterprise.

Consolidated Cash Flows

Information about our consolidated cash flows by category is presented on our consolidated statements of cash flows. The following table summarizes our consolidated cash flows for the years ended December 31, 2025, 2024 and 2023:

In millions	Years Ended December 31,			Percent Change	
	2025	2024	2023	2025 vs. 2024	2024 vs. 2023
Statement of cash flow data:					
Net cash provided (used) by:					
Operating activities	\$ 38	\$ (176)	\$ (195)	-122%	-10%
Investing activities	25	287	767	-91%	-63%
Financing activities	(79)	(132)	(542)	-40%	-76%
Cash and cash equivalents - beginning of period	87	108	78	-19%	38%
Cash and cash equivalents - end of period	<u>\$ 71</u>	<u>\$ 87</u>	<u>\$ 108</u>	<u>-18%</u>	<u>-19%</u>

Operating activities

The change in net cash of operating activities for 2025 compared with 2024 was principally due to proceeds from the sale of the PREPA Custodial Receipts in 2025 and lower losses and LAE and interest expense paid in 2025. This was partially offset by an increase in payments to participants of our non-qualified deferred compensation plan and less investment income received in 2025.

Investing activities

The change in net cash of investing activities for 2025 compared with 2024 was primarily due to an increase in purchases of investments in 2025 and higher net proceeds from sales of investments in 2024 to generate liquidity to fund debt payments.

Financing activities

The change in net cash of financing activities for 2025 compared with 2024 was primarily due to the repurchase of GFL MTNs and the early redemption of VIE debt in 2024, partially offset by principal paydowns of long-term debt in 2025. All debt transactions were funded by the aforementioned net proceeds from sales of investments.

Consolidated Investments

The following discussion of investments, including references to consolidated investments, excludes investments reported under "Assets of consolidated variable interest entities" on our consolidated balance sheets. Investments of VIEs support the repayment of VIE obligations and are not available to settle obligations of MBIA. Fixed-maturity securities purchased by the Company are generally designated as AFS. Our AFS investments comprise high-quality fixed-income securities and short-term investments.

The credit quality distribution of the Company's AFS fixed-maturity investment portfolios, excluding short-term investments, are primarily based on ratings from Moody's. Alternate ratings sources, such as S&P or the best estimate of the ratings assigned by the Company, have been used for a small percentage of securities that are not rated by Moody's. As of December 31, 2025, the weighted average credit quality rating of the Company's AFS fixed-maturity investment portfolio, excluding short-term investments, was Aa and 94% of the investments were investment grade.

The fair values of securities in the Company's AFS fixed-maturity investment portfolio are sensitive to changes in interest rates. Decreases in interest rates generally result in increases in the fair values of fixed-maturity securities and increases in interest rates generally result in decreases in the fair values of fixed-maturity securities.

Refer to "Note 2: Significant Accounting Policies" and "Note 8: Investments" in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for further information about our accounting policies and investments.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

LIQUIDITY AND CAPITAL RESOURCES (continued)

Insured Investments

MBIA's consolidated investment portfolio includes investments that are insured by various financial guarantee insurers ("Insured Investments"), including investments insured by National and MBIA Corp. ("Company-Insured Investments"). When purchasing Insured Investments, the Company's third-party portfolio manager independently assesses the underlying credit quality, structure and liquidity of each investment, in addition to the creditworthiness of the insurer. Insured Investments are diverse by sector, issuer and size of holding. The third-party portfolio manager assigns underlying ratings to Insured Investments without giving effect to financial guarantees based on underlying ratings assigned by Moody's, or S&P when a rating is not published by Moody's. When a Moody's or S&P underlying rating is not available, the underlying rating is based on the portfolio manager's best estimate of the rating of such investment. If the Company determines that declines in the fair values of third-party Insured Investments are related to credit loss, the Company will establish an allowance for credit losses and recognize the credit component through earnings.

As of December 31, 2025, Insured Investments at fair value represented \$146 million or 9% of consolidated investments, of which \$136 million or 8% of consolidated investments were Company-Insured Investments. As of December 31, 2025, based on the actual or estimated underlying ratings of our consolidated investment portfolio, without giving effect to financial guarantees, the weighted average rating of only the Insured Investments in the investment portfolio would be in the below investment grade range. Without giving effect to the National and MBIA Corp. guarantees of the Company-Insured Investments in the consolidated investment portfolio, as of December 31, 2025, based on actual or estimated underlying ratings, the weighted average rating of the consolidated investment portfolio was in the A range. The weighted average rating of only the Company-Insured Investments was in the below investment grade range, and investments rated below investment grade in the Company-Insured Investments were 7% of the total consolidated investment portfolio.

National Liquidity

The primary sources of cash available to National are:

- principal and interest receipts on assets held in its investment portfolio, including proceeds from the sale of assets;
- recoveries associated with insurance loss payments; and
- installment premiums.

The primary uses of cash by National are:

- loss and LAE payments on insured transactions;
- payments of dividends;
- payments of operating expenses;
- investment portfolio asset purchases; and
- funding share repurchases.

As of December 31, 2025 and 2024, National held cash and investments of \$1.2 billion, of which \$184 million and \$56 million, respectively, were cash and cash equivalents or short-term investments comprised of money market funds and municipal, U.S. agency and corporate bonds.

The insurance policies issued or reinsured by National provide unconditional and irrevocable guarantees of payments of the principal of, and interest or other amounts owing on, insured obligations when due. In the event of a default in payment of principal, interest or other insured amounts by an issuer, National generally promises to make funds available in the insured amount within one to three business days following notification. In some cases, the amount due can be substantial, particularly if the default occurs on a transaction to which National has a large notional exposure or on a transaction structured with large, bullet-type principal maturities. The U.S. public finance insurance segment's financial guarantee contracts generally cannot be accelerated by a party other than the insurer which helps to mitigate liquidity risk in this segment.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

LIQUIDITY AND CAPITAL RESOURCES (continued)

As of December 31, 2025, National had a stand-alone NOL carryforward of \$524 million. If National becomes profitable, it is not expected to make any tax payments under our tax sharing agreement until it fully utilizes the available stand-alone NOL.

Corporate Liquidity

The primary sources of cash available to MBIA Inc. are:

- dividends from National;
- available cash and liquid assets not subject to collateral posting requirements;
- principal and interest receipts on assets held in its investment portfolio, including proceeds from the sale of assets; and
- access to capital markets.

The primary uses of cash by MBIA Inc. are:

- servicing outstanding unsecured corporate debt obligations and MTNs;
- meeting collateral posting requirements under investment agreements;
- payments of operating expenses;
- funding share repurchases and debt buybacks; and
- payment of dividends to shareholders.

As of December 31, 2025 and 2024, the liquidity positions of MBIA Inc. were \$357 million and \$380 million, respectively, and included cash and cash equivalents and other investments comprised of money market funds and U.S. government and asset-backed bonds.

During 2025 and 2024, National declared and paid as-of-right dividends of \$63 million and \$69 million, respectively, to its ultimate parent, MBIA Inc. Based on our projections of National's and MBIA Corp.'s future earnings and losses, we expect that for the foreseeable future National will be the primary source of payments of annual dividends to MBIA Inc. There can be no assurance as to the amount and timing of any future dividends from National. We expect that National will also seek approval to pay additional special dividends to MBIA Inc. in future years. However, there can be no assurance whether or when the NYSDFS will approve such requests and, if the NYSDFS does approve such special dividends, in what amounts.

Furthermore, any future dividend payments by MBIA Inc. to shareholders are within the absolute discretion of our board of directors and will depend on, among other things, the receipt of additional special dividends from National, our results of operations, working capital requirements, capital expenditure requirements, financial condition, level of indebtedness, contractual restrictions with respect to the payment of dividends, business opportunities, anticipated cash needs, provisions of applicable law and other factors that our board of directors may deem relevant. Refer to the following "Liquidity and Capital Resources-Capital Resources" section for additional information on payments of dividends. We do not expect MBIA Inc. to receive dividends from MBIA Corp.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

LIQUIDITY AND CAPITAL RESOURCES (continued)

Currently, a portion of the cash and securities held by MBIA Inc. is pledged against investment agreement liabilities and the Asset Swap (simultaneous repurchase and reverse repurchase agreement), which limits its ability to raise liquidity through asset sales of these securities. As the market value or rating eligibility of the assets pledged against MBIA Inc.'s obligations declines, we are required to pledge additional eligible assets in order to meet minimum required collateral amounts against these liabilities. To mitigate these risks, we seek to maintain cash and liquidity resources that we believe will be sufficient to make all payments due on our obligations and to meet other financial requirements, such as posting collateral. Contingent liquidity resources include sales of invested assets exposed to credit spread stress risk, which may occur at losses, accessing the capital markets, and an advances agreement with National. These actions, if taken, are expected to result in either additional liquidity or reduced exposure to adverse credit spread movements. There can be no assurance that these actions will be sufficient to fully mitigate this risk.

MBIA Corp. Liquidity

The primary sources of cash available to MBIA Corp. are:

- recoveries associated with insurance loss payments;
- principal and interest receipts on assets held in its investment portfolio, including the proceeds from the sale of assets; and
- installment premiums and fees.

The primary uses of cash by MBIA Corp. are:

- loss and LAE or commutation payments on insured transactions; and
- payments of operating expenses.

As of December 31, 2025 and 2024, MBIA Corp. held cash and investments of \$209 million and \$243 million, respectively, of which \$22 million and \$27 million were cash and cash equivalents or liquid investments comprised of money market funds and municipal, U.S. Treasury and corporate bonds that were immediately available to MBIA Insurance Corporation.

Insured obligations that require payment of scheduled debt service payments when due or payment in full of the principal insured at maturity could present liquidity risk for MBIA Corp., as any salvage recoveries from such payments could be recovered over an extended period of time after the payment is made. MBIA Corp. is generally required to satisfy claims within one to three business days, and as a result seeks to identify potential claims in advance through our monitoring process. In order to monitor liquidity risk and maintain appropriate liquidity resources, we use the same methodology as we use to monitor credit quality and losses within our insured portfolio, including stress scenarios.

Advances Agreement

MBIA Inc., National, MBIA Insurance Corporation and certain other affiliates are party to an intercompany advances agreement (the "MBIA Advances Agreement"). The MBIA Advances Agreement permits National to make advances to MBIA Inc. and other MBIA group companies that are party to the agreement at a rate per annum equal to SOFR plus 0.51161%. The agreement also permits other affiliates to make advances to National or MBIA Insurance Corporation at a rate per annum equal to SOFR plus 0.16161%. Advances by National cannot exceed 3% of its statutory net admitted assets as of the last quarter end. As of December 31, 2025 and 2024, there were no amounts drawn under the agreement.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

LIQUIDITY AND CAPITAL RESOURCES (continued)

Contractual Obligations

The following table summarizes the Company's future estimated cash payments relating to contractual obligations as of December 31, 2025. Estimating these payments requires management to make estimates and assumptions regarding these obligations. The estimates and assumptions used by management are described below. Since these estimates and assumptions are subjective, actual payments in future periods may vary from those reported in the following table. Refer to the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for additional information about these contractual obligations, including "Note 6: Loss and Loss Adjustment Expense Reserves" and "Note 12: Insurance in Force" for additional information about our insurance claim obligations and exposures under our insurance contracts.

In millions	Total	Due Within 1 Year
U.S. public finance insurance segment:		
Gross insurance claim obligations ⁽¹⁾	\$ 673	\$ 84
Lease liability	2	-
Corporate segment:		
Long-term debt	275	15
Investment agreements	216	63
Medium-term notes	640	4
International and structured finance insurance segment:		
Gross insurance claim obligations ⁽¹⁾	399	16
Surplus notes	3,636	1,790
Total	\$ 5,841	\$ 1,972

(1) - Amounts exclude any recoveries the Company expects to receive related to these estimated payments or to prior paid claims.

Gross insurance claim obligations represent the future value of probability-weighted payments the Company's insurance companies expect to make (before reinsurance and the consolidation of VIEs) under insurance policies for which the Company has recorded loss reserves. Certain probability-weighted payments incorporate commutation and/or acceleration of specific exposures and, therefore, expected payments may differ from those the Company is contractually obligated to make. Also, these amounts exclude any recoveries National or MBIA Corp. expect to receive related to these estimated payments or to claims paid in prior periods. For certain of our estimated future payments, the amount of recoveries expected to be received in the future will offset some or all of the payments.

Estimated potential insurance claim payments for obligations issued by VIEs consolidated in our international and structured finance insurance segment are included within "Gross insurance claim obligations" in the preceding table. Obligations of these VIEs are collateralized by assets held by the VIEs, and investors in such obligations do not have recourse to the general credit of MBIA. As of December 31, 2025, the unpaid contractual principal of MBIA-insured VIE notes issued by issuer-sponsored consolidated VIEs totaled \$28 million and are not considered contractual obligations of MBIA beyond MBIA's insurance claim obligation.

Long-term debt, investment agreements, MTNs and surplus notes include principal and interest and exclude premiums or discounts. Liabilities issued at discounts reflect principal due at maturity. Interest payments on floating rate obligations are estimated using applicable forward rates. Principal and interest on callable obligations or obligations that allow investors to withdraw funds prior to legal maturity are based on the expected call or withdrawal dates of such obligations. Liabilities denominated in foreign currencies are presented in U.S. dollars using applicable exchange rates as of December 31, 2025. Principal payments under investment agreements are based on contractual maturity and exclude puttable options.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

LIQUIDITY AND CAPITAL RESOURCES (continued)

All other principal payments are based on contractual maturity dates. Refer to "Note 9: Debt" in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for information about MBIA Inc.'s debt obligations.

Included in the international and structured finance insurance segment's surplus notes due within one year is \$1.7 billion of unpaid interest related to 2013 through 2025 interest payments for which MBIA Insurance Corporation's requests for approval to pay was not approved by the NYSDFS. This deferred interest payment will be due on the first business day on or after which MBIA Insurance Corporation obtains approval to make such payment from the NYSDFS. No interest will accrue on the deferred interest. There can be no assurance that the NYSDFS will approve any subsequent payments, or that it will approve any payment by its scheduled interest payment date. Refer to "MBIA Insurance Corporation – Capital and surplus" section below for additional information on MBIA Insurance Corporation's surplus notes and statutory capital.

Capital Resources

The Company manages its capital resources to minimize its cost of capital while maintaining appropriate claims-paying resources ("CPR") for National and MBIA Corp. The Company's capital resources consist of total shareholders' equity, total debt issued by MBIA Inc. for general corporate purposes and surplus notes issued by MBIA Corp.

In addition to scheduled debt maturities, from time to time, we reduce unsecured debt through calls or repurchases. Also, MBIA Inc. may repurchase or National may purchase outstanding MBIA Inc. common shares when we deem it beneficial to our shareholders. Purchases or repurchases of debt and common stock may be made from time to time in the open market or in private transactions as permitted by securities laws and other legal requirements. We may also choose to redeem debt obligations where permitted by the relevant agreements. MBIA Inc. or National may acquire or redeem outstanding common shares of MBIA Inc. and outstanding debt obligations at prices when we deem it beneficial to our shareholders. Refer to "Note 16: Common and Preferred Stock" in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for information about MBIA Inc.'s share repurchases and National's share purchases. Refer to "Note 9: Debt" in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for additional information about our debt. We seek to maintain sufficient liquidity and capital resources to meet the Company's general corporate needs and debt service. Based on MBIA Inc.'s debt service requirements and expected operating expenses, we expect that MBIA Inc. will have sufficient resources to satisfy its debt obligations and its general corporate needs over time from distributions from National; however, there can be no assurance that MBIA Inc. will have sufficient resources to do so. In addition, the Company may also consider raising third-party capital. Refer to "Capital, Liquidity and Market Related Risk Factors" in Part I, Item 1A of this Form 10-K and the "Liquidity and Capital Resources—Liquidity—Corporate Liquidity" section included herein for additional information about MBIA Inc.'s liquidity.

Insurance Statutory Capital

National and MBIA Insurance Corporation are incorporated and licensed in and are subject to primary insurance regulation and supervision by the NYSDFS. MBIA Mexico was regulated by the Comisión Nacional de Seguros y Fianzas in Mexico and was dissolved during 2025. National and MBIA Insurance Corporation each are required to file detailed annual financial statements, as well as interim financial statements, with the NYSDFS and similar supervisory agencies in each of the other jurisdictions in which it is licensed. These financial statements are prepared in accordance with New York State and with statutory accounting principles ("U.S. STAT") and assist our regulators in evaluating minimum standards of solvency, including minimum capital requirements, and business conduct.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

LIQUIDITY AND CAPITAL RESOURCES (continued)

National – Statutory Capital and Surplus

National had statutory capital of \$937 million and \$912 million as of December 31, 2025 and 2024, respectively. As of December 31, 2025, National's policyholders' surplus was \$656 million. For 2025 and 2024, National had statutory net income of \$88 million and a statutory net loss of \$133 million, respectively. Refer to the "National — Claims - Paying Resources (Statutory Basis)" section below for additional information on National's statutory capital.

In order to maintain its New York State financial guarantee insurance license, National is required to maintain a minimum of \$65 million of policyholders' surplus. National is also required to maintain contingency reserves to provide protection to policyholders in the event of extreme losses in adverse economic events. As of December 31, 2025, National was in compliance with its aggregate risk limits under New York Insurance Law ("NYIL"), but was not in compliance with certain of its single risk limits. Since National does not comply with certain of its single risk limits, the NYSDFS could prevent National from transacting any new financial guarantee insurance business.

NYIL regulates the payment of dividends by financial guarantee insurance companies and provides that such companies may not declare or distribute dividends except out of statutory earned surplus. Under NYIL, the sum of (i) the amount of dividends declared or distributed during the preceding 12-month period and (ii) the dividend to be declared may not exceed the lesser of (a) 10% of policyholders' surplus, as reported in the latest statutory financial statements or (b) 100% of adjusted net investment income for such 12-month period (the net investment income for such 12-month period plus the excess, if any, of net investment income over dividends declared or distributed during the two-year period preceding such 12-month period), unless the Superintendent of the NYSDFS approves a greater dividend distribution based upon a finding that the insurer will retain sufficient surplus to support its obligations.

National had positive earned surplus as of December 31, 2025 from which it may pay dividends, subject to the limitations described above. During 2025 and 2024, National declared and paid as-of-right dividends of \$63 million and \$69 million, respectively, to its ultimate parent, MBIA Inc.

National – Claims-Paying Resources (Statutory Basis)

CPR is a key measure of the resources available to National to pay claims under its insurance policies. CPR consists of total financial resources and reserves calculated on a statutory basis. CPR has been a common measure used by financial guarantee insurance companies to report and compare resources and continues to be used by MBIA's management to evaluate changes in such resources. We have provided CPR to allow investors and analysts to evaluate National using the same measure that MBIA's management uses to evaluate National's resources to pay claims under its insurance policies. There is no directly comparable GAAP measure. Our calculation of CPR may differ from the calculation of CPR reported by other companies.

National's CPR and components thereto, as of December 31, 2025 and 2024 are presented in the following table:

In millions	As of December 31, 2025	As of December 31, 2024
Policyholders' surplus	\$ 656	\$ 602
Contingency reserves	281	310
Statutory capital	937	912
Unearned premiums	184	208
Present value of installment premiums ⁽¹⁾	91	95
Premium resources ⁽²⁾	275	303
Net loss and LAE reserves ⁽¹⁾	191	130
Salvage reserves on paid claims ⁽¹⁾	20	162
Gross loss and LAE reserves	211	292
Total claims-paying resources	\$ 1,423	\$ 1,507

(1) - Calculated using a discount rate of 4.72% and 4.78% as of December 31, 2025 and 2024, respectively.

(2) - Includes financial guarantee and insured derivative related premiums.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

LIQUIDITY AND CAPITAL RESOURCES (continued)

MBIA Insurance Corporation – Statutory Capital and Surplus

MBIA Insurance Corporation had statutory capital of \$79 million and \$88 million as of December 31, 2025 and 2024, respectively. As of December 31, 2025, MBIA Insurance Corporation's policyholders' surplus was \$74 million. For 2025 and 2024, MBIA Insurance Corporation had statutory net losses of \$26 million and \$64 million, respectively. Refer to the "MBIA Insurance Corporation — Claims - Paying Resources (Statutory Basis)" section below for additional information on MBIA Insurance Corporation's statutory capital.

In order to maintain its New York State financial guarantee insurance license, MBIA Insurance Corporation is required to maintain a minimum of \$65 million of policyholders' surplus. In addition, under NYIL, MBIA Insurance Corporation is required to invest its minimum surplus and contingency reserves and 50% of its loss reserves and unearned premium reserves in certain qualifying assets. As of December 31, 2025, MBIA Insurance Corporation maintained its minimum requirement of policyholders' surplus but did not have enough qualifying assets to support its contingency reserves and 50% of its loss reserves and unearned premium reserves. As of December 31, 2025, MBIA Insurance Corporation was in compliance with its aggregate risk limits under the NYIL but was not in compliance with certain of its single risk limits. Since MBIA Insurance Corporation does not comply with its single risk limits, the NYSDFS could prevent MBIA Insurance Corporation from transacting any new financial guarantee insurance business.

MBIA Insurance Corporation is also required to maintain contingency reserves to provide protection to policyholders in the event of extreme losses in adverse economic events. MBIA Corp. maintains a fixed \$5 million of contingency reserves.

Due to its significant earned surplus deficit, MBIA Insurance Corporation has not had the statutory capacity to pay dividends since December 31, 2009. Based on estimated future income, MBIA Insurance Corporation is not expected to have any statutory capacity to pay dividends.

The NYSDFS has not approved MBIA Insurance Corporation's requests to make interest payments on MBIA Insurance Corporation's Surplus Notes due January 15, 2033 (the "Surplus Notes") since, and including, the January 15, 2013 interest payment. The NYSDFS has cited MBIA Insurance Corporation's remaining insured exposures, liquidity and financial condition, as well as the availability of "free and divisible surplus" as the basis for such non-approvals. As of January 15, 2026, the most recent scheduled interest payment date, there was \$1.7 billion of unpaid interest on the par amount outstanding of \$953 million of the Surplus Notes. Under Section 1307 of the NYIL and the Fiscal Agency Agreement governing the surplus notes, Surplus Note payments may be made only with the prior approval by the NYSDFS and if MBIA Insurance Corporation has sufficient "Eligible Surplus", or as we believe, "free and divisible surplus" as an appropriate calculation of "Eligible Surplus." As of December 31, 2025, MBIA Insurance Corporation had "free and divisible surplus" of \$57 million. There is no assurance the NYSDFS will approve Surplus Note payments, notwithstanding the sufficiency of MBIA Insurance Corporation's liquidity and financial condition. The unpaid interest on the Surplus Notes will become due on the first business day on or after which MBIA Insurance Corporation obtains approval to pay some or all of such unpaid interest. No interest has been accrued or will accrue on the deferred interest.

MBIA Insurance Corporation — Claims - Paying Resources (Statutory Basis)

CPR is a key measure of the resources available to MBIA Corp. to pay claims under its insurance policies. CPR consists of total financial resources and reserves calculated on a statutory basis. CPR has been a common measure used by financial guarantee insurance companies to report and compare resources, and continues to be used by MBIA's management to evaluate changes in such resources. We have provided CPR to allow investors and analysts to evaluate MBIA Corp., using the same measure that MBIA's management uses to evaluate MBIA Corp.'s resources to pay claims under its insurance policies. There is no directly comparable GAAP measure. Our calculation of CPR may differ from the calculation of CPR reported by other companies.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

LIQUIDITY AND CAPITAL RESOURCES (continued)

MBIA Corp.'s CPR and components thereto, as of December 31, 2025 and 2024 are presented in the following table:

In millions	As of December 31, 2025	As of December 31, 2024
Policyholders' surplus	\$ 74	\$ 83
Contingency reserves	5	5
Statutory capital	79	88
Unearned premiums	14	21
Present value of installment premiums ⁽¹⁾	15	20
Premium resources ⁽²⁾	29	41
Net loss and LAE reserves ⁽¹⁾	61	57
Salvage reserves on paid claims ⁽¹⁾⁽³⁾	148	170
Gross loss and LAE reserves	209	227
Total claims-paying resources	\$ 317	\$ 356

(1) - Calculated using a discount rate of 5.47% and 5.42% as of December 31, 2025 and 2024, respectively.

(2) - Includes financial guarantee and insured derivative related premiums.

(3) - This amount primarily consists of expected recoveries related to the payment of claims on insured CDOs and RMBS.

CRITICAL ACCOUNTING ESTIMATES

We prepare our consolidated financial statements in accordance with GAAP, which requires the use of estimates and assumptions. Refer to "Note 2: Significant Accounting Policies" in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for a discussion of our significant accounting policies and methods used in the preparation of our consolidated financial statements.

The following accounting estimates are viewed by management to be critical because they require significant judgment on the part of management. Management has discussed and reviewed the development, selection, and disclosure of critical accounting estimates with the Company's Audit Committee. Financial results could be materially different if other methodologies were used or if management modified its assumptions.

Loss and Loss Adjustment Expense Reserves

Loss and LAE reserves are established by loss reserve committees in each of our major operating insurance companies (National and MBIA Insurance Corporation) and reviewed by our executive Loss Reserve Committee, which consists of members of senior management. Loss and LAE reserves include case basis reserves and accruals for LAE incurred with respect to non-derivative financial guarantees. Case basis reserves represent our estimate of expected losses to be paid under insurance contracts, net of expected recoveries, on insured obligations that have defaulted or are expected to default. These reserves require the use of judgment and estimates with respect to the occurrence, timing and amount of paid losses and recoveries on insured obligations. Given that the reserves are based on such estimates and assumptions, there can be no assurance that the actual ultimate losses will not be greater than or less than such estimates, resulting in the Company recognizing additional or reversing excess loss and LAE reserves through earnings.

We take into account a number of variables in establishing specific case basis reserves for individual policies that depend primarily on the nature of the underlying insured obligation. These variables include the nature and creditworthiness of the issuers of the insured obligations, expected recovery rates on unsecured obligations, the projected cash flow or market value of any assets pledged as collateral on secured obligations, and the expected rates of recovery, cash flow or market values on such obligations or other expected consideration. Factors that may affect the actual ultimate realized losses for any policy include economic conditions and trends, political developments, levels of interest rates, borrower behavior, the default rate and salvage values of specific collateral or other expected consideration, and our ability to enforce contractual rights through litigation and otherwise including the collection of contractual interest on claim payments. Also, any adverse developments on macroeconomic factors could result in new or additional losses on insured obligations. Our remediation strategy for an insured obligation that has defaulted or is expected to default may also have an impact on our loss reserves.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

CRITICAL ACCOUNTING ESTIMATES (continued)

In establishing case basis loss reserves, we calculate the present value of probability-weighted estimated loss payments, net of estimated recoveries, using a discount rate equal to the risk-free rate applicable to the currency and the weighted average remaining life of the insurance contract. Yields on U.S. Treasury offerings are used to discount loss reserves.

Refer to "Note 6: Loss and Loss Adjustment Expense Reserves" in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for further information on our loss reserves and recoveries, including critical accounting estimates used in the determination of these amounts.

Valuation of Financial Instruments

We have categorized our financial instruments measured at fair value into the three-level hierarchy according to accounting guidance for fair value measurements and disclosures based on the significance of pricing inputs to the measurement in its entirety. Fair value measurements of financial instruments that use quoted prices in active markets for identical assets or liabilities are generally categorized as Level 1, fair value measurements of financial instruments that use quoted prices in markets that are not active where significant inputs are observable are generally categorized as Level 2, and fair value measurements of financial instruments where significant inputs are not observable are generally categorized as Level 3. We categorize our financial instruments based on the lowest level category at which we can generate reliable fair values. The determination of reliability requires management to exercise judgment. The degree of judgment used to determine the fair values of financial instruments generally correlates to the degree that pricing is not observable.

The fair value measurements of financial instruments held or issued by the Company are determined through the use of observable market data when available. Market data is obtained from a variety of third-party sources, including dealer quotes. If dealer quotes are not available for an instrument that is infrequently traded, we use alternate valuation methods, including either dealer quotes for similar contracts or modeling using market data inputs. The use of alternate valuation methods generally requires considerable judgment in the application of estimates and assumptions and changes to these variables may produce materially different values.

The fair value pricing of assets and liabilities is a function of many components which include interest rate risk, market risk, liquidity risk and credit risk. For financial instruments that are internally valued by the Company, as well as those for which the Company uses broker quotes or pricing services, credit risk is typically incorporated by using appropriate credit spreads or discount rates as inputs. Substantially all of the Company's investments carried and reported at fair value are priced by independent third parties, including pricing services and brokers.

Instruments that trade infrequently and, therefore, have little or no price transparency are classified within Level 3 of the fair value hierarchy. Also included in Level 3 are financial instruments that have significant unobservable inputs deemed significant to the instrument's overall fair value. Level 3 assets at fair value as of December 31, 2025 and 2024, represented 5% of total assets measured at fair value. Level 3 liabilities at fair value as of December 31, 2025 and 2024, represented approximately 100% and 99%, respectively, of total liabilities measured at fair value.

Refer to "Note 7: Fair Value of Financial Instruments" in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for further information about our financial assets and liabilities that are accounted for at fair value, including valuation techniques and significant inputs used to estimate fair values.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company's market risk exposures relate to changes in interest rates, foreign exchange rates and credit spreads that affect the fair value of its financial instruments, primarily investment securities, MTNs and investment agreement liabilities. The Company's investments are primarily U.S. dollar-denominated fixed-income securities including municipal bonds, U.S. government bonds, corporate bonds, mortgage-backed and asset-backed securities. In periods of rising and/or volatile interest rates, foreign exchange rates and credit spreads, profitability could be adversely affected should the Company have to liquidate these securities. The Company minimizes its exposure to interest rate risk, foreign exchange risk and credit spread movement through active portfolio management to ensure a proper mix of the types of securities held and to stagger the maturities of its fixed-income securities.

INTEREST RATE SENSITIVITY

Interest rate sensitivity can be estimated by projecting a hypothetical instantaneous increase or decrease in interest rates. The following table presents the estimated pre-tax change in fair value of the Company's financial instruments as of December 31, 2025 from instantaneous shifts in interest rates:

In millions	Change in Interest Rates					
	300 Basis Point Decrease	200 Basis Point Decrease	100 Basis Point Decrease	100 Basis Point Increase	200 Basis Point Increase	300 Basis Point Increase
Estimated change in fair value	\$ 177	\$ 111	\$ 52	\$ (45)	\$ (82)	\$ (114)

FOREIGN EXCHANGE RATE SENSITIVITY

The Company is exposed to foreign exchange rate risk in respect of liabilities denominated in currencies other than U.S. dollars. Certain liabilities included in our corporate segment are denominated in currencies other than U.S. dollars. The majority of the Company's foreign exchange rate risks is with the Euro. Foreign exchange rate sensitivity can be estimated by projecting a hypothetical instantaneous increase or decrease in foreign exchange rates. The following table presents the estimated pre-tax change in fair value of the Company's financial instruments as of December 31, 2025 from instantaneous shifts in foreign exchange rates:

In millions	Change in Foreign Exchange Rates				
	Dollar Weakens		Dollar Strengthens		
	20%	10%	10%	20%	
Estimated change in fair value	\$ (19)	\$ (10)	\$ 10	\$ 19	

CREDIT SPREAD SENSITIVITY

Credit spread sensitivity can be estimated by projecting a hypothetical instantaneous increase or decrease in credit spreads. The following table presents the estimated pre-tax change in fair value of the Company's financial instruments as of December 31, 2025 from instantaneous shifts in credit spread curves. It was assumed that all credit spreads move by the same amount. It is more likely that the actual changes in credit spreads will vary by security. The changes in fair value reflect partially offsetting effects as the value of the investment portfolios generally changes in an opposite direction from the liability portfolio:

In millions	Change in Credit Spreads		
	50 Basis Point Decrease	50 Basis Point Increase	200 Basis Point Increase
Estimated change in fair value	\$ 25	\$ (33)	\$ (89)

Item 8. Financial Statements

**MBIA INC. AND SUBSIDIARIES
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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of MBIA Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of MBIA Inc. and its subsidiaries (the "Company") as of December 31, 2025 and 2024 and the related consolidated statements of operations, of comprehensive income (loss), of changes in shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes and financial statement schedules listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Certain Loss and Loss Adjustment Expense (LAE) Reserves and Insurance Loss Recoverable - U.S. Public Finance Insurance

As described in Notes 1, 2 and 6 to the consolidated financial statements, management recognizes loss reserves on a contract-by-contract basis when the present value of probability-weighted expected net cash outflows to be paid under the contract discounted using a risk-free rate as of the measurement date exceeds the unearned premium revenue. In addition, management recognizes potential recoveries on paid claims based on probability-weighted cash inflows that are present valued at U.S. risk-free rates as of the measurement date. Management estimates the likelihood of possible claim payments and possible recoveries using probability-weighted expected cash flows based on information available as of the measurement date, including market information. As of December 31, 2025, for U.S. Public Finance Insurance, the loss and LAE reserves were \$219 million and the insurance loss recoverable was \$22 million, a portion of each relates to the insured debt obligations of Puerto Rico. In formulating loss reserves and recoveries for its Puerto Rico exposures, estimates in management's probability-weighted scenarios include assumptions related to the nature, value, and timing of net cash flows considering the following: environmental, economic, and political developments on the island; litigation and ongoing discussions with creditors and obligors on the Title III proceedings; contractual debt service payments; any existing settlement agreements or proposals and deviations from these proposals; the remediation strategy for insured obligations that have defaulted or are expected to default; and values of other obligations of the issuer.

The principal considerations for our determination that performing procedures relating to certain loss and LAE reserves and insurance loss recoverable for U.S. Public Finance Insurance is a critical audit matter are (i) the significant judgment by management in developing the estimates for the loss and LAE reserves and insurance loss recoverable, (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's aforementioned assumptions used in the cash flow models, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the development of the estimates for certain loss and LAE reserves and insurance loss recoverable for U.S. Public Finance Insurance, including controls over the cash flow models and the development of significant assumptions. These procedures also included, among others, (i) testing management's process for developing the estimates for the loss and LAE reserves and insurance loss recoverable for U.S. Public Finance Insurance, (ii) evaluating the appropriateness of management's cash flow models, (iii) testing the completeness and accuracy of data provided by management and used in management's models, and (iv) the involvement of professionals with specialized skill and knowledge to assist in evaluating the reasonableness of the aforementioned assumptions used in certain of management's cash flow models.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 26, 2026

We have served as the Company's auditor since at least 1986. We have not been able to determine the specific year we began serving as auditor of the Company.

MBIA INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions except share and per share amounts)

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost \$1,163 and \$1,080)	\$ 1,042	\$ 925
Investments carried at fair value	223	237
Short-term investments, at fair value (amortized cost \$409 and \$492)	409	492
Other investments at amortized cost	1	1
Total investments	1,675	1,655
Cash and cash equivalents	69	84
Premiums receivable (net of allowance for credit losses of \$- and \$-)	121	133
Deferred acquisition costs	24	27
Insurance loss recoverable	43	185
Assets held for sale	8	11
Other assets	37	42
Assets of consolidated variable interest entities:		
Cash	2	3
Loans receivable at fair value	34	28
Total assets	\$ 2,013	\$ 2,168
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	\$ 172	\$ 199
Loss and loss adjustment expense reserves	454	526
Long-term debt	2,843	2,741
Medium-term notes (includes financial instruments carried at fair value of \$46 and \$35)	472	440
Investment agreements	174	204
Liabilities held for sale	6	7
Other liabilities	73	78
Liabilities of consolidated variable interest entities:		
Variable interest entity debt (includes financial instruments carried at fair value of \$25 and \$31)	32	43
Other liabilities	17	6
Total liabilities	4,243	4,244
Commitments and contingencies (Refer to Note 18)		
Equity:		
Preferred stock, par value \$1 per share; authorized shares--10,000,000; issued and outstanding--none	-	-
Common stock, par value \$1 per share; authorized shares--400,000,000; issued shares--283,186,115	283	283
Additional paid-in capital	2,450	2,492
Retained earnings (deficit)	(1,768)	(1,591)
Accumulated other comprehensive income (loss), net of tax of \$7 and \$7	(95)	(128)
Treasury stock, at cost--232,675,865 and 232,215,934 shares	(3,107)	(3,145)
Total shareholders' equity of MBIA Inc.	(2,237)	(2,089)
Preferred stock of subsidiary and noncontrolling interests	7	13
Total equity	(2,230)	(2,076)
Total liabilities and equity	\$ 2,013	\$ 2,168

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

MBIA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions except share and per share amounts)

	Years Ended December 31,		
	2025	2024	2023
Revenues			
Premiums earned:			
Scheduled premiums earned	\$ 28	\$ 32	\$ 35
Refunding premiums earned	2	4	2
Premiums earned (net of ceded premiums of \$1, \$1, and \$1)	30	36	37
Net investment income	73	84	116
Net realized investment gains (losses)	(6)	(3)	(76)
Net gains (losses) on financial instruments at fair value and foreign exchange	(29)	(42)	4
Fees and reimbursements	2	3	-
Other net realized gains (losses)	-	1	(4)
Revenues of consolidated variable interest entities:			
Net gains (losses) on financial instruments at fair value and foreign exchange	3	(23)	(45)
Other net realized gains (losses)	7	(14)	(25)
Total revenues	80	42	7
Expenses			
Losses and loss adjustment	(20)	184	177
Amortization of deferred acquisition costs	4	4	5
Operating	68	69	87
Interest	196	208	210
Expenses of consolidated variable interest entities:			
Operating	12	17	11
Interest	1	1	1
Total expenses	261	483	491
Income (loss) from continuing operations before income taxes	(181)	(441)	(484)
Provision (benefit) for income taxes	-	-	-
Income (loss) from continuing operations	(181)	(441)	(484)
Income (loss) from discontinued operations, net of income taxes	(2)	(3)	(3)
Net income (loss)	(183)	(444)	(487)
Less: Net income (loss) attributable to noncontrolling interests	(6)	3	4
Net income (loss) attributable to MBIA Inc.	\$ (177)	\$ (447)	\$ (491)
Net income (loss) per common share attributable to MBIA Inc. - basic and diluted			
Continuing operations	\$ (3.53)	\$ (9.31)	\$ (10.03)
Discontinued operations	(0.05)	(0.12)	(0.15)
Net income (loss) per common share attributable to MBIA Inc. - basic and diluted	<u>\$ (3.58)</u>	<u>\$ (9.43)</u>	<u>\$ (10.18)</u>
Weighted average number of common shares outstanding			
Basic	49,278,281	47,436,079	48,207,574
Diluted	49,278,281	47,436,079	48,207,574

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

MBIA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)

	Years Ended December 31,		
	2025	2024	2023
Net income (loss)	\$ (183)	\$ (444)	\$ (487)
Other comprehensive income (loss):			
Available-for-sale securities with no credit losses:			
Unrealized gains (losses) arising during the period	29	(19)	33
Reclassification adjustments for (gains) losses included in net income (loss)	7	3	67
Foreign currency translation:			
Foreign currency translation gains (losses)	-	(1)	-
Reclassification adjustments for (gains) losses included in net income (loss)	5	-	-
Instrument-specific credit risk of liabilities measured at fair value:			
Unrealized gains (losses) arising during the period	(8)	-	(1)
Reclassification adjustments for (gains) losses included in net income (loss)	-	28	45
Total other comprehensive income (loss)	33	11	144
Comprehensive income (loss)	\$ (150)	\$ (433)	\$ (343)
Less: Comprehensive income (loss) attributable to noncontrolling interests	(6)	3	4
Comprehensive income (loss) attributable to MBIA Inc.	\$ (144)	\$ (436)	\$ (347)

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

MBIA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In millions except share and per share amounts)

	Years Ended December 31,		
	2025	2024	2023
Common shares			
Balance at beginning and end of year	283,186,115	283,186,115	283,186,115
Common stock amount			
Balance at beginning and end of year	\$ 283	\$ 283	\$ 283
Additional paid-in capital			
Balance at beginning of year	\$ 2,492	\$ 2,515	\$ 2,925
Cash dividends paid (\$8.00 per common share)	-	-	(409)
Share-based compensation	(42)	(23)	(1)
Balance at end of year	\$ 2,450	\$ 2,492	\$ 2,515
Retained earnings (deficit)			
Balance at beginning of year	\$ (1,591)	\$ (1,144)	\$ (653)
Net income (loss) attributable to MBIA Inc.	(177)	(447)	(491)
Balance at end of year	\$ (1,768)	\$ (1,591)	\$ (1,144)
Accumulated other comprehensive income (loss)			
Balance at beginning of year	\$ (128)	\$ (139)	\$ (283)
Other comprehensive income (loss)	33	11	144
Balance at end of year	\$ (95)	\$ (128)	\$ (139)
Treasury shares			
Balance at beginning of year	(232,215,934)	(232,323,184)	(228,333,444)
Treasury shares acquired under share repurchase program	-	-	(3,568,886)
Other	(459,931)	107,250	(420,854)
Balance at end of year	(232,675,865)	(232,215,934)	(232,323,184)
Treasury stock amount			
Balance at beginning of year	\$ (3,145)	\$ (3,172)	\$ (3,154)
Treasury shares acquired under share repurchase program	-	-	(29)
Other	38	27	11
Balance at end of year	\$ (3,107)	\$ (3,145)	\$ (3,172)
Total shareholders' equity of MBIA Inc.			
Balance at beginning of year	\$ (2,089)	\$ (1,657)	\$ (882)
Period change	(148)	(432)	(775)
Balance at end of year	\$ (2,237)	\$ (2,089)	\$ (1,657)
Preferred stock of subsidiary shares			
Balance at beginning and end of year	1,315	1,315	1,315
Preferred stock of subsidiary and noncontrolling interests			
Balance at beginning of year	\$ 13	\$ 10	\$ 6
Period change	(6)	3	4
Balance at end of year	\$ 7	\$ 13	\$ 10
Total equity	<u>\$ (2,230)</u>	<u>\$ (2,076)</u>	<u>\$ (1,647)</u>

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

MBIA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Years Ended December 31,		
	2025	2024	2023
Cash flows from operating activities:			
Premiums, fees and reimbursements received	\$ 16	\$ 17	\$ 18
Investment income received	52	57	105
Financial guarantee losses and loss adjustment expenses paid	(145)	(157)	(214)
Proceeds from recoveries and reinsurance, net of salvage paid to reinsurers	236	22	10
Operating expenses paid and other operating	(72)	(57)	(71)
Other proceeds from consolidated variable interest entities	-	2	28
Interest paid, net of interest converted to principal	(49)	(53)	(64)
Cash (used) provided by discontinued operations	-	(7)	(7)
Net cash provided (used) by operating activities	38	(176)	(195)
Cash flows from investing activities:			
Purchases of available-for-sale investments	(411)	(210)	(366)
Sales of available-for-sale investments	126	115	943
Paydowns, maturities and other proceeds of available-for-sale investments	204	207	214
Purchases of investments at fair value	(62)	(114)	(77)
Sales, paydowns, maturities and other proceeds of investments at fair value	66	189	279
Sales, paydowns and maturities (purchases) of short-term investments, net	98	76	(186)
Paydowns and maturities of loans receivable	4	6	9
Consolidation/(deconsolidation) of variable interest entities	-	-	(2)
(Payments) proceeds for derivative settlements	-	(1)	(38)
Proceeds (payments) from discontinued operations	-	19	(9)
Net cash provided (used) by investing activities	25	287	767
Cash flows from financing activities:			
Proceeds from investment agreements	-	-	7
Principal paydowns of investment agreements	(16)	(5)	(12)
Principal paydowns of medium-term notes	-	(62)	(15)
Proceeds from variable interest entity debt	-	8	62
Principal paydowns/redemptions of variable interest entity debt	(11)	(59)	(142)
Dividends paid	-	-	(409)
Principal paydowns of long-term debt	(45)	(1)	-
Purchases of treasury stock	(7)	(4)	(38)
Cash provided (used) by discontinued operations	-	(9)	5
Net cash provided (used) by financing activities	(79)	(132)	(542)
Net increase (decrease) in cash and cash equivalents	(16)	(21)	30
Cash and cash equivalents - beginning of period	87	108	78
Cash and cash equivalents - end of period	\$ 71	\$ 87	\$ 108
Reconciliation of net income (loss) to net cash provided (used) by operating activities:			
Net income (loss)	\$ (183)	\$ (444)	\$ (487)
Income (loss) from discontinued operations, net of income taxes	(2)	(3)	(3)
Income (loss) from continuing operations	(181)	(441)	(484)
Adjustments to reconcile net income (loss) from continuing operations to net cash provided (used) by operating activities:			
Change in:			
Premiums receivable	12	13	14
Unearned premium revenue	(27)	(33)	(34)
Loss and loss adjustment expense reserves	(72)	53	24
Insurance loss recoverable	142	(2)	(46)
Accrued interest payable	151	162	159
Other assets and liabilities	(4)	8	(1)
Net realized investment (gains) losses	6	3	76
Net (gains) losses on financial instruments at fair value and foreign exchange	26	65	41
Other net realized (gains) losses	(7)	13	29
Other operating	(8)	(17)	27
Total adjustments to income (loss) from continuing operations	219	265	289
Net cash provided (used) by operating activities	\$ 38	\$ (176)	\$ (195)
Supplementary Disclosure of Consolidated Cash Flow Information:			
Non-cash operating activities:			
Loans receivable disposed of a variable interest entity	\$ -	\$ -	\$ 28
Other investments, received from sale of net assets held for sale	-	-	3
Non-cash financing activities:			
Variable interest entity debt extinguishment	7	-	-
Variable interest entity notes disposed of upon deconsolidation	-	-	22

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

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 1: Business Developments and Risks and Uncertainties

Summary

MBIA Inc., together with its consolidated subsidiaries, (collectively, "MBIA" or the "Company") operates within the financial guarantee insurance industry. MBIA manages three operating segments: 1) United States ("U.S.") public finance insurance; 2) corporate; and 3) international and structured finance insurance. The Company's U.S. public finance insurance business is managed through National Public Finance Guarantee Corporation ("National"), the corporate segment is managed through MBIA Inc. and several of its subsidiaries, including its service company, MBIA Services Corporation ("MBIA Services") and its international and structured finance insurance business is managed through MBIA Insurance Corporation and its subsidiaries ("MBIA Corp.").

Refer to "Note 11: Business Segments" for further information about the Company's operating segments.

Business Developments

PREPA

During 2025, the Puerto Rico Electric Power Authority ("PREPA") defaulted on scheduled debt service for National insured bonds and National paid gross claims in the aggregate of \$105 million. As of December 31, 2025, National had \$565 million of debt service outstanding related to PREPA. On January 1, 2026, PREPA defaulted on scheduled debt service for National insured bonds and National paid gross claims in the aggregate of \$11 million.

On January 31, 2023, National entered into a restructuring support agreement ("PREPA RSA") with the Financial Oversight and Management Board for Puerto Rico (the "Oversight Board"), on behalf of itself and as the sole Title III representative of PREPA. A plan of adjustment for PREPA (the "Plan") and related disclosure statement was filed on February 9, 2023. Subsequently, both the Plan and PREPA RSA were amended. The Title III Court conducted confirmation hearings in March 2024. On June 12, 2024, the First Circuit Court of Appeals reversed Judge Swain's prior rulings and supported bondholder liens and claim amounts (the "Appeal Decision"). On June 26, 2024, the Oversight Board filed a petition for a First Circuit panel rehearing, and the Unsecured Creditors Committee ("UCC") filed an en banc appeal. On November 13, 2024, the First Circuit affirmed the Appeal Decision. On November 27, 2024, the Oversight Board filed a petition for further rehearing, and on December 31, 2024, the First Circuit denied the rehearing request. Following the Appeal Decision, the Oversight Board informed the Court, National and other parties that it intended to modify National's settlement in a forthcoming amended Plan. Thereafter, National provided notice to the Oversight Board that National did not support the board's actions and that such actions constituted a breach and termination of the PREPA RSA, as amended. On January 29, 2025, the Court extended its litigation stay through March 24, 2025, and on March 3, 2025, the Court entered an order identifying key legal issues and requiring a joint proposed litigation schedule. On March 20, 2025, the Court set a briefing schedule on a motion for allowance of an administrative expense. On June 11, 2025, the Court set June 30, 2025, as the deadline for discovery, and July 23, 2025, for oral arguments in the administrative expense claim motion. Following the hearing, the Court reserved its decision on the legal issues and permitted the parties to continue resolution of discovery disputes. On August 8, 2025, the Court entered an order suspending deadlines for the Administrative Expense Claim until further order of the Court. On October 22, 2025, the Court ordered the parties to meet and confer on scheduling issues in the Administrative Expense Claim litigation and required they filed a Joint Status Report by November 24, 2025. Following the filing of the Joint Status Report, the Court entered an order dated December 9, 2025, lifting the litigation stay to permit the parties to litigate motions to compel solely in connection with the Administrative Expense Motion. Bondholders filed their Motion to Compel on January 9, 2026, and the Oversight Board on January 23, 2026 filed its opposition. Bondholders filed their reply brief on February 6, 2026. There is no assurance that a plan that is substantially similar in the treatment of National's claims and rights will ultimately be confirmed and become effective. In the event of a substantially different confirmed plan, National's PREPA loss reserves and recoveries could be materially adversely affected.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 1: Business Developments and Risks and Uncertainties (continued)

In July of 2025, National transferred certain PREPA bankruptcy claims to a custodian in exchange for tradeable custodial receipts (the "Custodial Receipts"). At the time of transfer, National owned the Custodial Receipts and continued to hold the same rights and was entitled to the same economic benefits associated with the transferred bankruptcy claims. In August of 2025, National sold the Custodial Receipts in a series of transactions through the transfer of ownership of approximately \$374 million face amount of the Custodial Receipts, representing approximately 47% of the principal amount of National's then current bond claims in the PREPA Title III case. This transaction reduced potential volatility and ongoing risk of remediation around National's remaining PREPA exposure, for which the Title III case continues to remain uncertain and National continues to use its best efforts to strengthen its position. Subsequent to the sale of these Custodial Receipts, National does not retain any additional Custodial Receipts for sale. The sales price of the Custodial Receipts was higher than National's previous estimate, which resulted in National recording a gain included in "Losses and loss adjustment" on the Company's consolidated statements of operations for the year ended December 31, 2025. These sales also reduced National's "Insurance loss recoverable" related to PREPA on the Company's consolidated balance sheet as of December 31, 2025. Refer to "Note 6: Loss and Loss Adjustment Expense Reserves" for additional information on the Custodial Receipts sales.

Between August 1 and August 8, 2025, President Trump notified six Oversight Board members that their membership on the Oversight Board was terminated effective immediately. On September 18, 2025, three of the terminated Oversight Board members, Arthur Gonzalez, Andrew Biggs and Betty Rosa (the "Plaintiffs") sought reinstatement on the Oversight Board by filing injunctive, declaratory and legal relief (the Termination Case"). On September 22, 2025, Plaintiffs also filed a Motion for Preliminary Injunction seeking restrictions on replacing them on the Oversight Board until the Court hears the underlying merits of their claims. On October 3, 2025, the District Court for the District of Puerto Rico granted Plaintiffs' Motion for Preliminary Injunction permitting the Plaintiffs to remain on the Oversight Board until a final hearing on the adequacy of the termination notice as well as the scope of executive authority. On December 30, 2025, the Court of Appeals for the First Circuit entered an order holding the Termination Case in abeyance until the court is notified that the Supreme Court has issued a decision in the *Trump v. Cook* case, heard by the Supreme Court on January 21, 2026.

Refer to "Note 6: Loss and Loss Adjustment Expense Reserves" for a further discussion of the Company's PREPA reserves and recoveries.

MBIA Mexico

During 2025, the Company dissolved MBIA Corp.'s wholly-owned subsidiary, MBIA México, S.A. de C.V. ("MBIA Mexico") and MBIA Mexico returned approximately \$13 million of capital to MBIA Corp.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 1: Business Developments and Risks and Uncertainties (continued)

Zohar CDOs

Payment of claims on MBIA Corp.'s policies insuring the Class A-1 and A-2 notes issued by Zohar collateralized debt obligation ("CDO") 2003-1, Limited ("Zohar I") and Zohar II 2005-1, Limited ("Zohar II") (collectively, the "Zohar CDOs"), entitled MBIA Corp. to reimbursement of such amounts plus interest and expenses and/or to exercise certain rights and remedies to seek recovery of such amounts. Pursuant to a plan of liquidation that became effective in August of 2022, all remaining loans made to, and equity interests in, portfolio companies, were distributed to MBIA Corp. either directly or in the form of interests in certain asset recovery entities. For those portfolio companies in which the Company does not have a majority of the voting interest, the Company recorded these assets as investments. For those portfolio companies in which the Company owns a majority of the voting interest, the Company consolidated the assets, liabilities, and financial results of these companies and classified these entities as discontinued operations and held for sale. Refer to "Note 2: Significant Accounting Policies" for the Company's accounting policies related to its net assets held for sale and discontinued operations. In addition, certain of the Zohar debtors' litigation claims were transferred into a litigation trust that the Company consolidated as a variable interest entity ("VIE").

There still remains significant uncertainty with respect to the realizable value of the remaining loans to and equity interests in these portfolio companies and the litigation trust. Further, as the monetization of these assets unfolds, and new information concerning the financial condition of the portfolio companies is disclosed, the Company will continue to revise its expectations for recoveries.

Discontinued Operations

As of December 31, 2025 and 2024, the assets and liabilities of the portfolio companies are presented within "Assets held for sale" and "Liabilities held for sale" on the Company's consolidated balance sheets. Additionally, the results of operations for these entities are classified as "Income from discontinued operations, net of income taxes" on the Company's consolidated statements of operations for the years ended December 31, 2025, 2024 and 2023. During 2024 and 2023, certain net assets of the Company's Zohar-related portfolio companies that were classified as held for sale were disposed. The consideration received as part of these dispositions were approximate to the carrying values of the assets and liabilities sold.

The following table summarizes the components of assets and liabilities held for sale:

In millions	As of	
	December 31, 2025	December 31, 2024
Assets held for sale		
Accounts receivable	\$ 2	\$ 1
Goodwill	11	11
Other assets	1	2
Loss on disposal group	(6)	(3)
Total assets held for sale	\$ 8	\$ 11
Liabilities held for sale		
Accounts payable	\$ 1	\$ 1
Debt	-	1
Accrued expenses and other	5	5
Total liabilities held for sale	\$ 6	\$ 7

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 1: Business Developments and Risks and Uncertainties (continued)

The results of operations from discontinued operations for the years ended December 31, 2025, 2024 and 2023 consist of the following:

In millions	Years Ended December 31,		
	2025	2024	2023
Revenues:			
Revenues	\$ 12	\$ 59	\$ 116
Cost of sales	6	28	58
Total revenues from discontinued operations	6	31	58
Expenses:			
Operating	5	31	67
Interest	-	3	4
Increase (decrease) on loss on disposal group	3	-	(10)
Total expenses from discontinued operations	8	34	61
Income (loss) before income taxes from discontinued operations	(2)	(3)	(3)
Provision (benefit) for income taxes from discontinued operations	-	-	-
Income (loss) from discontinued operations, net of income taxes	<u><u>\$ (2)</u></u>	<u><u>\$ (3)</u></u>	<u><u>\$ (3)</u></u>

Risks and Uncertainties

The Company's financial statements include estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The outcome of certain significant risks and uncertainties could cause the Company to revise its estimates and assumptions or could cause actual results to differ materially from the Company's estimates. The discussion below highlights the significant risks and uncertainties that could have a material effect on the Company's financial statements and business objectives in future periods.

National's Insured Portfolio

National continues to monitor and remediate its existing insured portfolio. Certain state and local governments and territory obligors that National insures are under financial and budgetary stress. This could lead to an increase in defaults by such entities on the payment of their obligations and losses or impairments on a greater number of National's insured transactions. In particular, PREPA is currently in bankruptcy-like proceedings in the United States District Court for the District of Puerto Rico. Refer to the "PREPA" section above for further information. National monitors and analyzes these situations and other stressed credits closely, and the overall extent and duration of this stress is uncertain.

MBIA Corp.'s Insured Portfolio

MBIA Corp.'s primary objectives are to satisfy all claims by its policyholders and to maximize future recoveries, if any, for its surplus note holders, and then its preferred stock holders. MBIA Corp. is executing this strategy by, among other things, taking steps to maximize the collection of recoveries and by reducing and mitigating potential losses on its insurance exposures. MBIA Corp.'s insured portfolio performance could deteriorate and result in additional significant loss reserves and claim payments. MBIA Corp.'s ability to meet its obligations is limited by available liquidity and its ability to secure additional liquidity through financing and other transactions. There can be no assurance that MBIA Corp. will be successful in generating sufficient resources to meet its obligations.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 1: Business Developments and Risks and Uncertainties (continued)

Recoveries

In addition to the recoveries related to the Zohar CDOs, MBIA Corp. also projects to collect recoveries from prior claims associated with insured residential mortgage-backed securities ("RMBS"); however, the amount and timing of these collections are uncertain.

Failure to collect its expected recoveries could impede MBIA Corp.'s ability to make payments when due on other policies. MBIA Corp. believes that if the New York State Department of Financial Services ("NYSDFS") concludes at any time that MBIA Insurance Corporation will not be able to pay its policyholder claims, the NYSDFS would likely put MBIA Insurance Corporation into a rehabilitation or liquidation proceeding under Article 74 of the New York Insurance Law ("NYIL") and/or take such other actions as the NYSDFS may deem necessary to protect the interests of MBIA Insurance Corporation's policyholders. The determination to commence such a proceeding or take other such actions is within the exclusive control of the NYSDFS.

Given the separation of MBIA Inc. and MBIA Corp. as distinct legal entities, the absence of any cross defaults between the entities and the lack of reliance by MBIA Inc. on MBIA Corp. for dividends, the Company does not believe that a rehabilitation or liquidation proceeding with respect to MBIA Insurance Corporation would have any significant liquidity impact on MBIA Inc. Such a proceeding could have material adverse consequences for MBIA Corp., including the termination of derivative contracts for which counterparties may assert market-based claims, the acceleration of debt obligations issued by affiliates and insured by MBIA Corp., the loss of control of MBIA Insurance Corporation to a rehabilitator or liquidator, and unplanned costs.

Refer to "Note 6: Loss and Loss Adjustment Expense Reserves" for additional information about MBIA Corp.'s recoveries.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 2: Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). 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 disclosures of contingent assets and liabilities at 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. As additional information becomes available or actual amounts become determinable, the recorded estimates are revised and reflected in operating results. Certain amounts have been reclassified in prior years' financial statements to conform to the current presentation.

Consolidation

The consolidated financial statements include the accounts of MBIA Inc., its wholly-owned subsidiaries and all other entities in which the Company has a controlling financial interest. All intercompany balances and transactions have been eliminated. The Company determines whether it has a controlling financial interest in an entity by first evaluating whether an entity is a voting interest entity or a VIE.

Voting interest entities are entities in which (i) the total equity investment at risk is sufficient to enable an entity to finance its activities independently and (ii) the equity holders have the obligation to absorb losses, the right to receive residual returns and the right to make decisions about the entity's activities. Voting interest entities are consolidated when the Company has a majority voting interest.

VIEs are entities that lack one or more of the characteristics of a voting interest entity. The consolidation of a VIE is required if an entity has a variable interest (such as an equity or debt investment, a beneficial interest, a guarantee, a written put option or a similar obligation) and that variable interest or interests give it a controlling financial interest in the VIE. A controlling financial interest is present when an enterprise has both (a) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and (b) the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. The enterprise with the controlling financial interest, known as the primary beneficiary, is required to consolidate the VIE. The Company consolidates all VIEs in which it is the primary beneficiary. The Company may elect to apply the fair value option to the financial assets and financial liabilities of consolidated VIEs on a VIE-by-VIE basis. Refer to "Note 4: Variable Interest Entities" for additional information.

Investments

The Company classifies its fixed-maturity investments as available-for-sale ("AFS"), held-to-maturity or trading. AFS investments are reported in the consolidated balance sheets at fair value with non-credit related unrealized gains and losses, net of applicable deferred income taxes, reflected in accumulated other comprehensive income (loss) ("AOCI") in shareholders' equity. The specific identification method is used to determine realized gains and losses on AFS securities. Investments carried at fair value consist of equity instruments and fixed-maturity investments elected under the fair value option. Short-term investments include all fixed-maturity securities held as AFS with a remaining maturity of less than one year at the date of purchase, including commercial paper and money market securities.

Investment income is recorded as earned, which includes the current period interest accruals deemed collectible. Accrued interest income is recorded as part of "Other assets" on the Company's consolidated balance sheets. Bond discounts and premiums are amortized using the effective yield method over the remaining term of the securities and reported within "Net investment income" on the Company's consolidated statements of operations; however, premiums on certain callable debt securities are amortized to the next call date. As the Company primarily holds high-quality asset-backed ("ABS") and mortgage-backed ("MBS") securities purchased without expectation of principal loss, premiums and discounts are amortized into interest income using the retrospective method based on probable and reasonably estimable prepayment experience.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 2: Significant Accounting Policies (continued)

Changes in the fair values of investments carried at fair value are reflected in earnings as part of "Net gains (losses) on financial instruments at fair value and foreign exchange" on the Company's consolidated statements of operations. For VIE investments carried at fair value, interest income is also recorded as part of fair value changes within "Net gains (losses) on financial instruments at fair value and foreign exchange". Realized gains and losses from the sale and other dispositions of AFS investments are reflected in earnings as part of "Net realized investment gains (losses)" on the Company's consolidated statements of operations.

Credit Losses

For AFS debt securities, the Company's consolidated statements of operations reflect the full impairment (the difference between a security's amortized cost basis and fair value) if the Company intends to sell or would more likely than not be required to sell before the expected recovery of the amortized cost basis. AFS debt securities in an unrealized loss position are evaluated on a quarterly basis to determine if credit losses exist. The Company considers that credit losses exist when the Company does not expect to recover the entire amortized cost basis of the debt security. The Company measures an allowance for credit losses on a security-by-security basis as the difference between the recorded investment and the present value of the cash flows expected to be collected, discounted at the instrument's effective interest rate. Only the amounts of impairment associated with the credit losses are recognized as charges to earnings.

The carrying values of debt securities are presented net of any allowance for credit losses. For AFS debt securities, adjustments to the amortized cost basis are recorded if there is an intent to sell before recovery of the impairment. For debt securities with an allowance for credit loss, changes in credit losses including accretion of the allowance for credit losses are recognized in earnings through other net realized gains (losses) with a corresponding change to the allowance for credit losses.

Accrued interest income on debt securities is not assessed for credit losses since the Company reverses any past due accrued interest income through earnings as a charge against net investment income. Interest income is subsequently recognized to the extent cash is received.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and deposits with banks with original maturities of less than three months.

Deferred Acquisition Costs

The Company deferred acquisition costs that were directly related to new or renewal insurance business. Acquisition costs are costs to acquire an insurance contract which result directly from and are essential to the insurance contract and would not have been incurred by the Company had the contract not occurred. Acquisition costs include compensation of employees involved in underwriting, certain rating agency fees, state premium taxes and certain other underwriting expenses, reduced by ceding commission income on premiums ceded to reinsurers. Acquisition costs also included ceding commissions paid by the Company in connection with assuming business from other financial guarantors. Acquisition costs, net of ceding commissions received, related to non-derivative insured financial guarantee transactions are deferred and amortized over the period in which the related premiums are earned.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 2: Significant Accounting Policies (continued)

Held For Sale Classification and Discontinued Operations

The net assets the Company classifies as held for sale in accordance with Accounting Standards Codification ("ASC") 360-10, Property, Plant, and Equipment and as discontinued operations in accordance with ASC 205-20, Presentation of Financial Statements-Discontinued Operations has been held for sale beyond the one-year probable sale criteria. The Company continues to meet exceptions permitting it to continue to record these net assets as held for sale. The Company continues to actively market its net assets held for sale and has identified interested parties, including having attained various stages of a sales or liquidation process. In addition, the Company has continued to (i) take necessary actions to respond to changes in circumstances, including recording a loss on disposal group; (ii) actively market the net assets at prices that are deemed reasonable; and (iii) meet the criteria for held for sale classification. The assets and liabilities of these companies are presented within "Assets held for sale" and "Liabilities held for sale" on the Company's consolidated balance sheets. Also, the results of operations for these companies are classified as "Income from discontinued operations, net of income taxes" on the Company's consolidated statements of operations. The Company consolidated the operating results of these portfolio companies on a two-month lag to allow for a more timely preparation of the Company's consolidated financial statements. Refer to "Note 1: Business Developments and Risks and Uncertainties" for further information about the Company's held for sale assets and liabilities and discontinued operations.

Fair Value Measurements—Definition and Hierarchy

The Company carries certain financial instruments 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. The fair value measurement of financial instruments held or issued by the Company are determined through the use of observable market data when available. Market data is obtained from a variety of third-party sources, including dealer quotes. If dealer quotes are not available for an instrument that is infrequently traded, the Company uses alternate valuation methods, including either dealer quotes for similar instruments or pricing models that use market data inputs. The use of alternate valuation methods generally requires considerable judgment in the application of estimates and assumptions and changes to such estimates and assumptions may produce materially different fair values. The Company considers its own nonperformance risk and the nonperformance risk of its counterparties when measuring fair value.

The accounting guidance establishes a fair value hierarchy that categorizes into three levels, the inputs used to measure fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available and reliable. Observable inputs are those that the Company believes market participants would use in pricing an asset or liability based on available market data. Unobservable inputs are those that reflect the Company's beliefs about the assumptions market participants would use in pricing the asset or liability based on the best information available. The three levels of the fair value hierarchy are defined as follows:

- Level 1—Valuations based on quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2—Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Level 2 assets include debt securities with quoted prices that are traded less frequently than exchange-traded instruments, securities which are priced using observable inputs and derivative contracts whose values are determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.
- Level 3—Valuations based on inputs that are unobservable or supported by little or no market activity, and that are significant to the overall fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques where significant inputs are unobservable, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 2: Significant Accounting Policies (continued)

The availability of observable inputs can vary from financial instrument to financial instrument and period to period depending on the type of instrument, market activity, the approach used to measure fair value, and other factors. The Company categorizes a financial instrument within the fair value hierarchy based on the least observable input that is significant to the fair value measurement. When the inputs used to measure fair value of an asset or a liability are categorized within different levels based on the definition of the fair value hierarchy, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Refer to “Note 7: Fair Value of Financial Instruments” for additional fair value disclosures.

Loss and Loss Adjustment Expenses

The Company recognizes loss reserves on a contract-by-contract basis when the present value of probability-weighted expected net cash outflows to be paid under the contract discounted using a risk-free rate as of the measurement date exceed the unearned premium revenue. A loss reserve is subsequently remeasured each reporting period for expected increases or decreases due to changes in the likelihood of default and potential recoveries. Subsequent changes to the measurement of loss reserves are recognized as loss expense or benefit in the period of change. Measurement and recognition of loss reserves are reported gross of any reinsurance on the Company’s consolidated balance sheets. The Company estimates the likelihood of possible claim payments and possible recoveries of such claim payments using probability-weighted expected cash flows as of the measurement date based on information available, including market information. Accretion of the discounts on loss reserves and recoveries is included in loss expense. The Company considers its ability to collect contractual interest on claim payments when developing its expected inflows, if applicable.

The Company recognizes potential recoveries on paid claims based on probability-weighted cash inflows that are present valued at U.S. risk-free rates as of the measurement date. Such amounts are reported within “Insurance loss recoverable” on the Company’s consolidated balance sheets. To the extent the Company had recorded potential recoveries in its loss reserves previous to a claim payment, such recoveries are reclassified to “Insurance loss recoverable” upon payment of the related claim and remeasured at each reporting period.

The Company’s loss reserves, insurance loss recoverable, and accruals for loss adjustment expense (“LAE”) incurred are disclosed in “Note 6: Loss and Loss Adjustment Expense Reserves.”

Long-term Debt

Long-term debt, including VIE loans payable, is carried at the principal amount outstanding plus accrued interest and net of unamortized debt issuance costs and discounts. Interest expense is accrued at the contractual interest rate. Debt issuance costs and discounts are amortized and reported as interest expense.

For long-term debt issued by consolidated VIEs in which the Company’s variable interest arises from financial guarantees written by its insurance operations, the Company has elected the fair value option on these instruments. Changes in fair value are reported within “Net gains (losses) on financial instruments at fair value and foreign exchange” under “Revenues of consolidated variable interest entities” on the Company’s consolidated statements of operations, except for the portion of the total change in fair value of financial liabilities caused by changes in the instrument-specific credit risk which is presented separately in AOCI in shareholders’ equity.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 2: Significant Accounting Policies (continued)

Medium-Term Notes and Investment Agreements

Medium-term notes ("MTNs") and investment agreements are generally carried at the principal amount outstanding plus accrued interest and are net of unamortized discounts. One MTN that is a hybrid financial instrument was elected to be accounted for fair value given the complexity of bifurcating the embedded derivative. For the MTN carried at fair value, changes in fair value are recorded in earnings, except for the portion of unrealized gains (losses) caused by a change in the instrument-specific credit risk which are recorded in AOCI. Interest expense is accrued at the contractual interest rate. Discounts are amortized and reported as interest expense.

Financial Guarantee Insurance Premiums

Unearned Premium Revenue and Receivable for Future Premiums

The Company recognized a liability for unearned premium revenue at the inception of financial guarantee insurance and reinsurance contracts on a contract-by-contract basis. Unearned premium revenue recognized at inception of a contract is measured at the present value of the premium due. For most financial guarantee insurance contracts, the Company received the entire premium due at the inception of the contract, and recognized an unearned premium revenue liability at that time. For certain other financial guarantee contracts, the Company receives premiums in installments over the term of the contract. Unearned premium revenue and a receivable for future premiums were recognized at the inception of each installment contract, and measured at the present value of premiums expected to be collected over the contract period or expected period using a risk-free discount rate. The expected period is used in the present value determination of unearned premium revenue and receivable for future premiums for contracts where (a) the insured obligation is contractually prepayable, (b) prepayments are probable, (c) the amount and timing of prepayments are reasonably estimable, and (d) a homogenous pool of assets is the underlying collateral for the insured obligation. Premiums receivable for policies that use the expected period of risk due to expected prepayments are adjusted in subsequent measurement periods when prepayment assumptions change using the risk-free discount rate as of the remeasurement date. The Company has determined that substantially all of its installment contracts meet the conditions required to be treated as expected period contracts. Premiums receivable also includes the current amount of premiums due from installment policies insuring consolidated VIEs when the premiums are payable by third-parties on behalf of the consolidated VIEs. The receivable for future premiums is reduced as installment premiums are collected. The Company reports the accretion of the discount on installment premiums receivable as premium revenue and discloses the amount recognized in "Note 5: Insurance Premiums." As premium revenue is recognized, the unearned premium revenue liability is reduced.

Credit Losses on Premium Receivables

The Company evaluates the collectability of outstanding premium receivables on a quarterly basis and measures any allowance for credit losses as the difference between the recorded premium receivable amount and the current projected net present value of premiums expected to be collected, discounted at risk-free rates described in the preceding paragraph. Estimating the allowance for credit losses involves substantial judgment, including forecasting an insured transaction's cash flows, such as the future performance of the transaction's underlying assets and the impact of certain macro-economic factors, as well as incorporating any historical experience of uncollectible balances and a transaction's liability structure, including the seniority of premium payments to the Company.

Premium Revenue Recognition

The Company recognizes and measures premium revenue over the period of the contract in proportion to the amount of insurance protection provided. Premium revenue is measured by applying a constant rate to the insured principal amount outstanding in a given period to recognize a proportionate share of the premium received or expected to be received on a financial guarantee insurance contract. A constant rate for each respective financial guarantee insurance contract is calculated as the ratio of (a) the present value of premium received or expected to be received over the period of the contract to (b) the sum of all insured principal amounts outstanding during each period over the term of the contract.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 2: Significant Accounting Policies (continued)

An issuer of an insured financial obligation may retire the obligation prior to its scheduled maturity through refinancing or legal defeasance in satisfaction of the obligation according to its indenture, which results in the Company's obligation being extinguished under the financial guarantee contract. The Company recognizes any remaining unearned premium revenue on the insured obligation as refunding premiums earned in the period the contract is extinguished to the extent the unearned premium revenue has been collected.

Fee and Reimbursement Revenue Recognition

The Company collects insurance related fees for services performed in connection with certain transactions. Fees are earned when the related services are completed. Types of fees include waiver and consent and termination fees.

Stock-Based Compensation

The Company recognizes in earnings, generally over the vesting or service period of an award, the cost of all stock-based payment transactions using the fair value of the stock-based compensation provided. Refer to "Note 14: Benefit Plans" for a further discussion regarding the methodology utilized in recognizing employee stock compensation expense.

Foreign Currency Translation

Financial statement assets and liabilities denominated in foreign currencies are reported in U.S. dollars generally using rates of exchange prevailing as of the balance sheet date. Translation adjustments resulting from the translation of the financial statements of the Company's non-U.S. operations from its functional currency into U.S. dollars are included in AOCI in shareholders' equity. Operating results of the Company's non-U.S. operations are translated at average rates of exchange prevailing during the year. Foreign currency remeasurement gains and losses resulting from transactions in non-functional currencies are recorded in earnings. The Company derecognizes the cumulative translation adjustment reported in AOCI and includes the amount as part of the gain or loss on the sale or liquidation of its investment in a foreign entity in the period in which the sale or liquidation occurs.

Income Taxes

Deferred income taxes are recorded with respect to temporary differences between the tax bases of assets and liabilities and the reported amounts in the Company's financial statements that will result in deductible or taxable amounts in future years when the reported amounts of assets and liabilities are recovered or settled. Such temporary differences relate principally to net operating losses ("NOLs"), accrued surplus note interest, foreign tax credits, and capital loss carryforward, as well as timing differences in loss reserve deductions, premium revenue recognition and unrealized gains and losses. Valuation allowances are established to reduce deferred tax assets to the amount that more likely than not will be realized. As of December 31, 2025 and 2024, the Company had a full valuation allowance on its net deferred tax asset. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates in the period in which changes are approved by the relevant authority.

MBIA Inc. and its eligible U.S. subsidiaries file a consolidated federal income tax return. The U.S. income taxes are allocated based on the provisions of the Company's tax sharing agreement, which governs the intercompany settlement of tax obligations and benefits. The method of allocation between the members is based on calculations as if each member filed its separate tax return. Under the Company's tax sharing agreement, each member with an NOL will receive the benefits of its tax losses and credits as it is able to earn them out in the future.

Refer to "Note 10: Income Taxes" for additional information about the Company's income taxes.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements
Note 3: Recent Accounting Pronouncements

Recently Adopted Accounting Standards

Income Taxes (Topic 740): Improvements to Income Tax Disclosure (ASU 2023-09)

In December of 2023, the FASB issued ASU 2023-09, "Improvements to Income Tax Disclosures" which requires disaggregated information about a reporting entity's effective tax rate reconciliation, information on income taxes paid, and contain other disclosure requirements. This ASU is effective for annual periods beginning after December 15, 2024, with early adoption permitted. Upon the effective date, the amendments should be applied prospectively with retrospective application permitted. The Company adopted the amendments of ASU 2023-09 for its fiscal year ending December 31, 2025. The Company applied the amendments of ASU 2023-09 retrospectively and restated the applicable income tax disclosures for all prior periods. The adoption of ASU 2023-09 only impacted the income tax disclosures within the Company's consolidated financial statements and did not impact amounts reported on the Company's balance sheet, statement of operations, statement of comprehensive income or statement of cash flows.

The Company has not adopted any other new accounting pronouncements that had a material impact on its consolidated financial statements.

Recent Accounting Developments

*Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40):
Disaggregation of Income Statement Expenses (ASU 2024-03)*

In November of 2024, the FASB issued ASU 2024-03, "Disaggregation of Income Statement Expenses" which requires to disclose the amounts of employee compensation, depreciation, intangible asset amortization, and certain other costs and expenses included in each relevant expense caption on the consolidated statements of operations and include certain amounts that are already required to be disclosed under current GAAP in the same disclosure. Additionally, ASU 2024-03 requires the disclosure of a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively and the disclosure of the total amount of selling expenses. This ASU is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. Upon the effective date, the amendments can be applied either prospectively or retrospectively. The Company is currently evaluating the potential impact of adopting ASU 2024-03.

Note 4: Variable Interest Entities

Primarily through MBIA's international and structured finance insurance segment, the Company provides credit protection to issuers of obligations that may involve issuer-sponsored special purpose entities ("SPEs"). An SPE may be considered a VIE to the extent the SPE's total equity at risk is not sufficient to permit the SPE to finance its activities without additional subordinated financial support or its equity investors lack any one of the following characteristics: (i) the power to direct the activities of the SPE that most significantly impact the entity's economic performance or (ii) the obligation to absorb the expected losses of the entity or the right to receive the expected residual returns of the entity. A holder of a variable interest or interests in a VIE is required to assess whether it has a controlling financial interest, and thus is required to consolidate the entity as primary beneficiary. An assessment of a controlling financial interest identifies the primary beneficiary as the variable interest holder that has both of the following characteristics: (i) the power to direct the activities of the VIE that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. The primary beneficiary is required to consolidate the VIE. An ongoing reassessment of controlling financial interest is required to be performed based on any substantive changes in facts and circumstances involving the VIE and its variable interests.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 4: Variable Interest Entities (continued)

The Company evaluates issuer-sponsored SPEs initially to determine if an entity is a VIE, and is required to reconsider its initial determination if certain events occur. For all entities determined to be VIEs, MBIA performs an ongoing reassessment to determine whether its guarantee to provide credit protection on obligations issued by VIEs provides the Company with a controlling financial interest. Based on its ongoing reassessment of controlling financial interest, the Company determines whether a VIE is required to be consolidated or deconsolidated.

The Company consolidates VIEs, including grantor trusts, when it is deemed the primary beneficiary. This determination is based on a qualitative assessment of whether the Company has the power to direct a VIE's most significant activities and the obligation to absorb potentially significant losses. For VIEs where the Company provides credit protection, its guarantee of principal and interest payments of insured obligations, triggered by a VIE's nonperformance, generally constitutes an obligation to absorb losses of the entity that could potentially be significant to the VIE. When facts and circumstances indicate the Company holds a controlling financial interest, it is required to consolidate the entity as the primary beneficiary. The Company performs an ongoing reassessment of controlling financial interest that may result in consolidation or deconsolidation of any VIE.

Consolidated VIEs

The carrying amounts of assets and liabilities are presented separately in "Assets of consolidated variable interest entities" and "Liabilities of consolidated variable interest entities" on the Company's consolidated balance sheets. During the fourth, second and first quarters of 2025, the Company had no additional consolidations or deconsolidations of VIEs. During the third quarter of 2025, the Company consolidated one VIE, a de-risking trust created to effectively commute certain insurance exposures on an insured RMBS security. There were no deconsolidations of VIEs during the third quarter of 2025. During the fourth, third and first quarters of 2024, the Company had no additional consolidations or deconsolidations of VIEs. During the second quarter of 2024, the Company did not consolidate any additional VIEs and deconsolidated one VIE due to the prepayment of outstanding notes and recorded losses of \$14 million, of which \$9 million was due to credit losses in AOCI that were released to earnings. Consolidation and deconsolidation gains and losses, if any, are recorded within "Other net realized gains (losses)" under "Revenues of consolidated variable interest entities" on the Company's consolidated statements of operations.

Holders of insured obligations of issuer-sponsored VIEs do not have recourse to the general assets of the Company. In the event of nonpayment of an insured obligation issued by a consolidated VIE, the Company is obligated to pay principal and interest, when due, on the respective insured obligation only. The Company's exposure to these consolidated VIEs is limited to the credit protection provided on insured obligations and any additional variable interests held by the Company.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 4: Variable Interest Entities (continued)

Nonconsolidated VIEs

The following tables present the Company's maximum exposure to loss for nonconsolidated VIEs and carrying values of the assets and liabilities for its interests in these VIEs in its insurance operations as of December 31, 2025 and 2024. The maximum exposure to loss as a result of MBIA's variable interests in VIEs is represented by insurance in force. Insurance in force is the maximum future payments of principal and interest which may be required under commitments to make payments on insured obligations issued by nonconsolidated VIEs. The Company has aggregated nonconsolidated VIEs based on the underlying credit exposure of the insured obligation. The nature of the Company's variable interests in nonconsolidated VIEs is related to financial guarantees and any investments in obligations issued by nonconsolidated VIEs.

	December 31, 2025						
		Carrying Value of Assets			Carrying Value of Liabilities		
	Maximum Exposure to Loss	Investments	Premiums Receivable	Insurance Loss Recoverable	Unearned Premium Revenue	Loss and Loss Adjustment Expense Reserves	
In millions							
Insurance:							
Global structured finance:							
Mortgage-backed residential	\$ 729	\$ 29	\$ 4	\$ 22	\$ 3	\$ 234	
Consumer asset-backed	58	-	-	-	-	1	
Corporate asset-backed	212	-	1	-	1	-	
Total global structured finance	999	29	5	22	4	235	
Global public finance	189	-	3	-	2	-	
Total insurance	\$ 1,188	\$ 29	\$ 8	\$ 22	\$ 6	\$ 235	

	December 31, 2024					
		Carrying Value of Assets			Carrying Value of Liabilities	
	Maximum Exposure to Loss	Investments	Premiums Receivable	Insurance Loss Recoverable	Unearned Premium Revenue	Loss and Loss Adjustment Expense Reserves
In millions						
Insurance:						
Global structured finance:						
Mortgage-backed residential	\$ 785	\$ 26	\$ 5	\$ 21	\$ 3	\$ 224
Consumer asset-backed	86	-	-	-	-	3
Corporate asset-backed	358	-	2	-	2	-
Total global structured finance	1,229	26	7	21	5	227
Global public finance	196	-	3	-	3	-
Total insurance	\$ 1,425	\$ 26	\$ 10	\$ 21	\$ 8	\$ 227

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 5: Insurance Premiums

The following tables present a roll forward of the Company's premiums receivable for the years ended December 31, 2025 and 2024:

In millions

Premiums Receivable as of December 31, 2024	Premium Payments Received	Premiums from New Business Written	Adjustments		Premiums Receivable as of December 31, 2025
			Changes in Expected Term of Policies	Accretion of Premiums Receivable Discount ⁽¹⁾	
\$ 133	\$ (15)	\$ -	\$ -	\$ 3	\$ 121

(1) - Recorded within premiums earned on the Company's consolidated statements of operations.

In millions

Premiums Receivable as of December 31, 2023	Premium Payments Received	Premiums from New Business Written	Adjustments		Premiums Receivable as of December 31, 2024
			Changes in Expected Term of Policies	Accretion of Premiums Receivable Discount ⁽¹⁾	
\$ 146	\$ (17)	\$ -	\$ -	\$ 4	\$ 133

(1) - Recorded within premiums earned on the Company's consolidated statements of operations.

As of December 31, 2025 and 2024, the weighted average risk-free rates used to discount future installment premiums was 3.1% and 3.0%, respectively, and the weighted average expected collection term of the premiums receivable was 8.33 years and 8.57 years, respectively. As of December 31, 2025 and 2024, reinsurance premiums payable was \$3 million and is included in "Other liabilities" in the Company's consolidated balance sheets. The reinsurance premiums payable is accreted and paid to reinsurers as premiums due to MBIA are accreted and collected.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 5: Insurance Premiums (continued)

The following table presents the undiscounted future amount of premiums expected to be collected and the period in which those collections are expected to occur:

In millions	Expected Collection of Premiums
Three months ending:	
March 31, 2026	\$ 1
June 30, 2026	4
September 30, 2026	3
December 31, 2026	5
Twelve months ending:	
December 31, 2027	12
December 31, 2028	12
December 31, 2029	11
December 31, 2030	10
Five years ending:	
December 31, 2035	42
December 31, 2040	29
December 31, 2045 and thereafter	25
Total	<u>\$ 154</u>

The following table presents the unearned premium revenue balance and future expected premium earnings as of and for the periods presented:

In millions	Unearned Premium Revenue	Expected Future Premium Earnings		Accretion	Total Expected Future Premium Earnings
		Upfront	Installments		
December 31, 2025	\$ 172				
Three months ending:					
March 31, 2026	166	\$ 3	\$ 3	\$ 1	\$ 7
June 30, 2026	160	3	3	1	7
September 30, 2026	155	2	3	1	6
December 31, 2026	151	2	2	1	5
Twelve months ending:					
December 31, 2027	133	9	9	3	21
December 31, 2028	117	8	8	3	19
December 31, 2029	104	6	7	3	16
December 31, 2030	92	5	7	3	15
Five years ending:					
December 31, 2035	46	18	28	10	56
December 31, 2040	21	7	18	5	30
December 31, 2045 and thereafter	-	6	15	2	23
Total		<u>\$ 69</u>	<u>\$ 103</u>	<u>\$ 33</u>	<u>\$ 205</u>

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 6: Loss and Loss Adjustment Expense Reserves

The Company's insured portfolio management groups within its U.S. public finance insurance and international and structured finance insurance businesses (collectively, "IPM") monitor the Company's outstanding insured obligations with the objective of minimizing losses. IPM meets this objective by identifying issuers that, because of deterioration in credit quality or changes in the economic, regulatory or political environment, are at a heightened risk of defaulting on debt service of obligations insured by the Company. In such cases, IPM works with the issuer, trustee, bond counsel, servicer, underwriter and other interested parties in an attempt to alleviate or remedy the problem and avoid defaults on debt service payments. The Company typically requires the issuer, servicer (if applicable) and the trustee of insured obligations to furnish periodic financial and asset-related information, including audited financial statements, to IPM for review. IPM also monitors publicly available information related to insured obligations. Potential problems uncovered through this review, such as poor financial results, low fund balances, covenant or trigger violations and trustee or servicer problems, or other events that could have an adverse impact on the insured obligation, could result in an immediate surveillance review and an evaluation of possible remedial actions. IPM also monitors and evaluates the impact on issuers of general economic conditions, current and proposed legislation and regulations, political developments, as well as sovereign, state and municipal finances and budget developments.

The frequency and extent of IPM's monitoring is based on the criteria and categories described below. Insured obligations that are judged to merit more frequent and extensive monitoring or remediation activities due to a deterioration in the underlying credit quality of the insured obligation or the occurrence of adverse events related to the underlying credit of the issuer are assigned to a surveillance category ("Caution List—Low," "Caution List—Medium," "Caution List—High" or "Classified List") depending on the extent of credit deterioration or the nature of the adverse events. IPM monitors insured obligations assigned to a surveillance category more frequently and, if needed, develops a remediation plan to address any credit deterioration.

Remediation actions may involve, among other things, waivers or renegotiations of financial covenants or triggers, waivers of contractual provisions, the granting of consents, transfer of servicing, consideration of restructuring plans, acceleration, security or collateral enforcement, actions in bankruptcy or receivership, litigation and similar actions. The types of remedial actions pursued are based on the insured obligation's risk type and the nature and scope of the event giving rise to the remediation. As part of any such remedial actions, the Company seeks to improve its security position and to obtain concessions from the issuer of the insured obligation. From time to time, the issuer of an insured obligation by the Company may, with the consent of the Company, restructure the insured obligation by extending the term, increasing or decreasing the par amount or decreasing the related interest rate, with the Company insuring the restructured obligation.

The Company does not establish any case basis reserves for insured obligations that are assigned to "Caution List—Low," "Caution List—Medium" or "Caution List—High." In the event MBIA expects to pay a claim with respect to an insured transaction, it places the insured transaction on its "Classified List" and establishes a case basis reserve. The following provides a description of each surveillance category:

"Caution List—Low"—Includes issuers where debt service protection is adequate under current and anticipated circumstances. However, debt service protection and other measures of credit support and stability may have declined since the transaction was underwritten and the issuer is less able to withstand further adverse events. Transactions in this category generally require more frequent monitoring than transactions that do not appear within a surveillance category. IPM subjects issuers in this category to heightened scrutiny.

"Caution List—Medium"—Includes issuers where debt service protection is adequate under current and anticipated circumstances, although adverse trends have developed and are more pronounced than for "Caution List—Low." Issuers in this category may have breached one or more covenants or triggers. These issuers are more closely monitored by IPM but generally take remedial action on their own.

"Caution List—High"—Includes issuers where more proactive remedial action is needed but where no defaults on debt service payments are expected. Issuers in this category exhibit more significant weaknesses, such as low debt service coverage, reduced or insufficient collateral protection or inadequate liquidity, which could lead to debt service defaults in the future. Issuers in this category may have breached one or more covenants or triggers and have not taken conclusive remedial action. Therefore, IPM adopts a remediation plan and takes more proactive remedial actions.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 6: Loss and Loss Adjustment Expense Reserves (continued)

"Classified List"—Includes all insured obligations where the Company has paid a claim or where a claim payment is expected. It also includes insured obligations where a significant LAE payment has been made, or is expected to be made, to mitigate a claim payment. This may include property improvements, bond purchases and commutation payments. Generally, IPM is actively remediating these credits where possible, including restructurings through legal proceedings, usually with the assistance of specialist counsel and advisors.

The establishment of the appropriate level of loss reserves is an inherently uncertain process involving numerous assumptions, estimates and subjective judgments by management that depend primarily on the nature of the underlying insured obligation. These variables include the nature and creditworthiness of the issuers of the insured obligations, expected recovery rates on unsecured obligations, the projected cash flow or market value of any assets pledged as collateral on secured obligations, and the expected rates of recovery, cash flow or market values on such obligations or other expected consideration. Factors that may affect the actual ultimate realized losses for any policy include economic conditions and trends, political developments, levels of interest rates, borrower behavior, the default rate and salvage values of specific collateral or other expected consideration, and the Company's ability to enforce contractual rights through litigation and otherwise, including the collection of contractual interest on claim payments. The Company's remediation strategy for an insured obligation that has defaulted or is expected to default may also have an impact on the Company's loss reserves.

In establishing case basis loss reserves, the Company calculates the present value of probability-weighted estimated loss payments, net of estimated recoveries, using a discount rate equal to the risk-free rate applicable to the currency and the weighted average remaining life of the insurance contract as required by accounting principles for financial guarantee contracts. The Company applies yields on U.S. Treasury offerings to discount loss reserves. Significant changes in discount rates from period to period may have a material impact on the present value of the Company's loss reserves and expected recoveries. In addition, if the Company were to apply different discount rates, its case basis reserves may have been higher or lower than those established as of December 31, 2025. For example, a higher discount rate applied to expected future payments would have decreased the amount of a case basis reserve established by the Company and a lower rate would have increased the amount of a reserve established by the Company. Similarly, a higher discount rate applied to the potential future recoveries would have decreased the amount of a loss recoverable established by the Company and a lower rate would have increased the amount of a loss recoverable established by the Company.

U.S. Public Finance Insurance

U.S. public finance insured transactions consist of municipal bonds, including tax-exempt and taxable indebtedness of U.S. political subdivisions, as well as utilities, airports, health care institutions, higher educational facilities, housing authorities and other similar agencies and obligations issued by private entities that finance projects that serve a substantial public purpose. The Company estimates future losses by using probability-weighted cash flow scenarios that are customized to each insured transaction. Future loss estimates consider debt service due for each insured transaction, which includes par outstanding and interest due, as well as recoveries for such payments, if any. Gross par outstanding for capital appreciation bonds represents the par amount at the time of issuance of the insurance policy.

PREPA

In formulating loss reserves and recoveries for PREPA, estimates in the Company's probability-weighted scenarios include assumptions related to the nature, value, and timing of net cash flows considering the following: environmental, economic, and political developments on the island; litigation and ongoing discussions with creditors and obligors on the Title III proceedings; contractual debt service payments; any existing settlement agreements or proposals and deviations from these proposals; the remediation strategy for insured obligations that have defaulted or are expected to default; and values of other obligations of the issuer. Refer to "Note 1: Business Developments and Risks and Uncertainties" for further information on the Company's PREPA exposure.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 6: Loss and Loss Adjustment Expense Reserves (continued)

International and Structured Finance Insurance

The international and structured finance insurance segment's case basis reserves and insurance loss recoveries recorded in accordance with GAAP do not include reserves and recoveries on consolidated VIEs, since they are eliminated in consolidation.

RMBS Case Basis Reserves (Financial Guarantees)

The Company's RMBS case basis reserves primarily relate to RMBS backed by alternative A-paper and subprime mortgage loans. The Company calculated RMBS case basis reserves as of December 31, 2025 using a process called the Roll Rate Methodology ("Roll Rate Methodology"). The Roll Rate Methodology is a multi-step process using databases of loan level information, proprietary internal cash flow models, and commercially available models to estimate potential losses and recoveries on insured bonds. Roll Rate is defined as the probability that current loans become delinquent and subsequently default and loans in the delinquent pipeline are charged-off or liquidated. The loss reserve estimates are based on a probability-weighted average of potential scenarios of loan losses. Additional data used for both first and second-lien loans include historic averages of deal specific voluntary prepayment rates, forward projections of the Secured Overnight Financing Rate ("SOFR"), and historic averages of deal-specific loss severities. Where applicable, the Company factors in termination scenarios when clean up calls are imminent.

In calculating ultimate cumulative losses for RMBS, the Company estimates the amount of first-lien loans that are expected to be liquidated in the future through foreclosure or short sale, and estimates the amount of second-lien loans that are expected to be charged-off (deemed uncollectible by servicers of the transactions). The time to liquidation for a defaulted loan is specific to the loan's delinquency bucket.

For all RMBS transactions, cash flow models consider allocations and other structural aspects and claims against MBIA Corp.'s insurance policy consistent with such policy's terms and conditions. The estimated net claims from the procedure above are then discounted using a risk-free rate to a net present value reflecting MBIA's general obligation to pay claims over time and not on an accelerated basis.

The Company monitors RMBS portfolio performance on a monthly basis against projected performance, reviewing delinquencies, roll rates, and prepayment rates (including voluntary and involuntary). However, loan performance remains difficult to predict and losses may exceed expectations. In the event of a material deviation in actual performance from projected performance, the Company would increase or decrease the case basis reserves accordingly and re-evaluate its assumptions.

RMBS Recoveries

The Company's RMBS recoveries relate to structural features within the trust structures that allow for the Company to be reimbursed for prior claims paid. These reimbursements for specific trusts include recoveries that are generated from the excess spread of the transactions. Excess spread within insured RMBS securitizations is the difference between interest inflows on mortgage loan collateral and interest outflows on the insured RMBS notes.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 6: Loss and Loss Adjustment Expense Reserves (continued)

Summary of Loss and LAE Reserves and Recoveries

The following table summarizes the Company's loss and LAE reserves and recoveries before consolidated VIE eliminations, along with amounts that were eliminated as a result of consolidating VIEs:

In millions	As of December 31, 2025		As of December 31, 2024	
	Balance Sheet Line Item		Balance Sheet Line Item	
	Insurance loss recoverable	Loss and LAE reserves ⁽¹⁾	Insurance loss recoverable	Loss and LAE reserves ⁽¹⁾
U.S. Public Finance Insurance	\$ 22	\$ 219	\$ 165	\$ 299
International and Structured Finance Insurance:				
Before VIE eliminations	21	229	23	238
VIE eliminations	-	6	(3)	(11)
Total international and structured finance insurance	21	235	20	227
Total	<u>\$ 43</u>	<u>\$ 454</u>	<u>\$ 185</u>	<u>\$ 526</u>

(1) - Amounts are net of estimated recoveries of expected future claims.

Changes in Loss and LAE Reserves

Loss and LAE reserves represent the Company's estimate of future claims and LAE payments, net of any future recoveries of such payments. The following tables present changes in the Company's loss and LAE reserves for the years ended December 31, 2025 and 2024. Changes in loss and LAE reserves, with the exception of loss and LAE payments, are recorded within "Losses and loss adjustment" expenses in the Company's consolidated statements of operations. As of December 31, 2025 and 2024, the weighted average risk-free rate used to discount the Company's loss reserves (claim liability) was 3.79% and 4.50%, respectively. LAE reserves are generally expected to be settled within a one-year period and are not discounted. As of December 31, 2025 and 2024, the Company's gross loss and LAE reserves included \$15 million and \$19 million, respectively, related to LAE.

In millions	Changes in Loss and LAE Reserves for the Year Ended December 31, 2025					Gross Loss and LAE Reserves as of December 31, 2025
	Loss and LAE Payments	Accretion of Claim Liability Discount	Changes in Discount Rates	Changes in Assumptions ⁽¹⁾	Changes in Unearned Premium Revenue	
Gross Loss and LAE Reserves as of December 31, 2024						
\$ 526	\$ (145)	\$ 19	\$ 12	\$ 41	\$ 1	\$ 454

(1) - Includes changes in amount and timing of estimated payments and recoveries.

In millions	Changes in Loss and LAE Reserves for the Year Ended December 31, 2024					Gross Loss and LAE Reserves as of December 31, 2024
	Loss and LAE Payments	Accretion of Claim Liability Discount	Changes in Discount Rates	Changes in Assumptions ⁽¹⁾	Changes in Unearned Premium Revenue	
Gross Loss and LAE Reserves as of December 31, 2023						
\$ 473	\$ (157)	\$ 19	\$ (19)	\$ 212	\$ (2)	\$ 526

(1) - Includes changes in amount and timing of estimated payments and recoveries.

The decrease in the Company's loss and LAE reserves during 2025 was primarily due to claim payments on PREPA and a U.S. public finance lease-backed transaction, as well as updated PREPA loss reserve scenarios and weightings for possible settlement outcomes. This decrease was partially offset by the reclassification of expected recoveries related to paid claims and extending the estimated timing of a PREPA settlement. Refer to "Note 1: Business Developments and Risks and Uncertainties" for further information on PREPA.

The increase in the Company's loss and LAE reserves during 2024 was primarily due to assumption changes for National's PREPA reserves, partially offset by claim payments on PREPA. In addition, National established reserves on a U.S. public finance lease-backed transaction.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 6: Loss and Loss Adjustment Expense Reserves (continued)

Changes in Insurance Loss Recoverable

Insurance loss recoverable represents the Company's estimate of expected recoveries on paid claims and LAE. The Company recognizes potential recoveries on paid claims based on the probability-weighted net cash inflows present valued at applicable risk-free rates as of the measurement date. The following tables present changes in the Company's insurance loss recoverable for the years ended December 31, 2025 and 2024. Changes in insurance loss recoverable with the exception of collections, are recorded within "Losses and loss adjustment" expenses in the Company's consolidated statements of operations.

In millions	Gross Recoverable as of December 31, 2024	Changes in Insurance Loss Recoverable for the Year Ended December 31, 2025				Gross Recoverable as of December 31, 2025
		Collections for Cases	Accretion of Recoveries	Changes in Discount Rates	Changes in Assumptions	
Insurance loss recoverable	\$ 185	\$ (235)	\$ 6	\$ 2	\$ 85	\$ 43

In millions	Gross Recoverable as of December 31, 2023	Changes in Insurance Loss Recoverable for the Year Ended December 31, 2024				Gross Recoverable as of December 31, 2024
		Collections for Cases	Accretion of Recoveries	Changes in Discount Rates	Changes in Assumptions	
Insurance loss recoverable	\$ 183	\$ (16)	\$ 7	\$ -	\$ 11	\$ 185

The decrease in the Company's insurance loss recoverable during 2025 was primarily from the sale of PREPA Custodial Receipts associated with the transfer of certain of National's PREPA-related bankruptcy claims and unwrapped PREPA bonds received via subrogation for fully paid secondary insured claims. This decrease was partially offset by the reclassification from loss and LAE of expected recoveries related to paid claims for PREPA, and a U.S. public finance lease-backed transaction.

The increase in the Company's insurance loss recoverable during 2024 was primarily due to reclassifying expected PREPA recoveries from loss and LAE reserves on paid claims, partially offset by assumption changes related to PREPA reserves and from collections of recoveries.

Loss and LAE Activity

For 2025, the incurred benefit was primarily related to the sale of PREPA Custodial Receipts at a price above prior estimates and updated scenarios and weightings for potential PREPA settlement outcomes. This benefit was partially offset by extending the estimated timing of a PREPA settlement, accretion of loss reserves, and a decline in risk-free rates, which caused future liabilities, net of recoveries to increase, primarily related to the Company's insured RMBS transactions.

For 2024, the incurred loss primarily related to updated PREPA scenarios to reflect developments in the then PREPA remediation and extending the timing of resolution. In addition, the incurred loss related to reserves on a U.S. public finance lease-backed transaction.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 6: Loss and Loss Adjustment Expense Reserves (continued)

For 2023, the incurred loss primarily related to updated PREPA scenarios to reflect the then PSA, which resulted in lower net expected recoveries. Changes in scenario assumptions also included extending the effective date of a settlement until 2024. In addition, for 2023, the incurred loss included the termination of a first-lien RMBS insured transaction.

Costs associated with remediating insured obligations assigned to the Company's surveillance categories are recorded as LAE and are included in "Losses and loss adjustment" expenses on the Company's consolidated statements of operations. For 2025, 2024 and 2023, LAE related to remediating insured obligations were \$5 million, \$17 million and \$6 million, respectively.

Surveillance Categories

The following table provides information about the financial guarantees and related claim liability included in each of MBIA's surveillance categories as of December 31, 2025:

\$ in millions	Surveillance Categories				Total
	Cautious List Low	Cautious List Medium	Cautious List High	Classified List	
Number of policies	20	-	-	87	107
Number of issues ⁽¹⁾	7	-	-	76	83
Remaining weighted average contract period (in years)	3.5	-	-	6.1	5.6
Gross insured contractual payments outstanding: ⁽²⁾					
Principal	\$ 356	\$ -	\$ -	\$ 1,329	\$ 1,685
Interest	1,054	-	-	478	1,532
Total	<u>\$ 1,410</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,807</u>	<u>\$ 3,217</u>
Gross Claim Liability ⁽³⁾	\$ -	\$ -	\$ -	\$ 786	\$ 786
Less:					
Gross Potential Recoveries ⁽⁴⁾	-	-	-	281	281
Discount, net ⁽⁵⁾	-	-	-	101	101
Net claim liability (recoverable)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 404</u>	<u>\$ 404</u>
Unearned premium revenue	\$ 1	\$ -	\$ -	\$ 8	\$ 9
Reinsurance recoverable on paid and unpaid losses ⁽⁶⁾					\$ 14

(1) - An "issue" represents the aggregate of financial guarantee policies that share the same revenue source for purposes of making debt service payments on the insured debt.

(2) - Represents contractual principal and interest payments due by the issuer of the obligations insured by MBIA.

(3) - The gross claim liability with respect to Puerto Rico exposures are net of expected recoveries for policies in a net payable position.

(4) - Gross potential recoveries with respect to certain Puerto Rico exposures are net of the claim liability for policies in a net recoverable position.

(5) - Represents discount related to Gross Claim Liability and Gross Potential Recoveries.

(6) - Included in "Other assets" on the Company's consolidated balance sheets.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 6: Loss and Loss Adjustment Expense Reserves (continued)

The following table provides information about the financial guarantees and related claim liability included in each of MBIA's surveillance categories as of December 31, 2024:

\$ in millions	Surveillance Categories				Total
	Caution List Low	Caution List Medium	Caution List High	Classified List	
Number of policies	29	-	-	90	119
Number of issues ⁽¹⁾	10	-	-	76	86
Remaining weighted average contract period (in years)	5.7	-	-	6.4	6.2
Gross insured contractual payments outstanding: ⁽²⁾					
Principal	\$ 717	\$ -	\$ -	\$ 1,509	\$ 2,226
Interest	1,307	-	-	569	1,876
Total	<u>\$ 2,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,078</u>	<u>\$ 4,102</u>
Gross Claim Liability ⁽³⁾	\$ -	\$ -	\$ -	\$ 906	\$ 906
Less:					
Gross Potential Recoveries ⁽⁴⁾	-	-	-	467	467
Discount, net ⁽⁵⁾	-	-	-	107	107
Net claim liability (recoverable)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332</u>	<u>\$ 332</u>
Unearned premium revenue	\$ 4	\$ -	\$ -	\$ 9	\$ 13
Reinsurance recoverable on paid and unpaid losses ⁽⁶⁾					\$ 16

(1) - An "issue" represents the aggregate of financial guarantee policies that share the same revenue source for purposes of making debt service payments on the insured debt.

(2) - Represents contractual principal and interest payments due by the issuer of the obligations insured by MBIA.

(3) - The gross claim liability with respect to Puerto Rico exposures are net of expected recoveries for policies in a net payable position.

(4) - Gross potential recoveries with respect to certain Puerto Rico exposures are net of the claim liability for policies in a net recoverable position.

(5) - Represents discount related to Gross Claim Liability and Gross Potential Recoveries.

(6) - Included in "Other assets" on the Company's consolidated balance sheets.

Note 7: Fair Value of Financial Instruments

Fair Value Measurement

Financial Assets and Liabilities

Financial assets held by the Company primarily consist of investments in debt and equity securities and loans receivables at fair value. Financial liabilities issued by the Company primarily consist of debt issued for general corporate purposes within its corporate segment, MTNs, investment agreements, and debt issued by consolidated VIEs.

Valuation Techniques

Valuation techniques for financial instruments measured at fair value are described below.

Fixed-Maturity Securities Held as Available-For-Sale, Investments Carried at Fair Value and Short-term Investments

These investments include investments in U.S. Treasury and government agencies, state and municipal bonds, foreign governments, corporate obligations, MBS, ABS, money market securities, equity investments and loans carried at fair value.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 7: Fair Value of Financial Instruments (continued)

Substantially all of these investments are valued based on recently executed transaction prices or quoted market prices by independent third parties, including pricing services and brokers. When quoted market prices are not available, fair value is generally determined using quoted prices of similar investments or a valuation model based on observable and unobservable inputs. Inputs vary depending on the type of investment. Observable inputs include contractual cash flows, interest rate yield curves, credit default swap ("CDS") spreads, prepayment and volatility scores, diversity scores, cross-currency basis index spreads, and credit spreads for structures similar to the financial instrument in terms of issuer, maturity and seniority. Unobservable inputs include cash flow projections, the value of any credit enhancement and currently for certain equity investments, a discount rate, EBITDA multiple and EBITDA royalty share.

Investments based on quoted market prices of identical investments in active markets are classified as Level 1 of the fair value hierarchy. Level 1 investments generally consist of U.S. Treasury and government agency, money market securities and certain equity investments. Quoted market prices of investments in less active markets, as well as investments which are valued based on other than quoted prices for which the inputs are observable, such as interest rate yield curves, are categorized in Level 2 of the fair value hierarchy. Investments that contain significant inputs that are not observable are categorized as Level 3.

Cash and Cash Equivalents

The carrying amounts of cash and cash equivalents approximate fair value due to the short-term nature and credit worthiness of these instruments and are categorized in Level 1 of the fair value hierarchy.

Variable Interest Entity Loans Receivable at Fair Value

Loans receivable at fair value are assets held by a consolidated VIE consisting of residential mortgage loans and are categorized in Level 3 of the fair value hierarchy. Fair values of residential mortgage loans are determined using quoted prices for similar MBS liabilities, adjusted for the fair values of the financial guarantees provided by MBIA Corp. The fair values of the financial guarantees consider expected claim payments, net of recoveries, under MBIA Corp.'s policies.

Medium-term Notes at Fair Value

The fair values of certain MTNs are based on quoted market prices provided by third-party sources, where available. When quoted market prices are not available, the Company applies a matrix pricing grid to determine fair value based on the quoted market prices received for similar instruments and considering the MTNs' stated maturity and interest rate. Nonperformance risk is included in the quoted market prices and the matrix pricing grid. MTNs are categorized in Level 3 of the fair value hierarchy and do not include accrued interest.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 7: Fair Value of Financial Instruments (continued)

Variable Interest Entity Debt

The fair values of VIE debt are determined based on recently executed transaction prices or quoted prices where observable. When position-specific quoted prices are not observable, fair values are based on quoted prices of similar securities. Fair values based on quoted prices of similar securities may be adjusted for factors unique to the securities, including any credit enhancement. Observable inputs include interest rate yield curves, bond spreads of similar securities and MBIA Corp.'s CDS spreads. Unobservable inputs include the value of any credit enhancement. VIE debt are categorized in Level 3 of the fair value hierarchy based on the lowest level input that is significant to the fair value measurement in its entirety.

Derivatives

A VIE consolidated by the Company entered into a derivative instrument consisting of a cross currency swap that as of December 31, 2025 and 2024 had outstanding notional amounts of \$28 million and \$36 million, respectively. The cross currency swap was entered into to manage the variability in cash flows resulting from fluctuations in foreign currency rates. The fair value of the VIE derivative was determined based on the valuation provided by an independent third-party, which is included in "Liabilities of consolidated variable interest entities – Other liabilities" on the Company's consolidated balance sheets. As the significant inputs are unobservable, the derivative contract is categorized in Level 3 of the fair value hierarchy.

Significant Unobservable Inputs

The following tables provide quantitative information regarding the significant unobservable inputs used by the Company for assets and liabilities measured at fair value on a recurring basis as of December 31, 2025 and 2024:

In millions	Fair Value as of December 31, 2025	Valuation Techniques	Unobservable Input	Range (Weighted Average)
Assets:				
Equity Investments	\$ 33	Discounted cash flow	Discount rate ⁽¹⁾	
			EBITDA multiple ⁽¹⁾	
		Type certificate	Discount rate ⁽¹⁾	
			EBITDA royalty share ⁽¹⁾	
Loans carried at fair value	17	Discounted cash flow	Discount rate ⁽¹⁾	
Assets of consolidated VIEs:				
Loans receivable at fair value	34	Market prices of similar liabilities adjusted for financial guarantees provided to VIE obligations	Impact of financial guarantee	3% to 3% (3%) ⁽²⁾

(1) - Ranges for discount rate, EBITDA multiple and EBITDA royalty share are not meaningful.

(2) - Weighted average represents the total MBIA guarantees as a percentage of total instrument fair value. The percentage is negative when the guarantees are in a net receivable position and positive when they are in a net payable position.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 7: Fair Value of Financial Instruments (continued)

In millions	Fair Value as of December 31, 2024	Valuation Techniques	Unobservable Input	Range (Weighted Average)
Assets:				
Equity Investments	\$ 52	Discounted cash flow	Discount rate ⁽¹⁾ EBITDA multiple ⁽¹⁾	
		Type certificate	Discount rate ⁽¹⁾ EBITDA royalty share ⁽¹⁾	
Loans carried at fair value	15	Discounted cash flow	Discount rate ⁽¹⁾	
Assets of consolidated VIEs:				
Loans receivable at fair value	28	Market prices of similar liabilities adjusted for financial guarantees provided to VIE obligations	Impact of financial guarantee	27% to 27% (27%) ⁽²⁾

(1) - Ranges for discount rate, EBITDA multiple and EBITDA royalty share are not meaningful.

(2) - Weighted average represents the total MBIA guarantees as a percentage of total instrument fair value. The percentage is negative when the guarantees are in a net receivable position and positive when they are in a net payable position.

Sensitivity of Significant Unobservable Inputs

The significant unobservable inputs used in the fair value measurement of the Company's equity investments at fair value are the discount rate, EBITDA multiple and EBITDA royalty share. The fair value of equity investments is determined as the mid-point of a range of valuation scenarios. If there had been lower or higher EBITDA multiple or EBITDA royalty share, the value of equity investments would have been lower or higher, respectively. If there had been a lower or higher discount rate, the value of equity investments would have been higher or lower, respectively.

The significant unobservable input used in the fair value measurement of the loans carried at fair value is the discount rate. The loans carried at fair value is determined by discounting cash flows. The discount rate includes the credit spread which primarily reflects the credit quality of the obligor. If there had been a lower or higher discount rate, the value of loans carried at fair value would have been higher or lower, respectively.

The significant unobservable input used in the fair value measurement of the Company's residential loans receivable at fair value of consolidated VIEs is the impact of the financial guarantee. The fair value of residential loans receivable is calculated by subtracting the value of the financial guarantee from the market value of similar instruments to that of the VIE liabilities. The value of a financial guarantee is estimated by the Company as the present value of expected cash payments, net of recoveries, under the policy. If there had been a lower expected cash flow on the underlying loans receivable of the VIE, the value of the financial guarantee provided by the Company under the insurance policy would have been higher. This would have resulted in a lower fair value of the residential loans receivable in relation to the obligations of the VIE.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 7: Fair Value of Financial Instruments (continued)

Fair Value Measurements

The following tables present the fair value of the Company's assets (including short-term investments) and liabilities measured and reported at fair value on a recurring basis as of December 31, 2025 and 2024:

In millions	Fair Value Measurements at Reporting Date Using			Balance as of December 31, 2025
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets:				
Fixed-maturity investments:				
U.S. Treasury and government agency	\$ 473	\$ -	\$ -	\$ 473
State and municipal bonds	-	100	-	100
Foreign governments	-	5	-	5
Corporate obligations	-	415	18 ⁽¹⁾	433
Mortgage-backed securities:				
Residential mortgage-backed agency	-	117	-	117
Residential mortgage-backed non-agency	-	21	-	21
Commercial mortgage-backed	-	18	-	18
Asset-backed securities:				
Collateralized debt obligations	-	49	-	49
Other asset-backed	-	252	-	252
Total fixed-maturity investments	473	977	18	1,468
Money market securities	109	-	-	109
Equity investments	47	7	33	97 ⁽²⁾
Cash and cash equivalents	69	-	-	69
Assets of consolidated VIEs:				
Cash	2	-	-	2
Loans receivable at fair value:				
Residential loans receivable	-	-	34	34
Total assets	<u>\$ 700</u>	<u>\$ 984</u>	<u>\$ 85</u>	<u>\$ 1,779</u>
Liabilities:				
Medium-term notes	\$ -	\$ -	\$ 46	\$ 46
Liabilities of consolidated VIEs:				
Variable interest entity notes	-	-	25	25
Currency derivatives	-	-	12	12
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83</u>	<u>\$ 83</u>

(1) - Includes loans carried at fair value of \$17 million.

(2) - Includes \$10 million of an exchange-traded bond fund that seeks to track the investment results of an index composed of U.S. dollar-denominated, high yield corporate bonds. The fund is measured at fair value by applying the net asset value per share practical expedient, and is not required to be classified in the fair value hierarchy.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 7: Fair Value of Financial Instruments (continued)

In millions	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2024
Assets:				
Fixed-maturity investments:				
U.S. Treasury and government agency	\$ 481	\$ -	\$ -	\$ 481
State and municipal bonds	-	102	-	102
Foreign governments	-	10	-	10
Corporate obligations	-	435	16 ⁽¹⁾	451
Mortgage-backed securities:				
Residential mortgage-backed agency	-	111	-	111
Residential mortgage-backed non-agency	-	41	-	41
Commercial mortgage-backed	-	7	-	7
Asset-backed securities:				
Collateralized debt obligations	-	101	-	101
Other asset-backed	-	52	-	52
Total fixed-maturity investments	481	859	16	1,356
Money market securities	181	-	-	181
Equity investments	48	7	52	117 ⁽²⁾
Cash and cash equivalents	84	-	-	84
Assets of consolidated VIEs:				
Cash	3	-	-	3
Loans receivable at fair value:				
Residential loans receivable	-	-	28	28
Total assets	\$ 797	\$ 866	\$ 96	\$ 1,769
Liabilities:				
Medium-term notes	\$ -	\$ -	\$ 35	\$ 35
Other liabilities:				
Insured credit derivatives	-	1	-	1
Liabilities of consolidated VIEs:				
Variable interest entity notes	-	-	31	31
Currency derivatives	-	-	6	6
Total liabilities	\$ -	\$ 1	\$ 72	\$ 73

(1) - Includes loans carried at fair value of \$15 million.

(2) - Includes \$10 million of an exchange-traded bond fund that seeks to track the investment results of an index composed of U.S. dollar-denominated, high yield corporate bonds. The fund is measured at fair value by applying the net asset value per share practical expedient, and is not required to be classified in the fair value hierarchy.

Level 3 assets at fair value as of December 31, 2025 and 2024 represented approximately 5% of total assets measured at fair value. Level 3 liabilities at fair value as of December 31, 2025 and 2024 represented approximately 100% and 99%, respectively, of total liabilities measured at fair value.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 7: Fair Value of Financial Instruments (continued)

The following tables present the fair values and carrying values of the Company's assets and liabilities that are disclosed at fair value but not reported at fair value on the Company's consolidated balance sheets as of December 31, 2025 and 2024. The majority of the financial assets and liabilities for which the Company requires fair value reporting or disclosures are valued based on the Company's or a third party's estimate of discounted cash flows or quoted market values for identical or similar products.

In millions	Fair Value Measurements at Reporting Date Using			Fair Value Balance as of December 31, 2025	Carry Value Balance as of December 31, 2025
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets:					
Other investments	\$ -	\$ -	\$ 1	\$ 1	\$ 1
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>
Liabilities:					
Long-term debt	\$ -	\$ 242	\$ -	\$ 242	\$ 2,843
Medium-term notes	-	-	275	275	424 ⁽¹⁾
Investment agreements	-	-	187	187	174
Liabilities of consolidated VIEs:					
Variable interest entity loans payable	-	-	7	7	7
Total liabilities	<u>\$ -</u>	<u>\$ 242</u>	<u>\$ 469</u>	<u>\$ 711</u>	<u>\$ 3,448</u>
Financial Guarantees:					
Gross liability (recoverable)	\$ -	\$ -	\$ 817	\$ 817	\$ 583
Ceded recoverable (liability)	-	-	19	19	16

(1) - The carry value includes complex interest calculations for an MTN feature that is accounted for as a separate derivative and reported together with the host contract. As of December 31, 2025, the Company had an embedded derivative liability of \$1 million.

In millions	Fair Value Measurements at Reporting Date Using			Fair Value Balance as of December 31, 2024	Carry Value Balance as of December 31, 2024
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets:					
Other investments	\$ -	\$ -	\$ 1	\$ 1	\$ 1
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>
Liabilities:					
Long-term debt	\$ -	\$ 305	\$ -	\$ 305	\$ 2,741
Medium-term notes	-	-	217	217	403 ⁽¹⁾
Investment agreements	-	-	217	217	204
Liabilities of consolidated VIEs:					
Variable interest entity loans payable	-	-	12	12	12
Total liabilities	<u>\$ -</u>	<u>\$ 305</u>	<u>\$ 446</u>	<u>\$ 751</u>	<u>\$ 3,360</u>
Financial Guarantees:					
Gross liability (recoverable)	\$ -	\$ -	\$ 764	\$ 764	\$ 540
Ceded recoverable (liability)	-	-	19	19	18

(1) - The carry value includes complex interest calculations for an MTN feature that is accounted for as a separate derivative and reported together with the host contract. As of December 31, 2024, the Company had an embedded derivative liability of \$2 million.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 7: Fair Value of Financial Instruments (continued)

The following tables present information about changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the years ended December 31, 2025 and 2024:

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Year Ended December 31, 2025

In millions	Balance Beginning of Year	Total Gains / (Losses) Included in Earnings	Unrealized Gains / (Losses) Included in OCI ⁽¹⁾	Purchases	Issuances	Settlements	Sales	Transfers into Level 3	Transfers out of Level 3	Ending Balance	Change in Unrealized Gains (Losses) for the Period Included in Earnings for Assets still held as of December 31, 2025	Change in Unrealized Gains (Losses) for the Period Included in OCI for Assets still held as of December 31, 2025 ⁽¹⁾
Assets:												
Corporate obligations	\$ 16	\$ (1)	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18 ⁽³⁾	\$ (1)	\$ -
Equity investments	52	(19)	-	-	-	-	-	-	-	33	(19)	-
Assets of consolidated VIEs:												
Loans receivable - residential	28	10	-	-	-	(4)	-	-	-	34	7	-
Total assets	\$ 96	\$ (10)	\$ -	\$ 3	\$ -	\$ (4)	\$ -	\$ -	\$ -	\$ 85	\$ (13)	\$ -

In millions	Balance, Beginning of Year	Total (Gains) / Losses Included in Earnings	Unrealized (Gains) / Losses Included in Credit Risk in OCI ⁽²⁾	Purchases	Issuances	Settlements	Sales	Transfers into Level 3	Transfers out of Level 3	Ending Balance	Change in Unrealized (Gains) Losses for the Period Included in Earnings for Liabilities still held as of December 31, 2025	Change in Unrealized (Gains) Losses for the Period Included in OCI for Liabilities still held as of December 31, 2025 ⁽²⁾
Liabilities:												
Medium-term notes	\$ 35	\$ 3	\$ 8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46	\$ 3	\$ 8
Liabilities of consolidated VIEs:												
VIE notes	31	4	-	-	-	(10)	-	-	-	25	1	-
Currency derivatives	6	6	-	-	-	-	-	-	-	12	6	-
Total liabilities	\$ 72	\$ 13	\$ 8	\$ -	\$ -	\$ (10)	\$ -	\$ -	\$ -	\$ 83	\$ 10	\$ 8

(1) - Reported within the "Unrealized gains (losses) on available-for-sale securities" on the Company's consolidated statements of comprehensive income (loss).

(2) - Reported within the "Instrument-specific credit risk of liabilities measured at fair value" on the Company's consolidated statements of comprehensive income (loss).

(3) - Includes loans carried at fair value of \$17 million.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 7: Fair Value of Financial Instruments (continued)

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Year Ended December 31, 2024

In millions	Balance, Beginning of Year	Total Gains / (Losses) Included in Earnings	Unrealized Gains / (Losses) Included in OCI ⁽¹⁾	Purchases	Issuances	Settlements	Sales	Transfers into Level 3	Transfers out of Level 3	Ending Balance	Change in Unrealized Gains (Losses) for the Period Included in Earnings for Assets still held as of December 31, 2024	Change in Unrealized Gains (Losses) for the Period Included in OCI for Assets still held as of December 31, 2024 ⁽¹⁾
Assets:												
Corporate obligations	\$ 1	\$ (2)	\$ -	\$ 17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16 ⁽³⁾	\$ -	\$ -
Equity investments	108	(56)	-	-	-	-	-	-	-	52	(56)	-
Assets of consolidated VIEs:												
Loans receivable - residential	35	(4)	-	-	-	(3)	-	-	-	28	(6)	-
Other	2	-	-	-	-	-	(2)	-	-	-	-	-
Total assets	\$ 146	\$ (62)	\$ -	\$ 17	\$ -	\$ (3)	\$ (2)	\$ -	\$ -	\$ 96	\$ (62)	\$ -

In millions	Balance, Beginning of Year	Total (Gains) / Losses Included in Earnings	Unrealized (Gains) / Losses Included in OCI ⁽²⁾	Purchases	Issuances	Settlements	Sales	Transfers into Level 3	Transfers out of Level 3	Ending Balance	Change in Unrealized (Gains) Losses for the Period Included in Earnings for Liabilities still held as of December 31, 2024	Change in Unrealized (Gains) Losses for the Period Included in OCI for Liabilities still held as of December 31, 2024 ⁽²⁾
Liabilities:												
Medium-term notes	\$ 40	\$ (4)	\$ (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35	\$ (4)	\$ (1)
Liabilities of consolidated VIEs:												
VIE notes	78	40	(27)	-	-	(40)	(20)	-	-	31	-	1
Currency derivatives	14	(8)	-	-	-	-	-	-	-	6	(8)	-
Total liabilities	\$ 132	\$ 28	\$ (28)	\$ -	\$ -	\$ (40)	\$ (20)	\$ -	\$ -	\$ 72	\$ (12)	\$ -

(1) - Reported within the "Unrealized gains (losses) on available-for-sale securities" on the Company's consolidated statements of comprehensive income (loss).

(2) - Reported within the "Instrument-specific credit risk of liabilities measured at fair value" on the Company's consolidated statements of comprehensive income (loss).

(3) - Includes loans carried at fair value of \$15 million.

For the year ended December 31, 2024, sales include the impact of the deconsolidation of VIEs. Refer to "Note 4: Variable Interest Entities" for additional information about the deconsolidation of VIEs.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 7: Fair Value of Financial Instruments (continued)

Gains and losses (realized and unrealized) included in earnings relating to Level 3 assets and liabilities for the years ended December 31, 2025, 2024 and 2023 are reported on the Company's consolidated statements of operations as follows:

In millions	Total Gains (Losses) Included in Earnings			Change in Unrealized Gains (Losses) for the Period Included in Earnings for Assets and Liabilities still held as of December 31,		
	2025	2024	2023	2025	2024	2023
Revenues:						
Net gains (losses) on financial instruments at fair value and foreign exchange	\$ (23)	\$ (54)	\$ (12)	\$ (23)	\$ (52)	\$ (12)
Revenues of consolidated VIEs ⁽¹⁾	-	(36)	(62)	-	2	(10)
Total	\$ (23)	\$ (90)	\$ (74)	\$ (23)	\$ (50)	\$ (22)

(1) - Reported within "Net gains (losses) on financial instruments at fair value and foreign exchange-VIE" and "Other net realized gains (losses)-VIE" on the Company's consolidated statements of operations.

Derivative Instruments

The Company's derivatives are comprised of insured swaps, primarily consisting of insured interest rate swaps and inflation-linked swaps related to its insured debt issuance, embedded derivatives containing the complex interest rate calculations and a cross currency swap entered into by a consolidated VIE. The following table presents the effect of derivative instruments on the Company's consolidated statements of operations for the years ended December 31, 2025, 2024 and 2023:

In millions		Years Ended December 31,		
Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	2025	2024	2023
Interest rate swaps	Net gains (losses) on financial instruments at fair value and foreign exchange	\$ 1	\$ -	\$ 13
Currency swaps-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	(6)	8	(7)
Total		\$ (5)	\$ 8	\$ 6

Fair Value Option

The Company elected to record at fair value certain financial instruments, including certain equity investments and financial instruments that are consolidated in connection with the adoption of the accounting guidance for consolidation of VIEs.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 7: Fair Value of Financial Instruments (continued)

The following table presents the gains and (losses) included in the Company's consolidated statements of operations for the years ended December 31, 2025, 2024 and 2023 for financial instruments for which the fair value option was elected:

In millions	Years Ended December 31,		
	2025	2024	2023
Investments carried at fair value ⁽¹⁾	\$ (19)	\$ (55)	\$ 1
Fixed-maturity securities held at fair value-VIE ⁽²⁾	-	(1)	(4)
Loans receivable and other instruments at fair value:			
Residential mortgage loans ⁽²⁾	10	(4)	(33)
Other assets-VIE ⁽²⁾	-	-	4
Medium-term notes ⁽¹⁾	(3)	4	(5)
Variable interest entity notes ⁽²⁾	(4)	(40)	(25)

(1) - Reported within "Net gains (losses) on financial instruments at fair value and foreign exchange" on the Company's consolidated statements of operations.

(2) - Reported within "Net gains (losses) on financial instruments at fair value and foreign exchange-VIE" and "Other net realized gains (losses)-VIE" on the Company's consolidated statements of operations.

The following table reflects the difference between the aggregate fair value and the aggregate remaining contractual principal balance outstanding as of December 31, 2025 and 2024, for loans and notes for which the fair value option was elected:

In millions	As of December 31, 2025			As of December 31, 2024		
	Contractual Outstanding Principal	Fair Value	Difference	Contractual Outstanding Principal	Fair Value	Difference
Loans receivable at fair value:						
Residential mortgage loans - current	\$ 12	\$ 12	\$ -	\$ 12	\$ 12	\$ -
Residential mortgage loans (90 days or more past due)	55	22	33	48	16	32
Corporate loans - current	19	17	2	16	15	1
Total loans receivable at fair value	\$ 86	\$ 51	\$ 35	\$ 76	\$ 43	\$ 33
Variable interest entity notes	\$ 39	\$ 25	\$ 14	\$ 45	\$ 31	\$ 14
Medium-term notes	\$ 59	\$ 46	\$ 13	\$ 52	\$ 35	\$ 17

The differences between the contractual outstanding principal and the fair values on residential mortgage loans receivable, VIE notes and MTNs in the preceding table are primarily attributable to credit risk. This is due to the high rate of defaults on loans (90 days or more past due), the collateral supporting the VIE notes and the nonperformance risk of the Company on its MTNs, all of which resulted in depressed pricing of the financial instruments.

Instrument-Specific Credit Risk of Liabilities Elected Under the Fair Value Option

As of December 31, 2025 and 2024, the cumulative changes in instrument-specific credit risk of liabilities elected under the fair value option were gains of \$19 million and \$27 million, respectively, reported in AOCI on the Company's consolidated balance sheets. Changes in value attributable to instrument-specific credit risk were derived principally from changes in the Company's credit spread. For liabilities of VIEs, additional adjustments to instrument-specific credit risk are required, which is determined by an analysis of deal specific performance of collateral that support these liabilities. During the years ended December 31, 2024 and 2023, the portions of instrument-specific credit risk included in AOCI that were recognized in earnings due to settlement of liabilities were losses of \$28 million and \$45 million, respectively.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 8: Investments

Investments, excluding equity instruments and those elected under the fair value option, primarily consist of debt instruments classified as AFS.

The following tables present the amortized cost, allowance for credit losses, corresponding gross unrealized gains and losses and fair value for AFS investments in the Company's consolidated investment portfolio as of December 31, 2025 and 2024:

In millions	December 31, 2025				
	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS Investments					
Fixed-maturity investments:					
U.S. Treasury and government agency	\$ 478	\$ -	\$ -	\$ (10)	\$ 468
State and municipal bonds	106	-	3	(8)	101
Foreign governments	7	-	-	(2)	5
Corporate obligations	462	-	1	(96)	367
Mortgage-backed securities:					
Residential mortgage-backed agency	125	-	-	(11)	114
Residential mortgage-backed non-agency	17	-	-	(1)	16
Commercial mortgage-backed	10	-	-	-	10
Asset-backed securities:					
Collateralized debt obligations	30	-	1	-	31
Other asset-backed	229	-	2	(1)	230
Total AFS investments	<u>\$ 1,464</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ (129)</u>	<u>\$ 1,342</u>

In millions	December 31, 2024				
	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS Investments					
Fixed-maturity investments:					
U.S. Treasury and government agency	\$ 500	\$ -	\$ -	\$ (19)	\$ 481
State and municipal bonds	110	-	2	(11)	101
Foreign governments	12	-	-	(2)	10
Corporate obligations	496	-	1	(106)	391
Mortgage-backed securities:					
Residential mortgage-backed agency	127	-	-	(16)	111
Residential mortgage-backed non-agency	36	-	1	(5)	32
Commercial mortgage-backed	7	-	-	-	7
Asset-backed securities:					
Collateralized debt obligations	71	-	1	-	72
Other asset-backed	32	-	-	(1)	31
Total AFS investments	<u>\$ 1,391</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ (160)</u>	<u>\$ 1,236</u>

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 8: Investments (continued)

The following table presents the distribution by contractual maturity of AFS fixed-maturity securities at amortized cost, net of allowance for credit losses, and fair value as of December 31, 2025. Contractual maturity may differ from expected maturity as borrowers may have the right to call or prepay obligations.

In millions	AFS Securities	
	Net Amortized Cost	Fair Value
Due in one year or less	\$ 395	\$ 395
Due after one year through five years	97	98
Due after five years through ten years	183	168
Due after ten years	378	280
Mortgage-backed and asset-backed	411	401
Total fixed-maturity investments	<u>\$ 1,464</u>	<u>\$ 1,342</u>

Deposited and Pledged Securities

The fair value of securities on deposit with various regulatory authorities as of December 31, 2025 and 2024 was \$11 million. These deposits are required to comply with state insurance laws.

Investment agreement obligations require the Company to pledge securities as collateral. Securities pledged in connection with investment agreements may not be repledged by the investment agreement counterparty. As of December 31, 2025 and 2024, the fair value of securities pledged as collateral for these investment agreements were \$183 million and \$213 million, respectively. The Company's collateral as of December 31, 2025 consisted principally of U.S. Treasury and government agency and corporate obligations, and was primarily held with major U.S. banks.

Impaired Investments

The following tables present the non-credit related gross unrealized losses related to AFS investments as of December 31, 2025 and 2024:

In millions	December 31, 2025					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
AFS Investments						
Fixed-maturity investments:						
U.S. Treasury and government agency	\$ 2	\$ -	\$ 122	\$ (10)	\$ 124	\$ (10)
State and municipal bonds	4	-	63	(8)	67	(8)
Foreign governments	-	-	5	(2)	5	(2)
Corporate obligations	9	(2)	283	(94)	292	(96)
Mortgage-backed securities:						
Residential mortgage-backed agency	5	-	90	(11)	95	(11)
Residential mortgage-backed non-agency	5	-	5	(1)	10	(1)
Commercial mortgage-backed	-	-	3	-	3	-
Asset-backed securities:						
Collateralized debt obligations	8	-	-	-	8	-
Other asset-backed	20	-	22	(1)	42	(1)
Total AFS investments	<u>\$ 53</u>	<u>\$ (2)</u>	<u>\$ 593</u>	<u>\$ (127)</u>	<u>\$ 646</u>	<u>\$ (129)</u>

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 8: Investments (continued)

In millions	December 31, 2024					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
AFS Investments						
Fixed-maturity investments:						
U.S. Treasury and government agency	\$ 41	\$ (1)	\$ 123	\$ (18)	\$ 164	\$ (19)
State and municipal bonds	15	(1)	63	(10)	78	(11)
Foreign governments	5	-	5	(2)	10	(2)
Corporate obligations	25	(1)	302	(105)	327	(106)
Mortgage-backed securities:						
Residential mortgage-backed agency	5	-	100	(16)	105	(16)
Residential mortgage-backed non-agency	6	(1)	21	(4)	27	(5)
Asset-backed securities:						
Collateralized debt obligations	6	-	8	-	14	-
Other asset-backed	3	-	12	(1)	15	(1)
Total AFS investments	\$ 106	\$ (4)	\$ 634	\$ (156)	\$ 740	\$ (160)

Gross unrealized losses on AFS investments decreased as of December 31, 2025 compared with December 31, 2024 primarily due to lower interest rates and tighter credit spreads.

With the weighting applied on the fair value of each security relative to the total fair value, the weighted average contractual maturity of securities in an unrealized loss position as of December 31, 2025 and 2024 was 14 and 15 years, respectively. As of December 31, 2025 and 2024, there were 247 and 366 securities, respectively, that were in an unrealized loss position for a continuous twelve-month period or longer, of which, fair values of 200 and 318 securities, respectively, were below book value by more than 5%.

The following table presents the distribution of securities in an unrealized loss position for a continuous twelve-month period or longer where fair value was below book value by more than 5% as of December 31, 2025:

Percentage of Fair Value Below Book Value	Number of Securities	AFS Securities	
		Book Value (in millions)	Fair Value (in millions)
> 5% to 15%	91	\$ 273	\$ 247
> 15% to 25%	49	81	65
> 25% to 50%	58	221	139
> 50%	2	-	-
Total	200	\$ 575	\$ 451

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 8: Investments (continued)

As of December 31, 2025, the Company concluded that it does not have the intent to sell securities in an unrealized loss position and it is more likely than not, that it would not have to sell these securities before recovery of their cost basis. In making this conclusion, the Company examined the cash flow projections for its investment portfolios, the potential sources and uses of cash in its businesses, and the cash resources available to its business other than sales of securities. It also considered the existence of any risk management or other plans as of December 31, 2025 that would require the sale of impaired securities. Impaired securities that the Company intends to sell before the expected recovery of such securities' fair values have been written down to fair value. For the year ended December 31, 2023, the impairment loss due to the intent to sell securities in an unrealized position was \$8 million and reported within "Other net realized gains (losses)" on the Company's consolidated statement of operations.

Credit Losses on Investments

In calculating credit-related losses, the Company uses cash flow modeling based on the type of security. The Company's cash flow analysis considers all sources of cash that support the payment of amounts owed by an issuer of a security. For AFS investments, this includes the credit enhancement taking into the consideration of cash expected to be provided by financial guarantors, including MBIA Corp. and National, resulting from an actual or potential insurance policy claim. In general, any change in the amount and/or timing of cash flows received or expected to be received, whether or not such cash flows are contractually defined, is reflected in the Company's cash flow analysis for purposes of assessing a credit loss on an impaired security.

Each quarter, an internal committee, comprising staff that is independent of the Company's evaluation process for determining credit losses of securities, reviews and approves the valuation of investments. Among other responsibilities, this committee ensures that the Company's process for identifying and calculating allowance for credit losses, including the use of models and assumptions, is reasonable and complies with the Company's internal policy.

Determination of Credit Losses on ABS, MBS and Corporate Obligations

AFS ABS investments are evaluated for credit loss using historical collateral performance, deal waterfall and structural protections, credit ratings, and forward looking projections of collateral performance based on business and economic conditions specific to each collateral type and risk. The underlying collateral is evaluated to identify any specific performance concerns, and stress scenarios are considered in forecasting ultimate returns of principal. Based on this evaluation, if a principal default is projected for a security, estimated future cash flows are discounted at the security's effective interest rate used to recognize interest income on the security. For CDO investments, the Company uses the same tools as its RMBS investments discussed below, aggregating the bond level cash flows to the CDO investment level. If the present value of cash flows is less than the Company's amortized cost for the security, the difference is recorded as a credit loss.

AFS RMBS investments are evaluated for credit losses using several quantitative tools. Loan level data is obtained and analyzed in a model that produces prepayment, default, and severity vectors. The model uses macro inputs, including housing price assumptions and interest rates. The vector outputs are used as inputs to a third-party cash flow model, which considers deal waterfall dynamics and structural features, to generate cash flows for an RMBS investment. The expected cash flows of the security are then discounted at the interest rate used to recognize interest income of the security to arrive at a present value amount. If the present value of the cash flows is less than the Company's amortized cost for the investment, the difference is recorded as a credit loss.

For AFS corporate obligation investments, credit losses are evaluated using credit analysis techniques. The Company's analysis includes a detailed review of a number of quantitative and qualitative factors impacting the value of an individual security. These factors include the interest rate of the security (fixed or floating), the security's current market spread, any collateral supporting the security, the security's position in the issuer's capital structure, and credit rating upgrades or downgrades. Additionally, these factors include an assessment of various issuer-related credit metrics including market capitalization, earnings, cash flow, capitalization, interest coverage, leverage, liquidity and management. The Company's analysis is augmented by comparing market prices for similar securities of other issuers in the same sector, as well as any recent corporate or government actions that may impact the ultimate return of principal. If the Company determines that a principal default is projected, a recovery analysis is performed using the above data. If the Company's estimated recovery value for the security is less than its amortized cost, the difference is recorded as a credit loss.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 8: Investments (continued)

Determination of Credit Losses Guaranteed by the Company and Other Third-Party Guarantors

The Company does not recognize credit losses on securities insured by MBIA Corp. and National since those securities, whether or not owned by the Company, are evaluated for impairments in accordance with its loss reserving policy. Refer to "Note 2: Significant Accounting Policies" included herein for information about the Company's loss reserving policy and "Note 6: Loss and Loss Adjustment Expense Reserves" for information about loss reserves.

The following table provides information about securities held by the Company as of December 31, 2025 that were in an unrealized loss position and insured by a financial guarantor, along with the amount of insurance loss reserves corresponding to the par amount owned by the Company. The Company did not hold any securities in an unrealized loss position that were insured by a third-party financial guarantor as of December 31, 2025.

In millions	Fair Value	Unrealized Loss	Insurance Loss Reserve ⁽¹⁾
Asset-backed	\$ 17	\$ (1)	\$ 19
Corporate obligations	80	(47)	-
Total	\$ 97	\$ (48)	\$ 19

(1) - Insurance loss reserve estimates are based on the proportion of par value owned to the total amount of par value insured and are discounted using a discount rate equal to the risk-free rate applicable to the currency and weighted average remaining life of the insurance contract and may differ from the fair value.

Sales of Available-for-Sale Investments

The proceeds and the gross realized gains and losses from sales of fixed-maturity securities held as AFS for the years ended December 31, 2025, 2024 and 2023 are as follows:

In millions	Years Ended December 31,		
	2025	2024	2023
Proceeds from sales	\$ 126	\$ 115	\$ 943
Gross realized gains	\$ 1	\$ 1	\$ 4
Gross realized losses	\$ (7)	\$ (4)	\$ (79)

Equity and Trading Investments

Unrealized gains and losses recognized on equity and trading investments held as of the end of each period for the years ended December 31, 2025, 2024 and 2023 are as follows:

In millions	Years Ended December 31,		
	2025	2024	2023
Net gains (losses) recognized during the period on equity and trading securities	\$ (14)	\$ (50)	\$ (2)
Less:			
Net gains (losses) recognized during the period on equity and trading securities sold during the period	3	-	-
Unrealized gains (losses) recognized during the period on equity and trading securities still held at the reporting date	<u>\$ (17)</u>	<u>\$ (50)</u>	<u>\$ (2)</u>

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 9: Debt

Long-Term Debt

The Company's long-term debt consists of notes and debentures including accrued interest as follows:

In millions	As of December 31,	
	2025	2024
7.000% Debentures due 2025	\$ —	\$ 45
7.150% Debentures due 2027	95	95
6.625% Debentures due 2028	112	112
5.700% Senior Notes due 2034 ⁽¹⁾	21	21
Surplus Notes due 2033 ⁽²⁾	940	940
Accrued interest	1,681	1,535
Debt issuance costs	(6)	(7)
Total	\$ 2,843	\$ 2,741

(1) - Callable anytime at the greater of par or the present value of the remaining scheduled payments of principal and interest.

(2) - Contractual interest rate is based on three-month SOFR plus 11.52161% at each future reset date.

As of December 31, 2025 and 2024, National owned \$308 million principal amount of MBIA Inc. 5.700% Senior Notes due 2034 and MBIA Corp. owned \$29 million principal amount of MBIA Inc. 6.625% Debentures due 2028; and MBIA Inc., through its corporate segment, owned \$13 million of MBIA Corp. surplus notes. These amounts are eliminated in the Company's consolidated financial statements.

Interest and principal payments on the surplus notes are subject to prior approval by the NYSDFS. From the January 15, 2013 interest payment to the present, MBIA Corp.'s requests for approval of the note interest payments have not been approved by the NYSDFS. MBIA Corp. provides notice to the Fiscal Agent when it will not make a scheduled interest payment. The deferred interest payment will become due on the first business day on or after which MBIA Corp. obtains approval from the NYSDFS to make such payment. No interest will accrue on the deferred interest. The surplus notes were callable at par at the option of MBIA Corp. on the fifth anniversary of the date of issuance, and are callable at par on January 15, 2028 and on any other date at par plus a make-whole amount, subject to prior approval by the Superintendent and other restrictions. The cash received from the issuance of surplus notes was used for general business purposes and the deferred debt issuance costs are being amortized over the term of the surplus notes.

The aggregate maturities of principal payments of long-term debt obligations in each of the next five years ending December 31, and thereafter, are as follows:

In millions	2026	2027	2028	2029	2030	Thereafter	Total
Corporate debt	\$ —	\$ 95	\$ 112	\$ —	\$ —	\$ 21	\$ 228
Surplus Notes due 2033	—	—	—	—	—	940	940
Total debt obligations due	\$ —	\$ 95	\$ 112	\$ —	\$ —	\$ 961	\$ 1,168

Investment Agreements

Certain investment agreements provide for early termination, including, in some cases, with make-whole payments, upon certain contingent events including the bankruptcy of MBIA Inc. or the commencement of an insolvency proceeding with respect to MBIA Corp. Upon the occurrence of certain contractually agreed-upon events, some of these funds may be withdrawn by the investor prior to their contractual maturity dates. All of the investment agreements have been collateralized in accordance with the contractual terms.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 9: Debt (continued)

Investment agreements have been issued with fixed interest rates in U.S. dollars. As of December 31, 2025 and 2024, the annual interest rates on these agreements ranged from 4.88% to 6.88% and 4.78% to 6.88%, respectively, and the weighted average interest rates were 6.01%. Expected principal payments due under investment agreements in each of the next five years ending December 31, and thereafter, based upon contractual maturity dates, are as follows:

In millions	Principal Amount
Maturity date:	
2026	\$ 59
2027	29
2028	29
2029	—
2030	—
Thereafter (through 2037)	63
Total expected principal payments ⁽¹⁾	\$ 180
Less discount ⁽²⁾	6
Total	\$ 174

(1)- Amounts reflect principal due at maturity for investment agreements issued at a discount.

(2)- Discount is net of carrying amount adjustment of \$2 million and accrued interest adjustment of \$3 million.

Medium-Term Notes

MTNs have been issued with fixed or floating interest rates in U.S. dollars or Euros. Floating rates on Euro-denominated MTNs are floored at 0% when the actual floating rates become negative. As of December 31, 2025 and 2024, the interest rates of the MTNs ranged from 2.50% to 5.90% and the weighted average interest rates were 5.15% and 5.17%, respectively. Expected principal payments due under MTN obligations in each of the next five years ending December 31, and thereafter, based upon contractual maturity dates, are as follows:

In millions	Principal Amount
Maturity date:	
2026	\$ —
2027	2
2028	30
2029	—
2030	—
Thereafter (through 2035)	578
Total expected principal payments ⁽¹⁾	\$ 610
Less discount ⁽²⁾	138
Total	\$ 472

(1)- Amounts reflect principal due at maturity for notes issued at a discount.

(2)- Discount is net of carrying amount and market value adjustments of \$9 million and accrued interest adjustment of \$4 million.

Variable Interest Entity Debt

VIE notes elected to be recorded at fair value are debt instruments that were issued primarily in U.S. dollars by VIEs consolidated within the Company's international and structured finance insurance segment. These VIE notes consist of debt instruments issued by issuer-sponsored consolidated VIEs collateralized by assets held by those consolidated VIEs. Holders of insured obligations of issuer-sponsored VIEs do not have recourse to the general assets of the Company. In the event of non-payment of an obligation issued by a consolidated VIE, the Company is obligated to pay principal and interest, when due, on MBIA-insured obligations only.

As of December 31, 2025 and 2024, the aggregate unpaid contractual principal of consolidated VIE notes were \$39 million and \$45 million, respectively. As of December 31, 2025 and 2024, the unpaid contractual principal of MBIA-insured consolidated VIE notes were \$28 million and \$36 million, respectively. Refer to "Note 7: Fair Value of Financial Instruments" for information about the fair values of consolidated VIE notes.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 9: Debt (continued)

Expected principal payments due under MBIA-insured consolidated VIE notes in each of the next five years ending December 31, and thereafter, based upon expected contractual maturity dates, are as follows:

In millions	Insured Principal Amount
Maturity date:	
2026	\$ 5
2027	7
2028	7
2029	4
2030	2
Thereafter (through 2035)	3
Total	<u>\$ 28</u>

Following the creation of a litigation trust established to liquidate the Zohar Collateral pursuant to a plan of liquidation that became effective in August of 2022, certain lenders agreed to make term loans to fund the trust that the Company consolidates as a VIE, in an aggregate amount not to exceed the commitment amount. These loans constitute a joint and several liability of the trust and its co-obligors. Loans made to the trust bear interest at 18% per annum, mature on August 2, 2027, and can be prepaid at any time in part or in whole, in some cases subject to certain fees. Accrued interest due on the interest payment date is capitalized and added to the outstanding principal in lieu of cash payment. Loans are secured by recoveries from the litigation claims transferred into the trust. Proceeds received from the settlement of the litigation claims are first applied to the outstanding loan balances and, to the extent of any excess, distributed to the trust beneficiaries or used to permanently reduce the unused commitment amounts. During 2025, the Company recognized a \$7 million gain related to the partial extinguishment of this joint and several liability, which was paid down from proceeds received by a third-party co-obligor. As of December 31, 2025 and 2024, the outstanding principal balance was \$6 million and \$12 million, respectively. As of December 31, 2025, there was no unused commitment amount available to the litigation trust.

Note 10: Income Taxes

Income (loss) from continuing operations before income taxes consisted of:

In millions	Years Ended December 31,		
	2025	2024	2023
Domestic	\$ (181)	\$ (441)	\$ (484)
Foreign	-	-	-
Income (loss) from continuing operations before income taxes	<u>\$ (181)</u>	<u>\$ (441)</u>	<u>\$ (484)</u>

The Company files a consolidated tax return that includes all of its U.S. subsidiaries and foreign branches. The Company also filed tax returns in Mexico and in various state and local jurisdictions. Income tax expense (benefit) on income (loss) and shareholder's equity, net of changes in the Company's valuation allowance, was not material for the years ended December 31, 2025, 2024, and 2023 and did not have any material impact on the Company's financial results.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 10: Income Taxes (continued)

A reconciliation of the U.S. federal statutory tax rate to the Company's effective income tax rate for the years ended December 31, 2025, 2024 and 2023 is presented in the following table:

\$ In millions	Years Ended December 31,					
	2025		2024		2023	
	Tax Effected	Rate	Tax Effected	Rate	Tax Effected	Rate
U.S. Federal statutory tax rate	\$ (38)	21.0%	\$ (93)	21.0%	\$ (101)	21.0%
Changes in valuation allowance	33	(18.2)%	88	(19.9)%	95	(19.7)%
Non-taxable or non-deductible items:						
Executive compensation	4	(2.2)%	2	(0.5)%	5	(1.1)%
Share-based compensation	(2)	1.1%	-	0.0%	-	0.0%
GAAP-only gains/losses	2	(1.1)%	2	(0.4)%	-	0.0%
Other	1	(0.6)%	-	0.0%	-	0.0%
Other adjustments	-	0.0%	1	(0.2)%	1	(0.2)%
Effective tax rate	<u>\$ -</u>	<u>0.0%</u>	<u>\$ -</u>	<u>0.0%</u>	<u>\$ -</u>	<u>0.0%</u>

Deferred Tax Asset, Net of Valuation Allowance

The tax effects of temporary differences that give rise to deferred tax assets and liabilities as of December 31, 2025 and 2024 are presented in the following table:

In millions	As of	
	December 31, 2025	December 31, 2024
Deferred tax liabilities:		
Unearned premium revenue	\$ 28	\$ 30
Deferred acquisition costs	5	6
Net gains on financial instruments at fair value and foreign exchange	31	32
Net deferred taxes on VIEs	2	2
Total gross deferred tax liabilities	<u>66</u>	<u>70</u>
Deferred tax assets:		
Compensation and employee benefits	7	4
Accrued interest	357	326
Loss and loss adjustment expense reserves	33	40
Net operating loss	911	918
Foreign tax credits	55	55
Capital loss carryforward	53	51
Net unrealized gains and losses in accumulated other comprehensive income	21	27
Other	38	29
Total gross deferred tax assets	<u>1,475</u>	<u>1,450</u>
Valuation allowance	<u>1,409</u>	<u>1,380</u>
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 10: Income Taxes (continued)

The Company assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of its existing deferred tax assets. A significant piece of objective negative evidence evaluated was the Company having a three-year cumulative loss. Such objective evidence limits the ability to consider other subjective evidence, such as the Company's projections of pre-tax income. On the basis of this evaluation, the Company has recorded a full valuation allowance against its net deferred tax asset of \$1.4 billion as of December 31, 2025 and 2024. The Company will continue to analyze the valuation allowance on a quarterly basis.

Net operating losses ("NOLs") of property and casualty insurance companies are permitted to be carried back two years and carried forward 20 years. NOLs of property and casualty insurance companies are not subject to the 80 percent taxable income limitation and indefinite lived carryforward period required by the Tax Cuts and Jobs Act applicable to general corporate NOLs.

Federal income tax returns through 2011 have been examined or surveyed. As of December 31, 2025, the Company's NOL is approximately \$4.3 billion. NOLs generated prior to tax reform and property and casualty NOLs generated after tax reform will expire between tax years 2026 through 2044. As of December 31, 2025, the Company has a foreign tax credit carryforward of \$55 million, which will expire between tax years 2026 through 2033.

Section 382 of the Internal Revenue Code

Included in the Company's Amended By-Laws are restrictions on certain acquisitions of Company stock that otherwise may have increased the likelihood of an ownership change within the meaning of Section 382 of the Internal Revenue Code. With certain exceptions, the By-Laws generally prohibit a person from becoming a "Section 382 five-percent shareholder" by acquiring, directly or by attribution, 5% or more of the outstanding shares of the Company's common stock.

One Big Beautiful Bill Act

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law and includes permanent extensions, with certain updates, of several individual, business, and international tax measures originally established under the 2017 Tax Cuts and Jobs Act and set to change at the end of 2025. The OBBBA did not have a material impact on the Company's financial results.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 11: Business Segments

As defined by segment reporting, an operating segment is a component of a company (i) that engages in business activities from which it earns revenue and incurs expenses, (ii) whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to assess the performance of the segment and to make decisions about the allocation of resources to the segment and, (iii) for which discrete financial information is available. The Company manages its businesses across three operating segments: 1) U.S. public finance insurance; 2) corporate; and 3) international and structured finance insurance. The Company's CODM is the Chief Executive Officer. The Company evaluates the performance of all of its reportable segments based on each segment's income (loss) from continuing operations before income taxes. The CODM uses each segment's income (loss) from continuing operations before income taxes to allocate resources, including employees and financial or capital resources. Operating decisions are made during the Company's annual planning and quarterly forecasting processes, and after considering budget-to-actual variances on a quarterly basis using the income (loss) from continuing operations before income taxes. The following sections provide a description of each of the Company's reportable operating segments.

U.S. Public Finance Insurance

The Company's U.S. public finance insurance portfolio is managed through National. The financial guarantees issued by National provide unconditional and irrevocable guarantees of the payment of the principal of, and interest or other amounts owing on, U.S. public finance insured obligations when due. The obligations are not subject to acceleration, except that National may have the right, at its discretion, to accelerate insured obligations upon default or otherwise. National's guarantees insure municipal bonds, including tax-exempt and taxable indebtedness of U.S. political subdivisions, as well as utilities, airports, health care institutions, higher educational facilities, housing authorities and other similar agencies and obligations issued by private entities that finance projects that serve a substantial public purpose. Municipal bonds and privately issued bonds used for the financing of public purpose projects are generally supported by taxes, assessments, fees or tariffs related to the use of these projects, lease payments or other similar types of revenue streams.

Corporate

The Company's corporate segment consists of general corporate activities, including providing support services to MBIA Inc.'s subsidiaries as well as asset and capital management. Support services are provided by the Company's service company, MBIA Services, and include, among others, management, legal, accounting, treasury, information technology, and insurance portfolio surveillance, on a fee-for-service basis. MBIA Services is compensated for services at cost and its net revenues and expenses are generally managed to break-even. Capital management includes activities related to servicing obligations issued by MBIA Inc. and its subsidiary, MBIA Global Funding, LLC ("GFL"). MBIA Inc. issued debt to finance the operations of the MBIA group. GFL raised funds through the issuance of MTNs with varying maturities, which were in turn guaranteed by MBIA Corp. GFL lent the proceeds of these MTN issuances to MBIA Inc. MBIA Inc. also provided customized investment agreements, guaranteed by MBIA Corp., for bond proceeds and other public funds for such purposes as construction, loan origination, escrow and debt service or other reserve fund requirements. The Company has ceased issuing new MTNs and investment agreements and the outstanding liability balances and corresponding asset balances have declined over time as liabilities matured, terminated or were called or repurchased. All of the debt within the corporate segment is managed collectively and is serviced by available liquidity.

International and Structured Finance Insurance

The Company's international and structured finance insurance segment is managed through MBIA Corp. The financial guarantees issued by MBIA Corp. generally provide unconditional and irrevocable guarantees of the payment of principal of, and interest or other amounts owing on, non-U.S. public finance and global structured finance insured obligations when due, or in the event MBIA Corp. has the right, at its discretion, to accelerate insured obligations upon default or otherwise. MBIA Corp. insures non-U.S. public finance and global structured finance obligations, including asset-backed obligations. MBIA Corp. has insured sovereign-related and sub-sovereign bonds, utilities, privately issued bonds used for the financing of projects that include toll roads, bridges, public transportation facilities, and other types of infrastructure projects serving a substantial public purpose. MBIA Corp. also insures structured finance and asset-backed obligations repayable from expected cash flows generated by a specified pool of assets, such as residential and commercial mortgages, consumer loans and structured settlements. MBIA Corp. insures the investment contracts written by MBIA Inc., and if MBIA Inc. were to have insufficient assets to pay amounts due upon maturity or termination, MBIA Corp. would make such payments. MBIA Insurance Corporation also insures debt obligations of GFL. MBIA Corp. has also written policies guaranteeing obligations under certain derivative contracts, including termination payments that may become due upon certain insolvency or payment defaults of the financial guarantor or the issuer. MBIA Corp. has not written any meaningful amount of business since 2008.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 11: Business Segments (continued)

The following tables provide the Company's segment results for the years ended December 31, 2025, 2024 and 2023:

In millions	Year Ended December 31, 2025				
	U.S. Public Finance Insurance	Corporate	International and Structured Finance Insurance	Eliminations	Consolidated
Revenues ⁽¹⁾	\$ 56	\$ 24	\$ 19	\$ -	\$ 99
Net gains (losses) on financial instruments at fair value and foreign exchange	1	(2)	(28)	-	(29)
Revenues of consolidated VIEs	-	-	10	-	10
Inter-segment revenues ⁽²⁾	26	47	6	(79)	-
Total revenues ⁽³⁾	83	69	7	(79)	80
Losses and loss adjustment	(33)	-	13	-	(20)
Compensation and benefits	-	44	-	-	44
Interest	-	69	150	(23)	196
Inter-segment service charge	31	-	14	(45)	-
Other segment items ⁽⁴⁾	12	16	24	(11)	41
Total expenses	10	129	201	(79)	261
Income (loss) from continuing operations before income taxes	\$ 73	\$ (60)	\$ (194)	\$ -	\$ (181)
Total assets per reportable segment	\$ 1,475	\$ 653	\$ 668	\$ (791) ⁽⁵⁾	\$ 2,005
Assets held for sale					8
Total assets					\$ 2,013

(1) - Consists primarily of net premiums earned, net investment income, net realized investment gains (losses), fees and reimbursements and other net realized gains (losses).

(2) - Primarily represents intercompany service charges and intercompany net investment income.

(3) - Includes net investment income of \$60 million, \$26 million, \$11 million, and (\$24) million for the U.S. Public Finance, Corporate, International and Structured Finance, and Eliminations segments, respectively.

(4) - Other segment items for each reportable segment include:

a. U.S. Public Finance Insurance - amortization of DAC, professional service fees, occupancy costs and other operating expenses;

b. Corporate - professional service fees, occupancy costs and other operating expenses;

c. International and Structured Finance Insurance - expenses of consolidated VIEs, amortization of DAC, professional service fees and other operating expenses, and

d. Elimination - inter-segment amortization of DAC and inter-segment occupancy costs.

(5) - Consists principally of intercompany reinsurance balances.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 11: Business Segments (continued)

In millions	Year Ended December 31, 2024				
	U.S. Public Finance Insurance	Corporate	International and Structured Finance Insurance	Eliminations	Consolidated
Revenues ⁽¹⁾	\$ 72	\$ 28	\$ 21	\$ -	\$ 121
Net gains (losses) on financial instruments at fair value and foreign exchange	1	14	(57)	-	(42)
Revenues of consolidated VIEs	-	-	(37)	-	(37)
Inter-segment revenues ⁽²⁾	26	54	6	(86)	-
Total revenues ⁽³⁾	99	96	(67)	(86)	42
Losses and loss adjustment	191	-	(7)	-	184
Compensation and benefits	-	44	-	-	44
Interest	-	72	159	(23)	208
Inter-segment service charge	32	-	18	(50)	-
Other segment items ⁽⁴⁾	14	17	29	(13)	47
Total expenses	237	133	199	(86)	483
Income (loss) from continuing operations before income taxes	\$ (138)	\$ (37)	\$ (266)	\$ -	\$ (441)
Total assets per reportable segment	\$ 1,549	\$ 707	\$ 834	\$ (933) ⁽⁵⁾	\$ 2,157
Assets held for sale					11
Total assets					\$ 2,168

(1) - Consists primarily of net premiums earned, net investment income, net realized investment gains (losses), fees and reimbursements and other net realized gains (losses).

(2) - Primarily represents intercompany service charges and intercompany net investment income.

(3) - Includes net investment income of \$67 million, \$30 million, \$11 million, and (\$24) million for the U.S. Public Finance, Corporate, International and Structured Finance, and Eliminations segments, respectively.

(4) - Other segment items for each reportable segment include:

- a. U.S. Public Finance Insurance - amortization of DAC, professional service fees, occupancy costs and other operating expenses;
- b. Corporate - professional service fees, occupancy costs and other operating expenses;
- c. International and Structured Finance Insurance - expenses of consolidated VIEs, amortization of DAC, professional service fees and other operating expenses, and
- d. Elimination - inter-segment amortization of DAC and inter-segment occupancy costs.

(5) - Consists principally of intercompany reinsurance balances.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 11: Business Segments (continued)

In millions	Year Ended December 31, 2023				
	U.S. Public Finance Insurance	Corporate	International and Structured Finance Insurance	Eliminations	Consolidated
Revenues ⁽¹⁾	\$ 51	\$ (11)	\$ 33	\$ -	\$ 73
Net gains (losses) on financial instruments at fair value and foreign exchange	8	8	(12)	-	4
Revenues of consolidated VIEs	-	-	(70)	-	(70)
Inter-segment revenues ⁽²⁾	27	54	6	(87)	-
Total revenues ⁽³⁾	86	51	(43)	(87)	7
Losses and loss adjustment	170	-	7	-	177
Compensation and benefits	-	61	-	-	61
Interest	-	76	158	(24)	210
Inter-segment service charge	33	-	17	(50)	-
Other segment items ⁽⁴⁾	14	16	25	(12)	43
Total expenses	217	153	207	(86)	491
Income (loss) from continuing operations before income taxes	\$ (131)	\$ (102)	\$ (250)	\$ (1)	\$ (484)
Total assets per reportable segment	\$ 1,742	\$ 755	\$ 974	\$ (938) ⁽⁵⁾	\$ 2,533
Assets held for sale					73
Total assets					\$ 2,606

(1) - Consists primarily of net premiums earned, net investment income, net realized investment gains (losses), fees and reimbursements and other net realized gains (losses).

(2) - Primarily represents intercompany service charges and intercompany net investment income.

(3) - Includes net investment income of \$93 million, \$25 million, \$23 million, and (\$25) million for the U.S. Public Finance, Corporate, International and Structured Finance, and Eliminations segments, respectively.

(4) - Other segment items for each reportable segment include:

a. U.S. Public Finance Insurance - amortization of DAC, professional service fees, occupancy costs and other operating expenses;

b. Corporate - professional service fees, occupancy costs and other operating expenses;

c. International and Structured Finance Insurance - expenses of consolidated VIEs, amortization of DAC, professional service fees and other operating expenses, and

d. Elimination - inter-segment amortization of DAC and inter-segment occupancy costs.

(5) - Consists principally of intercompany reinsurance balances.

Net premiums earned reported within the Company's insurance segments are generated within and outside the U.S. The following table summarizes net premiums earned by geographic location for the years ended December 31, 2025, 2024 and 2023:

In millions	Years Ended December 31,		
	2025	2024	2023
Net premiums earned:			
United States	\$ 24	\$ 29	\$ 29
Other	6	7	8
Total	\$ 30	\$ 36	\$ 37

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 12: Insurance in Force

The financial guarantees issued by the Company provide unconditional and irrevocable guarantees of the payment of the principal of, and interest or other amounts owing on, insured obligations when due. The obligations are generally not subject to acceleration, except in the event the Company has the right, at its discretion, to accelerate insured obligations upon default or otherwise. Payments to be made by the issuer on the bonds or notes may be backed by a pledge of revenues, reserve funds, letters of credit, investment contracts or collateral in the form of mortgages or other assets. The right to such funds or collateral would typically become National's or MBIA Corp.'s upon the payment of a claim by either National or MBIA Corp.

The Company's ultimate exposure to credit loss in the event of nonperformance by the issuer of the insured obligation is represented by insurance in force. Insurance in force is the estimated maximum potential exposure to insured obligations before considering the Company's various legal rights to the underlying collateral and other remedies available under its financial guarantee contract. The calculation of insurance in force includes estimates, which the Company periodically updates, relating to the expected remaining term of insured obligations supported by homogeneous pools of assets, foreign exchange rates, a municipality's taxing power, municipal revenues derived from a public project or dedicated tax or fee and other assumptions based on the characteristics of each insured obligation. The Company insures predominantly fixed-rate instruments. For variable rate contracts and contracts which reference the consumer price indices, the Company's methodology includes utilizing the respective interest rates in effect at the inception of the insurance contracts.

Actual insurance in force may differ from estimated insurance in force due to refundings, terminations and commutations, prepayments, changes in floating interest rates and consumer price indices, changes in foreign exchange rates on non-U.S. denominated insured obligations and other factors.

As of December 31, 2025, the Company's insurance in force had an expected maturity through 2058. The distribution of MBIA Corp.'s and National's combined insurance in force by geographic location, excluding financial obligations guaranteed by MBIA Corp. on behalf of affiliated companies, is presented in the following table:

\$ in billions	As of December 31,			
	2025		2024	
	Insurance in Force	% of Insurance in Force	Insurance in Force	% of Insurance in Force
Geographic Location				
California	\$ 10.8	22.2%	\$ 12.1	22.3%
Illinois	5.5	11.4%	6.0	11.0%
New Jersey	3.5	7.2%	3.8	7.0%
Hawaii	3.4	7.0%	3.5	6.5%
Virginia	3.0	6.3%	3.2	6.0%
Texas	1.8	3.8%	2.0	3.7%
Colorado	1.4	2.8%	1.6	2.9%
Oregon	1.1	2.2%	1.4	2.5%
New York	1.0	2.1%	1.1	2.1%
Georgia	1.0	2.0%	1.2	2.2%
Subtotal	32.5	67.0%	35.9	66.2%
Nationally Diversified	5.8	12.1%	6.3	11.5%
Other states	8.3	17.2%	10.1	18.5%
Total United States	46.6	96.3%	52.3	96.2%
Internationally Diversified	0.1	0.2%	0.2	0.4%
Country specific	1.7	3.5%	1.8	3.4%
Total non-United States	1.8	3.7%	2.0	3.8%
Total	\$ 48.4	100.0%	\$ 54.3	100.0%

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 12: Insurance in Force (continued)

The insurance in force and insured gross par outstanding by type of bond, excluding financial obligations guaranteed by MBIA Corp. on behalf of affiliated companies, are presented in the following table:

\$ in billions	As of December 31,			
	2025		2024	
Bond type	Insurance in Force	Gross Par Amount	Insurance in Force	Gross Par Amount
Global public finance - United States:				
General obligation ⁽¹⁾	\$ 12.5	\$ 6.0	\$ 14.6	\$ 7.0
Military housing	12.2	6.3	12.7	6.5
Tax-backed	8.4	3.2	9.8	4.2
Transportation	5.6	1.8	6.1	1.9
Municipal utilities	4.8	3.5	5.4	3.9
Higher education	0.7	0.5	0.8	0.6
General obligation - lease	0.7	0.5	0.8	0.5
Health care	0.4	0.2	0.6	0.4
Investor-owned utilities ⁽²⁾	0.3	0.3	0.4	0.3
Total United States	45.6	22.3	51.2	25.3
Global public finance - non-United States:				
Sovereign-related and sub-sovereign ⁽³⁾	1.1	0.8	1.1	0.9
Transportation	0.2	0.2	0.3	0.2
Other ⁽⁴⁾	0.1	0.1	0.1	0.1
Total non-United States	1.4	1.1	1.5	1.2
Total global public finance	47.0	23.4	52.7	26.5
Global structured finance:				
Mortgage-backed residential	0.7	0.5	0.8	0.5
Mortgage-backed commercial	0.3	0.2	0.3	0.1
Corporate asset-backed	0.3	0.2	0.4	0.4
Consumer asset-backed	0.1	0.1	0.1	0.1
Total global structured finance	1.4	1.0	1.6	1.1
Total	\$ 48.4	\$ 24.4	\$ 54.3	\$ 27.6

(1) - Includes general obligation unlimited and limited (property) tax bonds, general fund obligation bonds and pension obligation bonds of states, cities, counties, schools and special districts.

(2) - Includes investor-owned utilities, industrial development and pollution control revenue bonds.

(3) - Includes regions, departments or their equivalent in each jurisdiction as well as sovereign owned entities that are supported by a sovereign state, region or department.

(4) - Includes municipal owned entities backed by sponsoring local government, tax backed and utility transactions.

Affiliated Financial Obligations Insured by MBIA Corp.

Investment agreement contracts and MTNs issued by the Company's corporate segment are not included in the previous tables. If MBIA Inc. or these subsidiaries were to have insufficient assets to pay amounts due, MBIA Corp. would be obligated to make such payments under its insurance policies. As of December 31, 2025, the maximum amount of future payments that MBIA Corp. could be required to make under these guarantees is \$0.9 billion. These guarantees, which mature through 2037, were entered into on an arm's length basis. MBIA Corp. has both direct recourse provisions and subrogation rights in these transactions. If MBIA Corp. is required to make a payment under any of these affiliate guarantees, it would have the right to seek reimbursement from such affiliate and to liquidate any collateral to recover amounts paid under the guarantee.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 12: Insurance in Force (continued)

Reinsured Exposure

Reinsurance enables the Company to cede exposure for purposes of syndicating risk. The Company generally retains the right to reassume the business ceded to reinsurers under certain circumstances, including a reinsurer's rating downgrade below specified thresholds. At this time, the Company does not intend to utilize reinsurance to decrease the insured exposure in its portfolio.

MBIA requires certain unauthorized reinsurers to establish trust accounts or maintain amounts on deposit to cover liabilities ceded to such reinsurers under reinsurance contracts. The Company remains liable on a primary basis for all reinsured risk. MBIA believes that its reinsurers remain capable of meeting their obligations, although, there can be no assurance of such in the future.

In addition, MBIA Corp. and National are parties to a reinsurance agreement pursuant to which National reinsures certain U.S. public finance guarantee policies originally written by MBIA Corp. If a reinsurer of MBIA Corp. is unable to pay claims ceded by MBIA Corp. on U.S. public finance exposure, National will assume liability for such ceded claim payments.

As of December 31, 2025 and 2024, the aggregate amount of insurance in force ceded by MBIA to third-party reinsurers was \$1.2 billion and \$1.5 billion, respectively. As of December 31, 2025 and 2024, the aggregate amount of insured par outstanding ceded by MBIA to third-party reinsurers was \$504 million and \$671, respectively. As of December 31, 2025, \$417 million of the ceded par outstanding was ceded from the Company's U.S. public finance insurance segment and \$87 million was ceded from the Company's international and structured finance insurance segment. The following table presents information about the Company's reinsured exposure as of December 31, 2025:

In millions

Reinsurers	Standard & Poor's Rating (Status)	Moody's Rating (Status)	Ceded Par Outstanding	Trust Accounts/ Amounts on Deposit	Reinsurance Recoverable/ (Payable), Net⁽¹⁾
Assured Guaranty Re Ltd.	AA (Stable Outlook)	WR ⁽²⁾	\$ 256	\$ 18	\$ 13
Assured Guaranty Inc.	AA (Stable Outlook)	A1 (Stable Outlook)	243	-	-
Others	A or above	WR ⁽²⁾ or above	5	-	-
Total			<u>\$ 504</u>	<u>\$ 18</u>	<u>\$ 13</u>

(1) - Total reinsurance recoverable/(payable) is primarily related to recoverables on paid and unpaid losses net of paid and unpaid salvage due to reinsurers.

(2) - Represents a withdrawal of ratings.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 13: Insurance Regulations and Dividends

National and MBIA Insurance Corporation are subject to insurance regulations and supervision of the State of New York (their state of domicile) and all U.S. and non-U.S. jurisdictions in which they are licensed to conduct insurance business. In order to maintain their New York State financial guarantee insurance license, National and MBIA Insurance Corporation are required to maintain a minimum of \$65 million of policyholders' surplus. MBIA Mexico was regulated by the Comisión Nacional de Seguros y Fianzas in Mexico and was dissolved during 2025. The extent of insurance regulation and supervision varies by jurisdiction, but New York and most other jurisdictions have laws and regulations prescribing minimum standards of solvency and business conduct, which must be maintained by insurance companies. Among other things, these laws prescribe permitted classes and concentrations of investments and limit both the aggregate and individual securities risks that National and MBIA Insurance Corporation may insure on a net basis based on the type of obligations insured. In addition, some insurance laws and regulations require the approval or filing of policy forms and rates. National and MBIA Insurance Corporation are required to file detailed annual financial statements with the NYSDFS. The operations and accounts of National and MBIA Insurance Corporation are subject to examination by regulatory agencies at regular intervals.

Statutory Capital and Regulations

National

For 2025, 2024 and 2023, National had statutory net income of \$88 million and statutory net losses of \$133 million and \$142 million, respectively. As of December 31, 2025, National's statutory capital was \$937 million, consisting of policyholders' surplus of \$656 million and contingency reserves of \$281 million. As of December 31, 2024, National had statutory capital of \$912 million.

As of December 31, 2025, National was in compliance with its aggregate risk limits under NYIL, but was not in compliance with certain of its single risk limits.

MBIA Insurance Corporation

For 2025, 2024 and 2023, MBIA Insurance Corporation had statutory net losses of \$26 million, \$64 million and \$28 million, respectively. As of December 31, 2025, MBIA Insurance Corporation's statutory capital was \$79 million, consisting of policyholders' surplus of \$74 million and contingency reserves of \$5 million. As of December 31, 2024, MBIA Insurance Corporation had statutory capital of \$88 million. MBIA Insurance Corporation's policyholders' surplus as of December 31, 2025 and 2024 included negative unassigned surplus of \$2.0 billion and \$1.9 billion, respectively. MBIA Insurance Corporation's policyholders' surplus may be further negatively impacted if future additional insured losses are incurred.

As of December 31, 2025, MBIA Insurance Corporation was in compliance with its aggregate risk limits under the NYIL, but was not in compliance with certain of its single risk limits.

Dividends

NYIL regulates the payment of dividends by financial guarantee insurance companies and provides that such companies may not declare or distribute dividends except out of statutory earned surplus. Under NYIL, the sum of (i) the amount of dividends declared or distributed during the preceding 12-month period and (ii) the dividend to be declared may not exceed the lesser of (a) 10% of policyholders' surplus, as reported in the latest statutory financial statements or (b) 100% of adjusted net investment income for such 12-month period (the net investment income for such 12-month period plus the excess, if any, of net investment income over dividends declared or distributed during the two-year period preceding such 12-month period), unless the Superintendent of the NYSDFS approves a greater dividend distribution based upon a finding that the insurer will retain sufficient surplus to support its obligations.

During 2025 and 2024, National declared and paid as-of-right dividends of \$63 million and \$69 million, respectively, to its ultimate parent, MBIA Inc.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 13: Insurance Regulations and Dividends (continued)

During 2025, MBIA Insurance Corporation did not declare or pay any dividends to MBIA Inc. or the holders of its preferred stock. MBIA Insurance Corporation is currently unable to pay dividends, including those related to its preferred stock, as a result of its earned surplus deficit as of December 31, 2025, and is not expected to have any statutory capacity to pay dividends in the near term. Additionally, as a result of MBIA Insurance Corporation obtaining approval from the NYSDFS to release excess contingency reserves in previous periods, MBIA Insurance Corporation agreed that it would not pay any dividends without prior approval from the NYSDFS.

Note 14: Benefit Plans

Long-term Incentive Plans

Plan Description

The Company maintains the Amended and Restated MBIA Inc. Omnibus Incentive Plan (the “Omnibus Plan”), which was originally effective upon approval by the shareholders of the Company on May 5, 2005, as amended, and has been subsequently amended and restated upon approval by the shareholders in May 2025. Under the Omnibus Plan a maximum of 20,750,000 shares of the Company’s common stock can be used for any type of award including stock options, performance shares, performance units, restricted stock, restricted stock units and dividend equivalents. Any shares issued under the Omnibus Plan in connection with stock options shall be counted against this limit as 1 share covered by such option. For all awards other than stock options, any shares issued shall be counted against this limit as 1.28 shares for every share issued after the May 1, 2012 amendment and two shares for every share issued prior to the May 1, 2012 amendment. In 2025 and 2024, the type of equity awards granted by the Company were time-based restricted stock. In 2023, the Company granted time and performance based restricted stock awards.

Under the restricted stock component of the Omnibus Plan, certain employees and non-employee directors of the Company are granted restricted shares of the Company’s common stock. The employee awards have a restriction period lasting between three to five years depending on the type of award, after which time the awards fully vest. During the vesting period, these shares may not be sold. Restricted stock may be granted to all employees.

There were 3,325,068 shares available for future grants under the Omnibus Plan as of December 31, 2025.

In accordance with accounting guidance for share-based payments, the Company expenses the fair value of stock-based compensation as described in the following sections. In addition, the guidance classifies share-based payment awards as either liability awards, which are remeasured at fair value at each balance sheet date, or equity awards, which are measured on the grant date and not subsequently remeasured. Generally, awards with cash-based settlement repurchase features or that are settled at a fixed dollar amount are classified as liability awards, and changes in fair value will be reported in earnings. Awards with net-settlement features are classified as equity awards and changes in fair value are not reported in earnings. The Company’s long-term incentive plans include features which result in equity awards. In addition, the guidance requires the use of a forfeiture estimate. The Company uses historical employee termination information to estimate the forfeiture rate applied to current stock-based awards.

The Company maintains voluntary retirement benefits, which provide certain benefits to eligible employees of the Company upon retirement. A description of these benefits is included in the Company’s proxy statement. One of the components of the retirement program for those employees that are retirement eligible is to continue to vest all performance-based restricted stock awards beyond the retirement date in accordance with the original vesting terms and to immediately vest all outstanding time-based restricted stock grants. The accounting guidance for share-based payment requires compensation costs for those employees to be recognized from the date of grant through the retirement eligible date. Accelerated expense, if any, relating to this retirement benefit for restricted stock awards has been included in the compensation expense amounts. Refer to the “Performance Based Awards” section below for additional information on compensation expense.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 14: Benefit Plans (continued)

Restricted Stock

The fair value of the restricted shares awarded, net of cancellations, determined on the grant date during 2025 was \$4 million and 2024 was \$5 million, respectively. The amount of unearned compensation, net of estimated forfeitures, was \$2 million as of December 31, 2025, which is expected to be recognized as expense over a weighted average period of 1.92 years. Unearned compensation is amortized to expense over the appropriate vesting period.

In connection with the MBIA Inc. dividend payment to shareholders in 2023, payments to restricted stockholders was considered a modification of the original restricted stock awards since the dividend payment was required to be made to restricted stockholders. There was no additional compensation expense recognized on the restricted stock awards as a result of the dividend payment, since the fair value of the awards immediately before the modification was the same as the fair value of the awards after the modification, including the cash payment. Therefore, the dividend payment to restricted stockholders was effectively a cash settlement of a portion of the original awards since no future service is required to earn the cash. Since the restricted stock awards were unvested at the modification date, the dividend payment accelerated the recognition of compensation expense by \$5 million in 2023 for the portion of the arrangement that was settled.

Compensation expense related to the restricted shares, net of estimated forfeitures, was \$4 million, \$7 million and \$18 million for the years ended December 31, 2025, 2024 and 2023, respectively. There was no tax charge related to the restricted share awards during 2025, 2024 and 2023 after consideration of the Company's valuation allowance.

A summary of the Company's restricted shares outstanding as of December 31, 2025, 2024 and 2023, and changes during the years ended on those dates, is presented in the following table:

	Restricted Share Activity					
	2025		2024		2023	
	Number of Shares	Weighted Average Price Per Share	Number of Shares	Weighted Average Price Per Share	Number of Shares	Weighted Average Price Per Share
Outstanding at beginning of year	3,997,476	\$ 9.4675	4,838,270	\$ 9.9295	5,759,505	\$ 9.5583
Granted	817,072	5.0485	793,891	6.4543	519,238	11.6314
Vested	(2,784,391)	9.6484	(1,418,225)	8.6867	(1,440,473)	9.0587
Forfeited	—	—	(216,460)	13.8595	—	—
Outstanding at end of year	<u>2,030,157</u>	<u>\$ 7.4409</u>	<u>3,997,476</u>	<u>\$ 9.4675</u>	<u>4,838,270</u>	<u>\$ 9.9295</u>

Performance Based Awards

During 2023, the Company granted 255,340 restricted shares, respectively, to certain key employees which have a vesting schedule dependent on the achievement of certain stock price targets of the Company. The grants and corresponding compensation expense have been included in the above restricted stock disclosures. As permitted by the accounting guidance for share-based payments, the Company estimates the fair value of awards that contain market performance conditions at the date of grant using a binomial lattice model with a Monte Carlo simulation and recognizes compensation cost over the requisite service period. The binomial lattice model can better incorporate assumptions about a stock price path because the model can accommodate a large number of potential stock prices over the award's term in comparison to the Black-Scholes model. As of December 31, 2025 and 2023, certain previously awarded grants exceeded the stock price performance target which resulted in issuing additional shares. In 2025 and 2024, restricted shares of 41,307 and 71,193, respectively, representing the dividend value of the above target shares were granted by the Company and will vest on the same vesting schedule as the performance shares. The corresponding issuance of additional shares has been included in the above restricted stock disclosure. As of December 31, 2024, certain previously awarded grants did not meet the stock price performance target. The corresponding cancellation of shares has been included in the above restricted stock disclosures.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 14: Benefit Plans (continued)

Deferred Cash Awards

During 2025, the Company granted deferred cash awards for certain employees, primarily executive officers. These awards generally vest over a three year requisite service period and are recognized as compensation expense on a straight-line basis over the vesting term. For certain awards, compensation expense is recognized from the date of grant through the retirement eligible date. For the year ended December 31, 2025, the Company recognized \$4 million in compensation expense related to these awards. As of December 31, 2025, the total accrued liability related to these awards was \$4 million.

Pension, 401(k) and Deferred Compensation Plans

The Company maintains a qualified non-contributory defined contribution pension plan to which the Company contributes 10% of each eligible employee's annual compensation. Annual compensation for determining such contributions consists of base salary and bonus, as applicable, up to a maximum of \$2 million. Pension benefits vest over the first five-year period of employment with 20% vested after two years, 60% vested after three years, 80% vested after four years and 100% vested after five years. The Company funds the annual pension contribution by the following February of each applicable year.

The Company also maintains a qualified 401(k) plan. The plan is a voluntary contributory plan that allows eligible employees to defer compensation for federal income tax purposes under Section 401(k) of the Internal Revenue Code of 1986, as amended. Employees may contribute, through payroll deductions, up to 25% of eligible compensation. The Company matches employee contributions up to the first 5% of such compensation. The 401(k) matching contributions are made in the form of cash, whereby participants may direct the Company match to an investment of their choice. The 401(k) matching benefits vest over the first five-year period of employment with 20% vested after two years, 60% vested after three years, 80% vested after four years and 100% vested after five years. Generally, a participating employee is entitled to distributions from the plans upon termination of employment, retirement, death or disability.

In addition to the above two plans, the Company maintains a non-qualified deferred compensation plan. Contributions to the above qualified plans that exceed limitations established by federal regulations are then contributed to the non-qualified deferred compensation plan.

Expenses related to these plans for each of the years ended December 31, 2025, 2024 and 2023 were \$2 million.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 15: Earnings Per Share

Earnings per share is calculated using the two-class method in which earnings are allocated to common stock and participating securities based on their rights to receive nonforfeitable dividends or dividend equivalents. The Company grants restricted stock to certain employees and non-employee directors in accordance with the Company's long-term incentive programs, which entitle the participants to receive nonforfeitable dividends or dividend equivalents during the vesting period on the same basis as those dividends are paid to common shareholders. These unvested stock awards represent participating securities. During periods of net income, the calculation of earnings per share exclude the income attributable to participating securities in the numerator and the dilutive impact of these securities from the denominator. During periods of net loss, no effect is given to participating securities in the numerator and the denominator excludes the dilutive impact of these securities since they do not share in the losses of the Company.

Basic earnings per share excludes dilution and is reported separately for continuing operations and discontinued operations. Basic earnings per share for continuing operations and discontinued operations is computed by dividing net income from continuing operations and discontinued operations available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the dilutive effect of all unvested restricted stock outstanding during the period that could potentially result in the issuance of common stock. The dilution from unvested restricted stock is calculated by applying the two-class method and using the treasury stock method. The treasury stock method assumes the proceeds from the unrecognized compensation expense from unvested restricted stock will be used to purchase shares of the Company's common stock at the average market price during the period. If the potentially dilutive securities disclosed in the table below become vested, the transaction would be net share settled resulting in a significantly lower impact to the outstanding share balance in comparison to the total amount of the potentially dilutive securities. During periods of net loss, unvested restricted stock is excluded from the calculation because it would have an antidilutive effect. Therefore, in periods of net loss, the calculation of basic and diluted earnings per share would result in the same value.

The following table presents the computation of basic and diluted earnings per share for the years ended December 31, 2025, 2024 and 2023:

In millions except per share amounts	Years Ended December 31,		
	2025	2024	2023
Basic and diluted earnings per share:			
Net income (loss) from continuing operations available to common shareholders	\$ (181)	\$ (441)	\$ (484)
Less: Net income (loss) from continuing operations attributable to noncontrolling interests	(6)	-	-
Net income (loss) from continuing operations attributable to MBIA Inc.	(175)	441	484
Income (loss) from discontinued operations, net of income taxes	(2)	(3)	(3)
Less: Net income (loss) from discontinued operations attributable to noncontrolling interests	-	3	4
Net income (loss) from discontinued operations attributable to MBIA Inc.	(2)	(6)	(7)
Net income (loss) attributable to MBIA Inc.	\$ (177)	\$ 435	\$ 477
Basic and diluted weighted average shares ⁽¹⁾	49.3	47.4	48.2
Net income (loss) per common share attributable to MBIA Inc. - basic and diluted:			
Continuing operations	\$ (3.53)	\$ (9.31)	\$ (10.03)
Discontinued operations	(0.05)	(0.12)	(0.15)
Net income (loss) per share attributable to MBIA Inc. - basic and diluted	\$ (3.58)	\$ (9.43)	\$ (10.18)
Potentially dilutive securities excluded from the calculation of diluted EPS because of antidilutive affect	0.9	3.2	4.3

⁽¹⁾ - Includes approximately 1 million of participating securities that met the service condition and were eligible to receive nonforfeitable dividends or dividend equivalents for each of the years ended December 31, 2025, 2024 and 2023 respectively.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 16: Common and Preferred Stock

Common Stock

Share Repurchases

Purchases or repurchases of common stock may be made from time to time in the open market or in private transactions as permitted by securities laws and other legal requirements. The Company believes that share purchases or repurchases can be an appropriate deployment of capital in excess of amounts needed to support the Company's liquidity while maintaining the claims-paying resources of MBIA Corp. and National, as well as other business needs. On May 3, 2023, the Company's Board of Directors approved a share repurchase program authorizing the Company and/or National to purchase up to \$100 million of the Company's shares in open market transactions, in privately negotiated transactions or by any other legal means. During 2025 and 2024, MBIA Inc. or National did not repurchase or purchase any MBIA Inc. common shares. As of December 31, 2025, the remaining authorization under this share repurchase program was \$71 million. If applicable, any excise tax on share repurchases is reflected as an additional cost of the shares acquired and is recorded within "Treasury stock, at cost" with a corresponding liability recorded within "Other liabilities" on the Company's consolidated balance sheets.

Preferred Stock

As of December 31, 2025, MBIA Insurance Corporation had 2,759 shares of preferred stock issued and outstanding with a carrying value of \$28 million, including 1,444 shares held by MBIA Inc. that were purchased at a weighted average price of \$10,900 per share or 10.9% of face value and 1,315 shares held by unaffiliated investors. During 2025, MBIA Inc. did not repurchase any additional shares.

In accordance with MBIA's fixed-rate election, the dividend rate on the preferred stock was determined using a fixed-rate equivalent of SOFR plus 2.26161%. Each share of preferred stock has a par value of \$1,000 with a liquidation preference of \$100,000. The holders of the preferred stock are generally not entitled to any voting rights. Subject to certain requirements, the preferred stock may be redeemed, in whole or in part, at the option of MBIA Corp. at any time or from time to time for cash at a redemption price equal to the liquidation preference per share plus any accrued and unpaid dividends thereon at the date of redemption for the then current dividend period and any previously accumulated dividends payable without interest on such unpaid dividends. As of December 31, 2025 and 2024, there were no dividends declared on the preferred stock. Payment of dividends on MBIA Corp.'s preferred stock is subject to the same restrictions that apply to dividends on common stock under NYIL.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 17: Accumulated Other Comprehensive Income

The following table presents the changes in the components of AOCI for the years ended December 31, 2025, 2024 and 2023:

In millions	Unrealized Gains (Losses) on AFS Securities, Net	Foreign Currency Translation, Net	Instrument- Specific Credit Risk of Liabilities Measured at Fair Value, Net	Total
Balance, January 1, 2023	\$ (234)	\$ (4)	\$ (45)	\$ (283)
Other comprehensive income (loss) before reclassifications	33	-	(1)	32
Amounts reclassified from AOCI	67	-	45	112
Net period other comprehensive income (loss)	100	-	44	144
Balance, December 31, 2023	\$ (134)	\$ (4)	\$ (1)	\$ (139)
Other comprehensive income (loss) before reclassifications	(19)	(1)	-	(20)
Amounts reclassified from AOCI	3	-	28	31
Net period other comprehensive income (loss)	(16)	(1)	28	11
Balance, December 31, 2024	\$ (150)	\$ (5)	\$ 27	\$ (128)
Other comprehensive income (loss) before reclassifications	29	-	(8)	21
Amounts reclassified from AOCI	7	5	-	12
Net period other comprehensive income (loss)	36	5	(8)	33
Balance, December 31, 2025	\$ (114)	\$ -	\$ 19	\$ (95)

The following table presents the details of the reclassifications from AOCI for the years ended December 31, 2025, 2024 and 2023:

<u>In millions</u>	<u>Amounts Reclassified from AOCI</u>			
	<u>Years Ended December 31,</u>			
<u>Details about AOCI Components</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>Affected Line Item on the Consolidated Statements of Operations</u>
Unrealized gains (losses) on AFS securities:				
Realized gains (losses) on sale of securities	\$ (7)	\$ (3)	\$ (67)	Net realized investment gains (losses)
Foreign currency translation:				
Liquidation of MBIA Mexico	(5)	-	-	Net gains (losses) on financial instruments at fair value and foreign exchange
Instrument-specific credit risk of liabilities:				
Deconsolidation of VIEs	-	(9)	(20)	Other net realized gains (losses) - VIEs
Settlement of liabilities	-	(19)	(25)	Net gains (losses) on financial instruments at fair value and foreign exchange - VIEs
Total reclassifications for the period	\$ (12)	\$ (31)	\$ (112)	Net income (loss) attributable to MBIA Inc.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 18: Commitments and Contingencies

MBIA has received subpoenas or informal inquiries from a variety of regulators, regarding a variety of subjects. MBIA has cooperated fully with each of these regulators and has or is in the process of satisfying all such requests. MBIA may receive additional inquiries from these or other regulators and expects to provide additional information to such regulators regarding their inquiries in the future.

Litigation

Zohar CDO 2003-1, Ltd., et al. v. Patriarch Partners, LLC et al., Case No. 1:17-cv-0307-WHP (S.D.N.Y.)

On November 27, 2017, Lynn Tilton and certain affiliated entities including Patriarch Partners, LLC commenced a third-party complaint against MBIA Inc., MBIA Insurance Corp. and other Zohar Fund stakeholders seeking damages for alleged breaches of the contracts governing the Zohar Funds and additional alleged legal duties and obligations relating to the Funds. On December 22, 2020, the Company and the other third-party defendants moved to dismiss the third-party complaint. On July 6, 2021, following the completion of briefing on those motions to dismiss, the presiding judge, the Honorable William H. Pauley died, and the case was reassigned to the Honorable P. Kevin Castel. On September 29, 2021, Judge Castel issued a decision on the motions to dismiss; granting them almost in full, with certain claims being stayed rather than dismissed, pending further developments in the Adversary Proceedings pending in the Zohar Funds Bankruptcy Cases in Delaware Bankruptcy Court.

Zohar Litigation Trust-A v. Tilton, et al. (f/k/a MBIA Insurance Corp. v. Tilton et al.), Adversary Case No. 20-50776 (KBO) (Bankr. Del.)

On July 30, 2020, MBIA Corp. commenced an adversary proceeding in the Zohar Funds Bankruptcy Cases against Lynn Tilton and certain affiliated entities seeking damages incurred by MBIA Corp. in connection with insurance policies it issued on senior notes issued by Zohar I and Zohar II. On July 23, 2021, the court denied in part and granted in part Tilton's and her affiliated defendants' motion to dismiss the complaint. The court denied defendants' motion with respect to MBIA's claims for breach of contract, tortious interference, unjust enrichment, and malicious prosecution of claims Tilton brought against MBIA in Delaware. On February 1, 2022, MBIA filed its most recent Amended Complaint pursuant to and in accordance with the court's multiple rulings on defendants' motion to dismiss and related filings regarding the parties' pleadings. Defendants filed their Answer to MBIA's most recent Amended Complaint on April 13, 2022. Following the confirmation of a liquidation plan of the Zohar Collateral by the Delaware Bankruptcy Court and that plan becoming effective on August 2, 2022, MBIA Corp.'s claims in this adversary proceeding, among other assets, were transferred and assigned to a litigation trust (Zohar Litigation Trust-A, or "the Trust") and distributed to MBIA Corp. in the form of interests in the Trust subject to oversight by MBIA Corp. and another former Zohar creditor. As a result, on September 12, 2022, the court ordered the substitution of the Trust, as successor-in-interest to MBIA Corp., for MBIA Corp. as plaintiff in this adversary proceeding. Accordingly, MBIA Corp. is no longer the plaintiff or party to this adversary proceeding. On September 13, 2022, the Delaware Bankruptcy Court ordered the consolidation of this adversary proceeding for discovery and pretrial proceedings with an adversary proceeding commenced in 2020 by the Zohar Funds against Lynn Tilton in the Delaware Bankruptcy Court. Pursuant to that order, all pleadings concerning the now-consolidated proceedings shall be filed only in the adversary proceeding captioned *Zohar III, Corp. v. Patriarch Partners, LLC*, Adv. Proc. No. 20-50534 (KBO).

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 18: Commitments and Contingencies (continued)

Complaint Objecting to Defendant's Claims and Seeking Related Relief, Case No. 17-BK-4780-LTS (D.P.R. July 1, 2019)

On July 1, 2019, the Oversight Board and the Puerto Rico Fiscal Agency and Financial Advisory Authority filed an adversary complaint against the Trustee for the PREPA bonds, challenging the validity of the liens arising under the Trust Agreement securing the insurance obligations of National. On September 30, 2022, the Oversight Board filed an amended complaint objecting to: (1) the secured claims asserted by the Trustee in PREPA's assets; and (2) all unsecured claims of the Trustee, including as a result of the disallowance of the Trustee's claims. The Oversight Board alleges that the Trustee's security interest in PREPA's property is limited to moneys deposited to the credit of the sinking fund and subordinate funds, and are non-recourse except as to the same sinking and subordinate funds moneys actually deposited. In addition it asserts that the Trust Agreement does not grant security interests in any of the covenants or remedies thereunder, that any security interests in deposit accounts other than those held by the Trustee are unperfected, and that there can be no security interest in the covenants and remedies, and if so, would be unperfected. The Defendants, including National, filed an answer and counterclaim on October 17, 2022. On October 24, 2022, the Oversight Board and Defendants each filed summary judgment motions seeking expedited resolution of certain counts in the amended complaint. On March 22, 2023, the Court ruled on summary judgment, finding the bondholders' liens only extend to the amount of funds held in certain specified accounts. In addition, the court determined that the unsecured portion of the bondholders' claims were subject to estimation of their scope. On January 29, 2024, the First Circuit Court of Appeals heard argument on the appeals and cross appeals of the parties. On June 12, 2024, the First Circuit Court of Appeals reversed Judge Swain's prior rulings and supported bondholder liens and claim amounts (the "Appeal Decision"). On June 26, 2024, the Oversight Board filed a petition for a First Circuit panel rehearing, and the UCC filed an *en banc* appeal. On November 13, 2024, the First Circuit affirmed the Appeal Decision. On November 27, 2024, the Oversight Board filed a petition for further rehearing, and on December 31, 2024, the First Circuit denied the rehearing request.

For those aforementioned actions in which it is a defendant, the Company is defending against those actions and expects ultimately to prevail on the merits. There is no assurance, however, that the Company will prevail in these actions. Adverse rulings in these actions could have a material adverse effect on the Company's ability to implement its strategy and on its business, results of operations, cash flows and financial condition. At this stage of the litigation, there has not been a determination as to the amount, if any, of damages. Accordingly, the Company is not able to estimate any amount of loss or range of loss. The Company similarly can provide no assurance that it will be successful in those actions in which it is a plaintiff.

There are no other material legal proceedings pending or, to the knowledge of the Company, threatened, to which the Company or any of its subsidiaries is a party.

Lease Commitments

The Company has a lease agreement for its headquarters in Purchase, New York. In May of 2024, the Company notified its landlord of the Purchase, New York lease that it is exercising its right to terminate the lease in August of 2025 ("Termination Date"). The Company accounted for this termination as a lease modification and remeasured its lease liability to the present value of the remaining lease payments and adjusted its right-of-use ("ROU") asset as of the modification date in accordance with ASC 842. The Company paid a termination fee that included the unamortized amount of incentives, free rent and other costs at the Termination Date. In June of 2025, the Company executed a partial reinstatement of its Purchase, New York lease that includes a portion of its original leased space with an initial term expiring in 2029. The Company accounted for this partial reinstatement as a lease modification and remeasured its lease liability to the present value of the remaining lease payments and adjusted its ROU asset as of the modification date in accordance with ASC 842. The partially reinstated lease was classified as an operating lease with expense being recognized on a straight-line basis.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 18: Commitments and Contingencies (continued)

The following table provides information about the Company's lease as of December 31, 2025:

\$ in millions	As of December 31, 2025	Balance Sheet Location
Right-of-use asset	\$ 2	Other assets
Lease liability	\$ 2	Other liabilities
Weighted average remaining lease term (years)	3.3	
Discount rate used for operating leases	9.5%	
Total future minimum lease payments	\$ 2	

Other Commitment

MBIA Corp. and other non-affiliates agreed to provide a delayed draw term loan commitment to an entity which MBIA Corp. holds as an equity investment. MBIA Corp.'s maximum commitment to this loan is approximately \$15 million which was fully drawn and outstanding as of December 31, 2025.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) was performed under the supervision and with the participation of the Company's senior management, including the Chief Executive Officer and the Chief Financial Officer. Based on that evaluation, the Company's Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of December 31, 2025, the end of the period covered by this report.

Management's Report on Internal Control over Financial Reporting

Management of MBIA Inc. and its subsidiaries is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of the Company's principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

MBIA's internal control over financial reporting includes policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; (2) provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and, (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of MBIA Inc.'s internal control over financial reporting as of December 31, 2025. In making its assessment, management used the criteria described in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment and those criteria, management has determined that the Company's internal control over financial reporting as of December 31, 2025 was effective.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2025 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which is included in Item 8, "Financial Statements."

Changes in Internal Control over Financial Reporting

As required by Rule 13a-15(d) under the Exchange Act, the Company's management, including its Chief Executive Officer and Chief Financial Officer, has evaluated the Company's internal control over financial reporting to determine whether any changes occurred during the fourth fiscal quarter covered by this annual report that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, there has been no such change during the fourth fiscal quarter of 2025.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Information regarding directors will be set forth under “Proposals for Shareholder Approval Recommended by the Board—Proposal 1: Election of Directors” and “Board of Directors Corporate Governance—The Board of Directors and its Committees” in the Company’s Proxy Statement to be filed within 120 days of the end of our fiscal year ended December 31, 2025 (the “Proxy Statement”) and is incorporated by reference.

Information regarding executive officers is set forth under Part I, Item 1, “Business—Executive Officers of the Registrant,” included in this annual report.

Information regarding Section 16(a) beneficial ownership reporting compliance will be set forth in the section “Section 16(a) Beneficial Ownership Reporting Compliance” in the Proxy Statement and is incorporated by reference.

Information regarding the Company’s Audit Committee will be set forth under “Board of Directors Corporate Governance—The Board of Directors and its Committees” in the Proxy Statement and is incorporated by reference.

The Company has adopted a code of ethics that applies to all employees of the Company including its Chief Executive Officer, Chief Financial Officer and its controller. A copy of such code of ethics can be found on the Company’s internet website at www.mbia.com. The Company intends to satisfy the disclosure requirements under Item 10 of Form 8-K regarding an amendment to, or waiver from, a provision of its code of ethics and that relates to a substantive amendment or material departure from a provision of the Code by posting such information on its internet website at www.mbia.com.

The Company has adopted an insider trading policy governing the purchase, sale and other dispositions of its securities by directors, officers and certain other insiders that is reasonably designed to promote compliance with insider trading laws, rules and regulations and any applicable listing standards. A copy of this policy is incorporated by reference in this Annual Report on Form 10-K as Exhibit 19.1.

Item 11. Executive Compensation

Information regarding compensation of the Company’s directors and executive officers will be set forth under “Board of Directors Corporate Governance—The Board of Directors and its Committees,” “Compensation and Governance Committee Report,” “Compensation Discussion and Analysis” and “Executive Compensation Tables” in the Proxy Statement and is incorporated by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information regarding security ownership of certain beneficial owners and management will be set forth under “Security Ownership of Certain Beneficial Owners” and “Security Ownership of Directors and Executive Officers” in the Proxy Statement and is incorporated by reference.

The following table provides information as of December 31, 2025, regarding securities authorized for issuance under our equity compensation plans. All outstanding awards relate to our common stock. For additional information about our equity compensation plans refer to “Note 14: Benefit Plans” in the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

	(a)	(b)	(c)
Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights ⁽¹⁾	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) ⁽²⁾
Equity compensation plans approved by security holders	12,912	\$ 13.22	3,482,929
Equity compensation plans not approved by security holders	—	—	—
Total	12,912	13.22	3,482,929

(1) - Represents phantom shares granted under the Deferred Compensation and Stock Ownership Plan for Non-Employee Directors.

(2) - Includes 3,325,068 shares of common stock available for future grants under the Amended and Restated MBIA Inc. Omnibus Incentive Plan and 157,861 shares of common stock available for future grants under the Deferred Compensation and Stock Ownership Plan for Non-Employee Directors.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information regarding certain relationships and related transactions will be set forth under “Certain Relationships and Related Transactions” in the Proxy Statement and is incorporated by reference. Information regarding director independence will be set forth under “Proposals for Shareholder Approval Recommended by the Board—Proposal 1: Election of Directors—Director Independence” in the Proxy Statement and is incorporated by reference.

Item 14. Principal Accounting Fees and Services

Information regarding principal accounting fees and services will be set forth under “Principal Accountant Fees and Services” in the Proxy Statement and is incorporated by reference.

Part IV

Item 15. Exhibits, Financial Statement Schedules

(a) Financial Statements and Financial Statement Schedules and Exhibits

1. Financial Statements

The following financial statements of MBIA Inc. have been included in Part II, Item 8 hereof:

Report of Independent Registered Public Accounting Firm.

Consolidated balance sheets as of December 31, 2025 and 2024.

Consolidated statements of operations for the years ended December 31, 2025, 2024 and 2023.

Consolidated statements of comprehensive income (loss) for the years ended December 31, 2025, 2024 and 2023.

Consolidated statements of changes in shareholders' equity for the years ended December 31, 2025, 2024 and 2023.

Consolidated statements of cash flows for the years ended December 31, 2025, 2024 and 2023.

Notes to consolidated financial statements.

2. Financial Statement Schedules

The following financial statement schedules are filed as part of this Annual Report on Form 10-K.

<u>Schedule</u>	<u>Title</u>
I	Summary of investments, other than investments in related parties, as of December 31, 2025.
II	Condensed financial information of Registrant: Condensed balance sheets as of December 31, 2025 and 2024. Condensed statements of operations for the years ended December 31, 2025, 2024 and 2023. Condensed statements of cash flows for the years ended December 31, 2025, 2024 and 2023. Notes to condensed financial statements.
IV	Reinsurance for the years ended December 31, 2025, 2024 and 2023.

The report of the Registrant's Independent Registered Public Accounting Firm with respect to the above listed financial statement schedules is included within the report listed under Item 15.1 above.

All other schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

3. Exhibits

An exhibit index immediately preceding the Exhibits indicates the exhibit number where each exhibit filed as part of this report can be found.

(Note Regarding Reliance on Statements in Our Contracts: In reviewing the agreements included as exhibits to this Annual Report on Form 10-K, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about MBIA Inc., its subsidiaries or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and (i) should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement; (iii) may apply standards of materiality in a way that is different from what may be viewed as material to investors; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments. Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time.)

Item 15. Exhibits, Financial Statement Schedules (continued)

3. Articles of Incorporation and By-Laws.

3.1. Amended and Restated Certificate of Incorporation, dated May 5, 2005, incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2005.

3.2. By-Laws as Amended as of March 27, 2020 incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2022.

4. Instruments Defining the Rights of Security Holders, including Indentures.

4.1. Indenture, dated as of August 1, 1990, between MBIA Inc. and The First National Bank of Chicago, Trustee, incorporated by reference to Exhibit 10.72 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 as amended by the First Supplemental Indenture, dated as of August 22, 2002, between MBIA Inc. and Bank One Trust Company, N.A., as Trustee, as amended by the Second Supplemental Indenture, dated as of November 21, 2012, between MBIA Inc. and The Bank of New York Mellon, as Trustee, incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 26, 2012, in connection with the \$100,000,000 7.15% Debenture due 2027, incorporated by reference to Item 5 to the Company's Current Report on Form 8-K filed on July 10, 1997, and in connection with the \$150,000,000 6.625% Debenture due 2028, incorporated by reference to Exhibit 1.01 to the Company's Current Report on Form 8-K filed on September 24, 1998.

4.2. Senior Indenture, dated as of November 24, 2004, between MBIA Inc. and The Bank of New York, as Trustee, incorporated by reference to Exhibit 4.01 to the Company's Current Report on Form 8-K filed on November 29, 2004 as amended by the First Supplemental Indenture, dated as of November 24, 2004, between MBIA Inc. and The Bank of New York, as Trustee, in connection with the \$350,000,000 5.70% senior notes due 2034, incorporated by reference to Exhibit 4.02 to the Company's Current Report on Form 8-K filed on November 29, 2004 as amended by the Second Supplemental Indenture, dated as of November 21, 2012, between MBIA Inc. and The Bank of New York Mellon, as Trustee, incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 26, 2012.

4.3. Fiscal Agency Agreement, dated as of January 16, 2008, between MBIA Insurance Corporation and The Bank of New York, incorporated by reference to Exhibit 4.01 to the Company's Current Report on Form 8-K filed on January 17, 2008.

4.4. Form of MBIA Corp. 14% Fixed-to-Floating Rate Global Note due January 15, 2033, incorporated by reference to Exhibit 4.02 to the Company's Current Report on Form 8-K filed on January 17, 2008.

In accordance with Item 601(b)(4)(iii) of Regulation S-K, certain instruments defining the rights of holders of long term debt of the Company and its consolidated subsidiaries pursuant to which the total amount of securities authorized thereunder does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis are not filed herewith. The Company hereby agrees to furnish a copy of any such instrument to the SEC upon request.

10. Material Contracts

Executive Compensation Plans and Arrangements

The following Exhibits identify all existing executive compensation plans and arrangements:

10.1. MBIA Inc. Annual Incentive Plan, effective January 1, 2016, incorporated by reference to Exhibit A to the Company's Proxy Statement filed on March 24, 2015.

10.2. Amended and Restated MBIA Inc. Omnibus Incentive Plan, as amended through May 6, 2025, incorporated by reference to Exhibit 10.1 to the Company's Form S-8 filed on May 15, 2025.

10.3. Key Employee Employment Protection Plan, amended as of February 27, 2007, incorporated by reference to Exhibit 10.80 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, as further amended by Amendment No. 2, effective February 22, 2010, incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

Item 15. Exhibits, Financial Statement Schedules (continued)

10.4. Form of Key Employee Employment Protection Agreement, amended as of February 27, 2007, incorporated by reference to Exhibit 10.81 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007.

10.5. MBIA Inc. 2005 Non-Employee Director Deferred Compensation Plan (as amended through February 2014), incorporated by reference to Exhibit 10.1 to the Company's Form S-8 filed on March 5, 2014 (Reg. No. 333-194335).

10.6. Amended and Restated MBIA Inc. Deferred Compensation and Excess Benefit Plan, effective as of March 22, 2010, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2010.

10.7. Form of Restricted Stock Agreement Template between MBIA Inc. and (Named Executive Officers/Grantees) for grants of restricted stock pursuant to the Amended and Restated MBIA Inc. Omnibus Incentive Plan, as amended, incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

19.1. MBIA Inc. Insider Trading Policy, incorporated by reference to Exhibit 19.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

21. List of Subsidiaries.

23. Consent of PricewaterhouseCoopers LLP.

31.1. Chief Executive Officer—Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2. Chief Financial Officer—Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1. Chief Executive Officer—Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2. Chief Financial Officer— Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

97.1. MBIA Inc. Executive Compensation Clawback Policy, incorporated by reference to Exhibit 97.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

99.1. Quota Share Reinsurance Agreement between MBIA Insurance Corporation and MBIA Insurance Corp. of Illinois dated February 17, 2009, incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on February 20, 2009.

Item 15. Exhibits, Financial Statement Schedules (continued)

99.2. Novation Agreement, dated as of September 14, 2012, between Financial Guaranty Insurance Company and National Public Finance Guarantee Corporation, incorporated by reference to Exhibit 99.3 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2013.

99.3. Amended and Restated Tax Sharing Agreement, dated as of September 8, 2011, between MBIA Inc. and certain of its subsidiaries, incorporated by reference to Exhibit 99.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

101.INS. XBRL Instance Document – the instance document does not appear in the Interactive Data File because iXBRL tags are embedded within the Inline XBRL document.

101.SCH. Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents.

104. Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

MBIA Inc.
(Registrant)

Date:

By: /s/ William C. Fallon
Name: **William C. Fallon**
Title: **Chief Executive Officer**

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u> /s/ William C. Fallon </u> William C. Fallon	Director and Chief Executive Officer	February 26, 2026
<u> /s/ Joseph R. Schachinger </u> Joseph R. Schachinger	Chief Financial Officer	February 26, 2026
<u> /s/ Shengying Yu </u> Shengying Yu	Assistant Vice President and Controller (Chief Accounting Officer)	February 26, 2026
<u> /s/ Steven J. Gilbert </u> Steven J. Gilbert	Chairman and Director	February 26, 2026
<u> /s/ Diane Dewbrey </u> Diane Dewbrey	Director	February 26, 2026
<u> /s/ Janice L. Innis-Thompson </u> Janice L. Innis-Thompson	Director	February 26, 2026
<u> /s/ Theodore Shasta </u> Theodore Shasta	Director	February 26, 2026
<u> /s/ Richard C. Vaughan </u> Richard C. Vaughan	Director	February 26, 2026

SCHEDULE I

MBIA INC. AND SUBSIDIARIES SUMMARY OF INVESTMENTS, OTHER THAN INVESTMENTS IN RELATED PARTIES December 31, 2025 (In millions)

Type of investment	December 31, 2025		
	Cost	Fair Value	Amount at which shown in the balance sheet
Available-for-sale:			
U.S. Treasury and government agency	\$ 178	\$ 168	\$ 168
State and municipal bonds	106	101	101
Foreign governments	7	5	5
Corporate obligations	462	367	367
Mortgage-backed securities:			
Residential mortgage-backed agency	125	114	114
Residential mortgage-backed non-agency	17	16	16
Commercial mortgage-backed	10	10	10
Asset-backed securities:			
Collateralized debt obligations	30	31	31
Other asset-backed	229	230	230
Total long-term available-for-sale	1,164	1,042	1,042
Short-term available-for-sale	300	300	300
Total available-for-sale	1,464	1,342	1,342
Investments at fair value	387	332	332
Other investments	1	1	1
Total investments	\$ 1,852	\$ 1,675	\$ 1,675
Assets of consolidated variable interest entities:			
Loans receivable	\$ 41	\$ 34	\$ 34
Total investments of consolidated variable interest entities	\$ 41	\$ 34	\$ 34

SCHEDULE II

MBIA INC. (PARENT COMPANY) CONDENSED BALANCE SHEETS (In millions except share and per share amounts)

	December 31, 2025	December 31, 2024
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost \$228 and \$120)	\$ 226	\$ 114
Short-term investments, at fair value (amortized cost \$278 and \$445)	278	445
Total investments	504	559
Cash and cash equivalents	34	32
Other assets	5	1
Total assets	\$ 543	\$ 592
Liabilities and Shareholders' Equity		
Liabilities:		
Investment agreements	\$ 174	\$ 204
Long-term debt	233	278
Affiliate loans payable	511	478
Accumulated loss of wholly-owned subsidiaries	1,862	1,721
Total liabilities	2,780	2,681
Shareholders' Equity:		
Preferred stock, par value \$1 per share; authorized shares--10,000,000; issued and outstanding--none	-	-
Common stock, par value \$1 per share; authorized shares--400,000,000; issued shares--283,186,115	283	283
Additional paid-in capital	2,450	2,492
Retained earnings (deficit)	(1,768)	(1,591)
Accumulated other comprehensive income (loss), net of tax	(95)	(128)
Treasury stock, at cost--232,675,865 and 232,215,934 shares	(3,107)	(3,145)
Total shareholders' equity of MBIA Inc.	(2,237)	(2,089)
Total liabilities and shareholders' equity	\$ 543	\$ 592

The condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto and the accompanying notes.

SCHEDULE II

MBIA INC. (PARENT COMPANY) CONDENSED STATEMENTS OF OPERATIONS (In millions)

	Years ended December 31,		
	2025	2024	2023
Revenues:			
Net investment income	\$ 23	\$ 27	\$ 21
Net realized investment gains (losses)	-	-	(32)
Net gains (losses) on financial instruments at fair value and foreign exchange	(14)	8	4
Other net realized gains (losses)	-	2	1
Total revenues	9	37	(6)
Expenses:			
Operating	10	13	15
Interest	69	72	76
Total expenses	79	85	91
Gain (loss) before income taxes and equity in earnings of subsidiaries	(70)	(48)	(97)
Provision (benefit) for income taxes	(2)	(2)	(1)
Gain (loss) before equity in earnings of subsidiaries	(68)	(46)	(96)
Equity in net income (loss) of subsidiaries	(109)	(401)	(395)
Net income (loss)	<u>\$ (177)</u>	<u>\$ (447)</u>	<u>\$ (491)</u>

The condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto and the accompanying notes.

SCHEDULE II

MBIA INC. (PARENT COMPANY) CONDENSED STATEMENTS OF CASH FLOWS (in millions)

	Years ended December 31,		
	2025	2024	2023
Cash flows from operating activities:			
Investment income received	\$ 8	\$ 7	\$ 369
Operating expenses paid and other operating	(11)	(9)	(16)
Interest paid, net of interest converted to principal	(67)	(68)	(72)
Income taxes (paid) received	2	2	1
Net cash provided (used) by operating activities	(68)	(68)	282
Cash flows from investing activities:			
Purchases of available-for-sale investments	(136)	(27)	(67)
Sales of available-for-sale investments	-	-	289
Paydowns and maturities of available-for-sale investments	30	51	65
Sales, paydowns and maturities (purchases) of short-term investments, net	179	54	(380)
(Payments) proceeds for derivative settlements	-	(1)	(38)
Return of capital from subsidiaries, net	61	53	295
Net cash provided (used) by investing activities	134	130	164
Cash flows from financing activities:			
Proceeds from investment agreements	-	-	7
Principal paydowns of investment agreements	(16)	(5)	(12)
Dividends paid	-	-	(409)
Principal paydowns of long-term debt	(45)	(1)	-
Payments for affiliate loans	-	(62)	(15)
Restricted stock awards settlements, net of purchases of treasury stock	(3)	5	-
Net cash provided (used) by financing activities	(64)	(63)	(429)
Net increase (decrease) in cash and cash equivalents	2	(1)	17
Cash and cash equivalents - beginning of year	32	33	16
Cash and cash equivalents - end of year	<u>\$ 34</u>	<u>\$ 32</u>	<u>\$ 33</u>
Reconciliation of net income (loss) to net cash provided (used) by operating activities:			
Net income (loss)	\$ (177)	\$ (447)	\$ (491)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:			
Change in:			
Intercompany accounts receivable	(4)	-	(20)
Equity in earnings of subsidiaries	109	401	395
Dividends from subsidiaries	-	-	352
Net realized investment gains (losses)	-	-	32
Net (gains) losses on financial instruments at fair value and foreign exchange	14	(8)	(4)
Other net realized (gains) losses	-	(2)	(1)
Other operating	(10)	(12)	19
Total adjustments to net income (loss)	109	379	773
Net cash provided (used) by operating activities	<u>\$ (68)</u>	<u>\$ (68)</u>	<u>\$ 282</u>

The condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto and the accompanying notes.

SCHEDULE II
MBIA INC. (PARENT COMPANY)
NOTES TO CONDENSED FINANCIAL STATEMENTS

1. Condensed Financial Statements

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. This includes the statements of comprehensive income (loss) which is exactly the same as the Company's consolidated statements of comprehensive income (loss). It is suggested that these condensed financial statements be read in conjunction with the Company's consolidated financial statements and the notes thereto.

The activities of MBIA Inc. (the "Parent Company") consist of general corporate activities and funding activities, which principally include holding and managing investments, servicing outstanding corporate debt, investment agreements issued by the Parent Company and its subsidiaries, and posting collateral under investment agreement and derivative contracts.

As of December 31, 2025, National owned \$308 million principal amount of the Parent Company 5.700% Senior Notes due 2034 and MBIA Corp. owned \$29 million principal amount of the Parent Company 6.625% Debentures due 2028; and the Parent Company owned \$13 million of MBIA Corp. surplus notes. In addition, as of December 31, 2025, the Parent Company held 1,444 shares of preferred stock of MBIA Insurance Corporation that was purchased at a weighted average price of \$10,900 per share or 10.9% of face value.

2. Accounting Policies

The Parent Company carries its investments in subsidiaries under the equity method.

For a further discussion of significant accounting policies and recent accounting pronouncements, refer to footnotes 2 and 3 to the Company's consolidated financial statements.

3. Dividends from Subsidiaries

The Parent Company is largely dependent on dividends from National to pay principal and interest on its indebtedness and operating expenses, among other items. Dividends from National are subject to various statutory and regulatory restrictions applicable to insurance companies generally, that limit the amount of cash dividends, loans and advances that it may pay. See "Note 13: Insurance Regulations and Dividends" in the Notes to Consolidated Financial Statements of MBIA Inc. and Subsidiaries in Part II, Item 8 of this Form 10-K for a further discussion of dividends and its restrictions.

4. Deferred Tax Asset, Net of Valuation Allowance

The Parent Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax assets and liabilities are determined based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on tax assets and liabilities is recognized in income in the period that includes the enactment date. Valuation allowances are established to reduce deferred tax assets to the amount that more likely than not will be realized. For a further discussion of the net deferred tax asset, refer to footnote 10 to the Company's consolidated financial statements.

SCHEDULE II
MBIA INC. (PARENT COMPANY)
NOTES TO CONDENSED FINANCIAL STATEMENTS (continued)

5. Obligations under Investment Agreements

Refer to footnotes 8 and 9 to the Company's consolidated financial statements for information of investment agreements including the requirements for the Parent Company and its subsidiaries to pledge securities as collateral regarding its obligations under investment agreements.

6. Affiliate Loans Payable

Affiliate loans payable consists of loans payable to MBIA Global Funding, LLC ("GFL"). GFL raised funds through the issuance of medium-term notes with varying maturities, which were, in turn, guaranteed by MBIA Corp. GFL lent the proceeds of these medium-term note issuances to the Parent Company.

SCHEDULE IV

MBIA INC. AND SUBSIDIARIES REINSURANCE

Years Ended December 31, 2025, 2024 and 2023

(In millions)

Column A	Column B	Column C	Column D	Column E	Column F
Insurance Premium Written	Direct Amount	Ceded to Others	Assumed from Other Companies	Net Amount	Percentage of Amount Assumed to Net
2025	\$ 3	\$ -	\$ -	\$ 3	0%
2024	\$ 4	\$ -	\$ -	\$ 4	0%
2023	\$ 5	\$ -	\$ -	\$ 5	0%

SUBSIDIARIES OF MBIA INC.

<u>Name of Subsidiary</u>	<u>State/Country of Incorporation</u>
MBIA Capital Corp.	Delaware
MBIA Global Funding, LLC	Delaware
MBIA Insurance Corporation	New York
MBIA Services Corporation	Delaware
National Public Finance Guarantee Holdings, Inc.	Delaware
National Public Finance Guarantee Corporation	New York
New Phoenix II, LLC	Delaware
Phoenix II Intermediate, LLC	Delaware
Phoenix II Recovery, LLC	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-34101, 033-46062, 333-84300, 333-127539, 333-149839, 333-152894, 333-159648, 333-165713, 333-183529, 333-190738, 333-194335, 333-262687, 333-264991, 333-280443 and 333-287334) of MBIA Inc. of our report dated February 26, 2026 relating to the financial statements and financial statement schedules and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 26, 2026

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, William C. Fallon, certify that:

1. I have reviewed the Annual Report of MBIA Inc. (the "Company") on Form 10-K for the period ending December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report");
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 Company as of, and for, the periods presented in this Report;
4. The Company's other certifying officers 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 Company 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 Company, 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 Company'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 Company's internal control over financial reporting that occurred during the Company's fourth quarter of 2025 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and to the audit committee of the board of directors:
 - (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 Company'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 Company's internal control over financial reporting.

/s/ William C. Fallon
 William C. Fallon
 Chief Executive Officer
 February 26, 2026

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Joseph R. Schachinger, certify that:

1. I have reviewed the Annual Report of MBIA Inc. (the "Company") on Form 10-K for the period ending December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report");
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 Company as of, and for, the periods presented in this Report;
4. The Company's other certifying officers 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 Company 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 Company, 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 Company'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 Company's internal control over financial reporting that occurred during the Company's fourth quarter of 2025 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and to the audit committee of the board of directors:
 - (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 Company'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 Company's internal control over financial reporting.

/s/ Joseph R. Schachinger

Joseph R. Schachinger
Chief Financial Officer
February 26, 2026

**CERTIFICATION 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 Annual Report of MBIA Inc. (the "Company") on Form 10-K for the period ending December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William C. Fallon, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (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/ William C. Fallon

William C. Fallon

Chief Executive Officer

February 26, 2026

**CERTIFICATION 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 Annual Report of MBIA Inc. (the "Company") on Form 10-K for the period ending December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph R. Schachinger, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (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/ Joseph R. Schachinger

Joseph R. Schachinger

Chief Financial Officer

February 26, 2026