

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

Form 10-Q

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

For the quarterly period ended September 30, 2025

or

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

For the transition period from to

Commission File Number: 001-09583

MBIA INC.

(Exact name of registrant as specified in its charter)

Connecticut

(State or other jurisdiction of
incorporation or organization)

06-1185706

(I.R.S. Employer
Identification No.)

1 Manhattanville Road, Suite 301, Purchase, New York
(Address of principal executive offices)

10577
(Zip Code)

(914) 273-4545

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

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

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, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

As of October 31, 2025, 50,493,626 shares of Common Stock, par value \$1 per share, were outstanding.

PART I FINANCIAL INFORMATION

Item 1.	<u>Financial Statements MBIA Inc. and Subsidiaries (Unaudited)</u>	1
	<u>Consolidated Balance Sheets as of September 30, 2025 and December 31, 2024 (Unaudited)</u>	1
	<u>Consolidated Statements of Operations for the three and nine months ended September 30, 2025 and 2024 (Unaudited)</u>	2
	<u>Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2025 and 2024 (Unaudited)</u>	3
	<u>Consolidated Statements of Changes in Shareholders' Equity for the three and nine months ended September 30, 2025 and 2024 (Unaudited)</u>	4
	<u>Consolidated Statements of Cash Flows for the nine months ended September 30, 2025 and 2024 (Unaudited)</u>	5
	<u>Notes to Consolidated Financial Statements (Unaudited)</u>	6
	<u>Note 1: Business Developments and Risks and Uncertainties</u>	6
	<u>Note 2: Significant Accounting Policies</u>	9
	<u>Note 3: Recent Accounting Pronouncements</u>	9
	<u>Note 4: Variable Interest Entities</u>	10
	<u>Note 5: Loss and Loss Adjustment Expense Reserves</u>	12
	<u>Note 6: Fair Value of Financial Instruments</u>	16
	<u>Note 7: Investments</u>	28
	<u>Note 8: Income Taxes</u>	32
	<u>Note 9: Business Segments</u>	33
	<u>Note 10: Earnings Per Share</u>	38
	<u>Note 11: Accumulated Other Comprehensive Income</u>	39
	<u>Note 12: Commitments and Contingencies</u>	40
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	41
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	62
Item 4.	<u>Controls and Procedures</u>	62
<u>PART II OTHER INFORMATION</u>		
Item 1.	<u>Legal Proceedings</u>	63
Item 1A.	<u>Risk Factors</u>	63
Item 2.	<u>Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities</u>	64
Item 6.	<u>Exhibits</u>	65
<u>SIGNATURES</u>		66

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

This quarterly 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 II, Other Information, Item 1A included in Quarterly Report on Form 10-Q. The Company encourages readers to review these risk factors in their entirety.

This quarterly 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 FINANCIAL INFORMATION

Item 1. Financial Statements

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

	September 30, 2025	December 31, 2024
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost \$1,130 and \$1,080)	\$ 1,008	\$ 925
Investments carried at fair value	221	237
Short-term investments, at fair value (amortized cost \$497 and \$492)	497	492
Other investments at amortized cost	1	1
Total investments	1,727	1,655
Cash and cash equivalents	64	84
Premiums receivable (net of allowance for credit losses of \$- and \$-)	125	133
Deferred acquisition costs	24	27
Insurance loss recoverable	39	185
Assets held for sale	10	11
Other assets	33	42
Assets of consolidated variable interest entities:		
Cash	5	3
Loans receivable at fair value	33	28
Total assets	\$ 2,060	\$ 2,168
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	\$ 178	\$ 199
Loss and loss adjustment expense reserves	443	526
Long-term debt	2,853	2,741
Medium-term notes (includes financial instruments carried at fair value of \$42 and \$35)	463	440
Investment agreements	173	204
Liabilities held for sale	7	7
Other liabilities	67	78
Liabilities of consolidated variable interest entities:		
Variable interest entity debt (includes financial instruments carried at fair value of \$26 and \$31)	32	43
Derivative liabilities	11	6
Total liabilities	4,227	4,244
Commitments and contingencies (Refer to Note 12: Commitments and Contingencies)		
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	2,453	2,492
Retained earnings (deficit)	(1,717)	(1,591)
Accumulated other comprehensive income (loss), net of tax of \$7 and \$7	(89)	(128)
Treasury stock, at cost--232,696,456 and 232,215,934 shares	(3,110)	(3,145)
Total shareholders' equity of MBIA Inc.	(2,180)	(2,089)
Preferred stock of subsidiary	13	13
Total equity	(2,167)	(2,076)
Total liabilities and equity	\$ 2,060	\$ 2,168

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenues				
Premiums earned:				
Scheduled premiums earned	\$ 7	\$ 8	\$ 21	\$ 24
Refunding premiums earned	-	1	1	2
Total premiums earned (net of ceded premiums of \$-, \$-, \$-, and \$-)	7	9	22	26
Net investment income	17	20	54	65
Net realized investment gains (losses)	-	-	(6)	(3)
Net gains (losses) on financial instruments at fair value and foreign exchange	(12)	(5)	(29)	(56)
Fees and reimbursements	1	2	2	3
Other net realized gains (losses)	-	2	-	7
Revenues of consolidated variable interest entities:				
Net gains (losses) on financial instruments at fair value and foreign exchange	2	1	2	(23)
Other net realized gains (losses)	-	-	7	(14)
Total revenues	15	29	52	5
Expenses				
Losses and loss adjustment	(50)	11	(34)	171
Amortization of deferred acquisition costs	1	1	3	3
Operating	19	14	53	54
Interest	50	53	148	158
Expenses of consolidated variable interest entities:				
Operating	2	1	6	9
Interest	-	-	1	1
Total expenses	22	80	177	396
Income (loss) from continuing operations before income taxes	(7)	(51)	(125)	(391)
Provision (benefit) for income taxes	-	-	-	-
Income (loss) from continuing operations	(7)	(51)	(125)	(391)
Income (loss) from discontinued operations, net of income taxes	(1)	(1)	(1)	(2)
Net income (loss)	(8)	(52)	(126)	(393)
Less: Net income from discontinued operations attributable to noncontrolling interest	-	4	-	3
Net income (loss) attributable to MBIA Inc.	\$ (8)	\$ (56)	\$ (126)	\$ (396)
Net income (loss) per common share attributable to MBIA Inc. - basic and diluted				
Continuing operations	\$ (0.15)	\$ (1.08)	\$ (2.54)	\$ (8.26)
Discontinued operations	(0.02)	(0.10)	(0.03)	(0.11)
Net income (loss) per common share attributable to MBIA Inc. - basic and diluted	<u>\$ (0.17)</u>	<u>\$ (1.18)</u>	<u>\$ (2.57)</u>	<u>\$ (8.37)</u>
Weighted average number of common shares outstanding				
Basic	49,597,200	47,671,114	49,169,475	47,332,337
Diluted	49,597,200	47,671,114	49,169,475	47,332,337

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income (loss) attributable to MBIA Inc.	\$ (8)	\$ (56)	\$ (126)	\$ (396)
Other comprehensive income (loss):				
Available-for-sale securities with no credit losses:				
Unrealized gains (losses) arising during the period	11	44	29	18
Reclassification adjustments for (gains) losses included in net income (loss)	-	-	7	2
Foreign currency translation:				
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	(4)	5	(2)	3
Reclassification adjustments for (gains) losses included in net income (loss)	-	-	-	28
Total other comprehensive income (loss)	7	49	39	51
Comprehensive income (loss)	\$ (1)	\$ (7)	\$ (87)	\$ (345)

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

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

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Common shares				
Balance at beginning and end of period	283,186,115	283,186,115	283,186,115	283,186,115
Common stock amount				
Balance at beginning and end of period	\$ 283	\$ 283	\$ 283	\$ 283
Additional paid-in capital				
Balance at beginning of period	\$ 2,453	\$ 2,483	\$ 2,492	\$ 2,515
Share-based compensation	-	-	(39)	(32)
Balance at end of period	\$ 2,453	\$ 2,483	\$ 2,453	\$ 2,483
Retained earnings (deficit)				
Balance at beginning of period	\$ (1,709)	\$ (1,484)	\$ (1,591)	\$ (1,144)
Net income (loss) attributable to MBIA Inc.	(8)	(56)	(126)	(396)
Balance at end of period	\$ (1,717)	\$ (1,540)	\$ (1,717)	\$ (1,540)
Accumulated other comprehensive income (loss)				
Balance at beginning of period	\$ (96)	\$ (137)	\$ (128)	\$ (139)
Other comprehensive income (loss)	7	49	39	51
Balance at end of period	\$ (89)	\$ (88)	\$ (89)	\$ (88)
Treasury shares				
Balance at beginning of period	(232,698,058)	(232,158,415)	(232,215,934)	(232,323,184)
Other	1,602	1,700	(480,522)	166,469
Balance at end of period	(232,696,456)	(232,156,715)	(232,696,456)	(232,156,715)
Treasury stock amount				
Balance at beginning of period	\$ (3,109)	\$ (3,139)	\$ (3,145)	\$ (3,172)
Other	(1)	-	35	33
Balance at end of period	\$ (3,110)	\$ (3,139)	\$ (3,110)	\$ (3,139)
Total shareholders' equity of MBIA Inc.				
Balance at beginning of period	\$ (2,178)	\$ (1,994)	\$ (2,089)	\$ (1,657)
Period change	(2)	(7)	(91)	(344)
Balance at end of period	\$ (2,180)	\$ (2,001)	\$ (2,180)	\$ (2,001)
Preferred stock of subsidiary shares				
Balance at beginning and end of period	1,315	1,315	1,315	1,315
Preferred stock of subsidiary and noncontrolling interest held for sale				
Balance at beginning of period	\$ 13	\$ 9	\$ 13	\$ 10
Period change	-	4	-	3
Balance at end of period	\$ 13	\$ 13	\$ 13	\$ 13
Total equity	\$ (2,167)	\$ (1,988)	\$ (2,167)	\$ (1,988)

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

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

	Nine Months Ended September 30,	
	2025	2024
Cash flows from operating activities:		
Premiums, fees and reimbursements received	\$ 11	\$ 11
Investment income received	39	44
Financial guarantee losses and loss adjustment expenses paid	(134)	(151)
Proceeds from recoveries and reinsurance, net of salvage paid to reinsurers	233	10
Operating expenses paid and other operating	(60)	(42)
Other proceeds from consolidated variable interest entities	-	2
Interest paid, net of interest converted to principal	(41)	(46)
Cash (used) provided by discontinued operations	-	(7)
Net cash provided (used) by operating activities	48	(179)
Cash flows from investing activities:		
Purchases of available-for-sale investments	(334)	(159)
Sales of available-for-sale investments	125	100
Paydowns, maturities and other proceeds of available-for-sale investments	160	141
Purchases of investments at fair value	(44)	(92)
Sales, paydowns, maturities and other proceeds of investments at fair value	50	173
Sales, paydowns and maturities (purchases) of short-term investments, net	6	96
Proceeds (payments) from discontinued operations	-	19
Other investing	3	4
Net cash provided (used) by investing activities	(34)	282
Cash flows from financing activities:		
Principal paydowns of investment agreements	(16)	(5)
Principal paydowns of medium-term notes	-	(62)
Proceeds from variable interest entity debt	-	2
Principal paydowns/redemptions of variable interest entity debt	(9)	(58)
Principal paydowns of long-term debt	-	(1)
Purchases of treasury stock	(7)	(4)
Cash provided (used) by discontinued operations	-	(9)
Net cash provided (used) by financing activities	(32)	(137)
Net increase (decrease) in cash and cash equivalents	(18)	(34)
Cash and cash equivalents - beginning of period	87	108
Cash and cash equivalents - end of period	\$ 69	\$ 74
Reconciliation of net income (loss) to net cash provided (used) by operating activities:		
Net income (loss)	\$ (126)	\$ (393)
Income (loss) from discontinued operations, net of income taxes	(1)	(2)
Income (loss) from continuing operations	(125)	(391)
Adjustments to reconcile net income (loss) from continuing operations to net cash provided (used) by operating activities:		
Change in:		
Unearned premium revenue	(21)	(24)
Loss and loss adjustment expense reserves	(83)	51
Insurance loss recoverable	146	(19)
Accrued interest payable	109	118
Other assets and liabilities	(10)	4
Net realized investment (gains) losses	6	3
Net (gains) losses on financial instruments at fair value and foreign exchange	27	79
Other net realized (gains) losses	(7)	7
Other operating	6	(7)
Total adjustments to income (loss) from continuing operations	173	212
Net cash provided (used) by operating activities	\$ 48	\$ (179)
Supplementary Disclosure of Consolidated Cash Flow Information:		
Non-cash financing activities:		
Variable interest entity debt extinguishment	\$ 7	\$ -

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

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

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 9: Business Segments” for further information about the Company’s operating segments.

Business Developments

PREPA

On January 1, 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 \$13 million. In addition, on July 1, 2025, PREPA defaulted on scheduled debt service for National insured bonds and National paid gross claims in the aggregate of \$92 million. As of September 30, 2025, National had \$565 million of insured debt service outstanding related to PREPA.

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. 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 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. 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 the Company's consolidated statements of operations for the three and nine months ended September 30, 2025. These sales also reduced National's “Insurance loss recoverable” related to PREPA on the Company's consolidated balance sheet as of September 30, 2025. Refer to “Note 5: Loss and Loss Adjustment Expense Reserves” for additional information on the Custodial Receipts sales.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 1: Business Developments and Risks and Uncertainties (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. 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. A hearing schedule has not been set at this time.

Refer to "Note 5: Loss and Loss Adjustment Expense Reserves" for additional information of the Company's PREPA reserves and recoveries.

MBIA Mexico

MBIA Corp. has issued financial guarantee insurance in Mexico, through its wholly-owned subsidiary, MBIA México, S.A. de C.V. ("MBIA Mexico"). The Company has commenced the process of dissolving MBIA Mexico. During the nine months ended September 30, 2025, MBIA Mexico returned approximately \$12 million of capital to MBIA Corp., representing a substantially complete liquidation.

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. 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 September 30, 2025 and December 31, 2024, the assets and liabilities of these entities 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 three and nine months ended September 30, 2025 and 2024.

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

In millions	As of	
	September 30, 2025	December 31, 2024
Assets held for sale		
Accounts receivable	\$ 2	\$ 1
Goodwill	11	11
Other assets	1	2
Loss on disposal group	(4)	(3)
Total assets held for sale	\$ 10	\$ 11
Liabilities held for sale		
Accounts payable	\$ 1	\$ 1
Debt	1	1
Accrued expenses and other	5	5
Total liabilities held for sale	\$ 7	\$ 7

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

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

The results of operations from discontinued operations for the three and nine months ended September 30, 2025 and 2024 consist of the following:

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenues:				
Revenues	\$ 3	\$ 11	\$ 9	\$ 57
Cost of sales	2	5	4	27
Total revenues from discontinued operations	1	6	5	30
Expenses:				
Operating	1	6	4	30
Interest	-	1	-	3
Increase (decrease) on loss on disposal group	1	-	2	(1)
Total expenses from discontinued operations	2	7	6	32
Income (loss) before income taxes from discontinued operations	(1)	(1)	(1)	(2)
Provision (benefit) for income taxes from discontinued operations	-	-	-	-
Income (loss) from discontinued operations, net of income taxes	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (2)</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 above "Business Developments - PREPA" section for additional 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 (Unaudited)

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 5: Loss and Loss Adjustment Expense Reserves" for additional information about MBIA Corp.'s recoveries.

Note 2: Significant Accounting Policies

The Company has disclosed its significant accounting policies in "Note 2: Significant Accounting Policies" in the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024. The following significant accounting policies provide an update to those included in the Company's Annual Report on Form 10-K.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X and, accordingly, do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America ("GAAP") for annual periods. These statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2024. The accompanying consolidated financial statements have not been audited by an independent registered public accounting firm in accordance with the standards of the Public Company Accounting Oversight Board (U.S.), but in the opinion of management such financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for the fair statement of the Company's consolidated financial position and results of operations. All material intercompany balances and transactions have been eliminated. Certain amounts have been reclassified in prior years' financial statements to conform to the current presentation.

The preparation of financial statements 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.

The results of operations for the three and nine months ended September 30, 2025 may not be indicative of the results that may be expected for the year ending December 31, 2025. The December 31, 2024 consolidated balance sheet was derived from audited financial statements, but does not include all disclosures required by GAAP for annual periods.

Note 3: Recent Accounting Pronouncements

Recently Adopted Accounting Standards

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

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 3: Recent Accounting Pronouncements (continued)

Recent Accounting Developments

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 is currently evaluating the potential impact of adopting ASU 2023-09.

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.

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 makes its determination for consolidation based on a qualitative assessment of the purpose and design of a VIE, the terms and characteristics of variable interests of an entity, and the risks a VIE is designed to create and pass through to holders of variable interests. The Company generally provides credit protection on obligations issued by VIEs, and holds certain contractual rights according to the purpose and design of a VIE. The Company may have the ability to direct certain activities of a VIE depending on facts and circumstances, including the occurrence of certain contingent events, and these activities may be considered the activities that most significantly impact the VIE's economic performance. The Company generally considers its guarantee of principal and interest payments of insured obligations, given nonperformance by a VIE, to be an obligation to absorb losses of the entity that could potentially be significant to the VIE. At the time the Company determines it has the ability to direct the activities of a VIE that most significantly impact the economic performance of the entity based on facts and circumstances, MBIA is deemed to have a controlling financial interest in the VIE and is required to consolidate the entity as primary beneficiary. The Company performs an ongoing reassessment of controlling financial interest that may result in consolidation or deconsolidation of any VIE.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 4: Variable Interest Entities (continued)

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. VIEs are consolidated or deconsolidated based on an ongoing reassessment of controlling financial interest, when events occur or circumstances arise, and whether the ability to exercise rights that constitute power to direct activities of any VIE are present according to the design and characteristics of these entities. 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 second and first quarters of 2025, the Company had no additional consolidations or deconsolidations of VIEs. During the first and third 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 accumulated other comprehensive income (“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 consolidated VIEs is limited to the credit protection provided on insured obligations and any additional variable interests held by the Company.

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 September 30, 2025 and December 31, 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.

In millions	September 30, 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
Insurance:						
Global structured finance:						
Mortgage-backed residential	\$ 743	\$ 29	\$ 4	\$ 21	\$ 3	\$ 233
Consumer asset-backed	64	-	-	-	-	1
Corporate asset-backed	219	-	1	-	2	-
Total global structured finance	1,026	29	5	21	5	234
Global public finance	192	-	3	-	2	-
Total insurance	\$ 1,218	\$ 29	\$ 8	\$ 21	\$ 7	\$ 234

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 4: Variable Interest Entities (continued)

In millions	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
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	<u>\$ 1,425</u>	<u>\$ 26</u>	<u>\$ 10</u>	<u>\$ 21</u>	<u>\$ 8</u>	<u>\$ 227</u>

Note 5: Loss and Loss Adjustment Expense Reserves

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.

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 September 30, 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, and historic averages of deal-specific loss severities. Where applicable, the Company factors in termination scenarios when clean up calls are imminent.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Loss and Loss Adjustment Expense Reserves (continued)

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.

Summary of Loss and LAE Reserves and Recoveries

The Company's loss and loss adjustment expense ("LAE") reserves and recoveries before consolidated VIE eliminations, along with amounts that were eliminated as a result of consolidating VIEs for the international and structured finance insurance segment, which are included in the Company's consolidated balance sheets as of September 30, 2025 and December 31, 2024 are presented in the following table:

In millions	As of September 30, 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	\$ 17	\$ 208	\$ 165	\$ 299
International and Structured Finance Insurance:				
Before VIE eliminations	25	230	23	238
VIE eliminations	(3)	5	(3)	(11)
Total international and structured finance insurance	22	235	20	227
Total	<u>\$ 39</u>	<u>\$ 443</u>	<u>\$ 185</u>	<u>\$ 526</u>

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

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Loss and Loss Adjustment Expense Reserves (continued)

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 table presents changes in the Company's loss and LAE reserves for the nine months ended September 30, 2025. Changes in loss and LAE reserves, with the exception of loss and LAE payments, are recorded in "Losses and loss adjustment" expenses in the Company's consolidated statements of operations. As of September 30, 2025 and December 31, 2024, the weighted average risk-free rates used to discount the Company's loss reserves (claim liability) were 3.89% and 4.50%, respectively. LAE reserves are generally expected to be settled within a one-year period and are not discounted. As of September 30, 2025 and December 31, 2024, the Company's gross loss and LAE reserves included \$13 million and \$19 million, respectively related to LAE.

Changes in Loss and LAE Reserves for the Nine Months Ended September 30, 2025						
In millions						
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 September 30, 2025
\$ 526	\$ (134)	\$ 15	\$ 11	\$ 24	\$ 1	\$ 443

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

The Company's loss and LAE reserves declined 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 an estimated extended timeline of a PREPA settlement. Refer to "Note 1: Business Developments and Risks and Uncertainties" for further information on PREPA.

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 table presents changes in the Company's insurance loss recoverable for the nine months ended September 30, 2025. Changes in insurance loss recoverable with the exception of collections, are recorded in "Losses and loss adjustment" expenses in the Company's consolidated statements of operations.

Changes in Insurance Loss Recoverable for the Nine Months Ended September 30, 2025						
In millions						
Gross Recoverable as of December 31, 2024	Collections for Cases	Accretion of Recoveries	Changes in Discount Rates	Changes in Assumptions	Gross Recoverable as of September 30, 2025	
Insurance loss recoverable	\$ 185	\$ (232)	\$ 6	\$ 2	\$ 78	\$ 39

The Company's insurance loss recoverable declined 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 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.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 5: Loss and Loss Adjustment Expense Reserves (continued)

Loss and LAE Activity

For the three and nine months ended September 30, 2025, the incurred 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 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, as well as an estimated extended timeline of a PREPA settlement.

For the three and nine months ended September 30, 2024, the incurred loss primarily related to a decline in risk-free rates which caused future liabilities, net of recoveries to increase and accretion of loss reserves related to the Company's insured RMBS transactions. This was partially offset by a decline in the secured overnight financing rate, which decreased estimated reserves related to policies insuring floating rate liabilities. For the nine months ended September 30, 2024, the incurred loss primarily related to assumption changes for National's PREPA reserves. In addition, for the nine months ended September 30, 2024, the incurred loss related to reserves on a U.S. public finance lease-backed transaction and accretion on insured RMBS reserves.

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 the three months ended September 30, 2025 and 2024, gross LAE related to remediating insured obligations was immaterial. For the nine months ended September 30, 2025 and 2024, gross LAE related to the remediation of insured obligations was \$3 million and \$11 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 September 30, 2025:

\$ in millions	Surveillance Categories				Total
	Cautious List Low	Cautious List Medium	Cautious List High	Classified List	
Number of policies	23	-	-	87	110
Number of issues ⁽¹⁾	7	-	-	76	83
Remaining weighted average contract period (in years)	3.2	-	-	6.3	5.5
Gross insured contractual payments outstanding: ⁽²⁾					
Principal	\$ 425	\$ -	\$ -	\$ 1,362	\$ 1,787
Interest	1,128	-	-	499	1,627
Total	<u>\$ 1,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,861</u>	<u>\$ 3,414</u>
Gross Claim Liability ⁽³⁾	\$ -	\$ -	\$ -	\$ 782	\$ 782
Less:					
Gross Potential Recoveries ⁽⁴⁾	-	-	-	277	277
Discount, net ⁽⁵⁾	-	-	-	107	107
Net claim liability (recoverable)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 398</u>	<u>\$ 398</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 (Unaudited)

Note 5: 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 6: 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, medium-term notes ("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, mortgage-backed securities ("MBS"), asset-backed securities, money market securities, equity investments and loans carried at fair value.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: 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 securities, adjusted for the fair values of the financial guarantees provided by MBIA Corp. on the related MBS. 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.

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 September 30, 2025 and December 31, 2024 had outstanding notional amounts of \$29 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 – Derivative 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.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

Significant Unobservable Inputs

The following tables provide quantitative information regarding the significant unobservable inputs used by the Company for assets measured at fair value on a recurring basis as of September 30, 2025 and December 31, 2024:

In millions	Fair Value as of September 30, 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	16	Discounted cash flow	Discount rate ⁽¹⁾	
Assets of consolidated VIEs:				
Loans receivable at fair value	33	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.

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 multiples, 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 (Unaudited)

Note 6: 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 September 30, 2025 and December 31, 2024:

In millions	Fair Value Measurements at Reporting Date Using			Balance as of September 30, 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	\$ 562	\$ -	\$ -	\$ 562
State and municipal bonds	-	96	-	96
Foreign governments	-	5	-	5
Corporate obligations	-	400	17 ⁽¹⁾	417
Mortgage-backed securities:				
Residential mortgage-backed agency	-	112	-	112
Residential mortgage-backed non-agency	-	17	-	17
Commercial mortgage-backed	-	18	-	18
Asset-backed securities:				
Collateralized debt obligations	-	46	-	46
Other asset-backed	-	254	-	254
Total fixed-maturity investments	562	948	17	1,527
Money market securities	105	-	-	105
Equity investments	45	6	33	94 ⁽²⁾
Cash and cash equivalents	64	-	-	64
Assets of consolidated VIEs:				
Cash	5	-	-	5
Loans receivable at fair value:				
Residential loans receivable	-	-	33	33
Total assets	\$ 781	\$ 954	\$ 83	\$ 1,828
Liabilities:				
Medium-term notes	\$ -	\$ -	\$ 42	\$ 42
Other liabilities:				
Liabilities of consolidated VIEs:				
Variable interest entity notes	-	-	26	26
Currency derivatives	-	-	11	11
Total liabilities	\$ -	\$ -	\$ 79	\$ 79

(1) - Includes loans carried at fair value of \$16 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 (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

In millions	Fair Value Measurements at Reporting Date Using			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:				
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	<u>\$ 797</u>	<u>\$ 866</u>	<u>\$ 96</u>	<u>\$ 1,769</u>
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	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 72</u>	<u>\$ 73</u>

(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 September 30, 2025 and December 31, 2024 represented approximately 5% of total assets measured at fair value. Level 3 liabilities at fair value as of September 30, 2025 and December 31, 2024 represented approximately 100% and 99%, respectively, of total liabilities measured at fair value.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: 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 September 30, 2025 and December 31, 2024. The majority of the financial assets and liabilities that the Company requires fair value reporting or disclosures are valued based on the Company's or a third-party's estimate of discounted cash flow model estimates, or quoted market values for identical or similar products.

	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)	Fair Value Balance as of September 30, 2025	Carry Value Balance as of September 30, 2025
In millions					
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	\$ -	\$ 289	\$ -	\$ 289	\$ 2,853
Medium-term notes	-	-	260	260	419 ⁽¹⁾
Investment agreements	-	-	185	185	173
Liabilities of consolidated VIEs:					
Variable interest entity loans payable	-	-	6	6	6
Total liabilities	<u>\$ -</u>	<u>\$ 289</u>	<u>\$ 451</u>	<u>\$ 740</u>	<u>\$ 3,451</u>
Financial Guarantees:					
Gross liability (recoverable)	\$ -	\$ -	\$ 800	\$ 800	\$ 582
Ceded recoverable (liability)	-	-	19	19	16

(1) - The carry value includes the complex interest calculations embedded in an MTN elected to be accounted for as a separate derivative that is reported together with the host contract. As of September 30, 2025, the Company's embedded derivative liability was not material.

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 the complex interest calculations embedded in an MTN elected to be accounted for as a separate derivative that is 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 (Unaudited)

Note 6: 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 three months ended September 30, 2025 and 2024:

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Three Months Ended September 30, 2025

In millions	Balance, Beginning of Period	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 September 30, 2025	Change in Unrealized Gains (Losses) for the Period Included in OCI for Assets still held as of September 30, 2025 ⁽¹⁾
Assets:												
Corporate obligations	\$ 16	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17 ⁽³⁾	\$ -	\$ -
Equity investments	52	(19)	-	-	-	-	-	-	-	33	(19)	-
Assets of consolidated VIEs:												
Loans receivable - residential	33	1	-	-	-	(1)	-	-	-	33	1	-
Total assets	\$ 101	\$ (18)	\$ -	\$ 1	\$ -	\$ (1)	\$ -	\$ -	\$ -	\$ 83	\$ (18)	\$ -

In millions	Balance, Beginning of Period	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 September 30, 2025	Change in Unrealized (Gains) Losses for the Period Included in OCI for Liabilities still held as of September 30, 2025 ⁽²⁾
Liabilities:												
Medium-term notes	\$ 38	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42	\$ -	\$ 4
Liabilities of consolidated VIEs:												
VIE notes	26	1	-	-	-	(1)	-	-	-	26	-	-
Currency derivatives	10	1	-	-	-	-	-	-	-	11	1	-
Total liabilities	\$ 74	\$ 2	\$ 4	\$ -	\$ -	\$ (1)	\$ -	\$ -	\$ -	\$ 79	\$ 1	\$ 4

(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 \$16 million.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Three Months Ended September 30, 2024

												Change in Unrealized Gains (Losses) for the Period Included in Earnings for Assets still held as of September 30, 2024	Change in Unrealized Gains (Losses) for the Period Included in OCI for Assets still held as of September 30, 2024 ⁽¹⁾
	Balance, Beginning of Period	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			
In millions													
Assets:													
Corporate obligations	\$ 10	\$ -	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14 ⁽³⁾	\$ 1	\$ -	
Equity investments	45	-	-	-	-	-	-	-	-	45	-	-	
Assets of consolidated VIEs:													
Loans receivable- residential	31	-	-	-	-	(1)	-	-	-	30	-	-	
Total assets	<u>\$ 86</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89</u>	<u>\$ 1</u>	<u>\$ -</u>	
											Change in Unrealized (Gains) Losses for the Period Included in Earnings for Liabilities still held as of September 30, 2024	Change in Unrealized (Gains) Losses for the Period Included in OCI for Liabilities still held as of September 30, 2024 ⁽²⁾	
	Balance, Beginning of Period	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			
In millions													
Liabilities:													
Medium-term notes	\$ 36	\$ 6	\$ (6)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36	\$ 6	\$ (6)	
Liabilities of consolidated VIEs:													
VIE notes	31	1	-	-	-	-	-	-	-	32	1	-	
Currency derivatives	9	(1)	-	-	-	-	-	-	-	8	(1)	-	
Total liabilities	<u>\$ 76</u>	<u>\$ 6</u>	<u>\$ (6)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76</u>	<u>\$ 6</u>	<u>\$ (6)</u>	

(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 \$13 million.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: 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 nine months ended September 30, 2025 and 2024:

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Nine Months Ended September 30, 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 September 30, 2025	Change in Unrealized Gains (Losses) for the Period Included in OCI for Assets still held as of September 30, 2025 ⁽¹⁾
Assets:												
Corporate obligations	\$ 16	\$ (1)	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17 ⁽³⁾	\$ (1)	\$ -
Equity investments	52	(19)	-	-	-	-	-	-	-	33	(19)	-
Assets of consolidated VIEs:												
Loans receivable - residential	28	7	-	-	-	(2)	-	-	-	33	6	-
Total assets	\$ 96	\$ (13)	\$ -	\$ 2	\$ -	\$ (2)	\$ -	\$ -	\$ -	\$ 83	\$ (14)	\$ -

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 September 30, 2025	Change in Unrealized (Gains) Losses for the Period Included in OCI for Liabilities still held as of September 30, 2025 ⁽²⁾
Liabilities:												
Medium-term notes	\$ 35	\$ 5	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42	\$ 5	\$ 2
Liabilities of consolidated VIEs:												
VIE notes	31	3	-	-	-	(8)	-	-	-	26	1	-
Currency derivatives	6	5	-	-	-	-	-	-	-	11	5	-
Total liabilities	\$ 72	\$ 13	\$ 2	\$ -	\$ -	\$ (8)	\$ -	\$ -	\$ -	\$ 79	\$ 11	\$ 2

(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 \$16 million.

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Nine Months Ended September 30, 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 September 30, 2024	Change in Unrealized Gains (Losses) for the Period Included in OCI for Assets still held as of September 30, 2024 ⁽¹⁾
Assets:												
Corporate obligations	\$ 1	\$ (2)	\$ -	\$ 15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14 ⁽³⁾	\$ -	\$ -
Equity investments	108	(63)	-	-	-	-	-	-	-	45	(63)	-
Assets of consolidated VIEs:												
Loans receivable - residential	35	(2)	-	-	-	(3)	-	-	-	30	(4)	-
Other	2	-	-	-	-	-	(2)	-	-	-	-	-
Total assets	\$ 146	\$ (67)	\$ -	\$ 15	\$ -	\$ (3)	\$ (2)	\$ -	\$ -	\$ 89	\$ (67)	\$ -

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

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 September 30, 2024	Change in Unrealized (Gains) Losses for the Period Included in OCI for Liabilities still held as of September 30, 2024 ⁽²⁾
Liabilities:												
Medium-term notes	\$ 40	\$ -	\$ (4)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36	\$ -	\$ (4)
Liabilities of consolidated VIEs:												
VIE notes	78	40	(27)	-	-	(39)	(20)	-	-	32	1	1
Currency derivatives	14	(6)	-	-	-	-	-	-	-	8	(6)	-
Total liabilities	<u>\$ 132</u>	<u>\$ 34</u>	<u>\$ (31)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (39)</u>	<u>\$ (20)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76</u>	<u>\$ (5)</u>	<u>\$ (3)</u>

(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 \$13 million.

For the nine months ended September 30, 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.

Gains and losses (realized and unrealized) included in earnings related to Level 3 assets and liabilities for the three and nine months ended September 30, 2025 and 2024 are reported on the Company's consolidated statements of operations as follows:

In millions	Three Months Ended September 30, 2025		Three Months Ended September 30, 2024	
	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 September 30, 2025	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 September 30, 2024
Revenues:				
Net gains (losses) on financial instruments at fair value and foreign exchange	\$ (19)	\$ (19)	\$ (6)	\$ (5)
Revenues of consolidated VIEs ⁽¹⁾	(1)	-	-	-
Total	<u>\$ (20)</u>	<u>\$ (19)</u>	<u>\$ (6)</u>	<u>\$ (5)</u>

(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.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

	Nine Months Ended September 30, 2025		Nine Months Ended September 30, 2024	
	Total Gains (Losses) Included in Earnings	Change in Unrealized Gains (Losses) for the Period Included in Earnings and Liabilities still held as of September 30, 2025	Total Gains (Losses) Included in Earnings	Change in Unrealized Gains (Losses) for the Period Included in Earnings and Liabilities still held as of September 30, 2024
In millions				
Revenues:				
Net gains (losses) on financial instruments at fair value and foreign exchange	\$ (25)	\$ (25)	\$ (65)	\$ (63)
Revenues of consolidated VIEs ⁽¹⁾	(1)	-	(36)	1
Total	<u>\$ (26)</u>	<u>\$ (25)</u>	<u>\$ (101)</u>	<u>\$ (62)</u>

(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 tables present the effects of derivative instruments on the Company's consolidated statements of operations for the three and nine months ended September 30, 2025 and 2024:

In millions		Three Months Ended September 30,	
Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	2025	2024
Interest rate swaps	Net gains (losses) on financial instruments at fair value and foreign exchange	\$ 1	\$ (1)
Currency swaps-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	(1)	1
Total		<u>\$ -</u>	<u>\$ -</u>

In millions		Nine Months Ended September 30,	
Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	2025	2024
Interest rate swaps	Net gains (losses) on financial instruments at fair value and foreign exchange	\$ 2	\$ (1)
Currency swaps-VIE	Net gains (losses) on financial instruments at fair value and foreign exchange-VIE	(5)	6
Total		<u>\$ (3)</u>	<u>\$ 5</u>

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 6: Fair Value of Financial Instruments (continued)

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.

The following table presents the gains and (losses) included in the Company's consolidated statements of operations for the three and nine months ended September 30, 2025 and 2024 for financial instruments for which the fair value option was elected:

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Investments carried at fair value ⁽¹⁾	\$ (18)	\$ 2	\$ (19)	\$ (61)
Fixed-maturity securities held at fair value-VIE ⁽²⁾	-	-	-	(1)
Loans receivable at fair value:				
Residential mortgage loans ⁽²⁾	1	-	7	(2)
Medium-term notes ⁽¹⁾	-	(6)	(5)	-
Variable interest entity notes ⁽²⁾	(1)	(1)	(3)	(40)

(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/or "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 September 30, 2025 and December 31, 2024 for loans and notes for which the fair value option was elected:

In millions	As of September 30, 2025			As of December 31, 2024		
	Contractual	Fair	Difference	Contractual	Fair	Difference
	Outstanding Principal	Value		Outstanding Principal	Value	
Loans receivable at fair value:						
Residential mortgage loans - current	\$ 12	\$ 12	\$ -	\$ 12	\$ 12	\$ -
Residential mortgage loans (90 days or more past due)	54	21	33	48	16	32
Corporate loans - current	18	16	2	16	15	1
Total loans receivable at fair value	\$ 84	\$ 49	\$ 35	\$ 76	\$ 43	\$ 33
Variable interest entity notes	\$ 39	\$ 26	\$ 13	\$ 45	\$ 31	\$ 14
Medium-term notes	\$ 59	\$ 42	\$ 17	\$ 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 September 30, 2025 and December 31, 2024, the cumulative changes in instrument-specific credit risk of liabilities elected under the fair value option were gains of \$25 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 nine months ended September 30, 2024 the portions of instrument-specific credit risk included in AOCI that were recognized in earnings due to settlement of liabilities were \$28 million.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 7: Investments

Investments, excluding equity instruments, and those elected under the fair value option, primarily consist of debt instruments classified as available-for-sale ("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 September 30, 2025 and December 31, 2024:

In millions	September 30, 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	\$ 570	\$ -	\$ -	\$ (10)	\$ 560
State and municipal bonds	102	-	3	(8)	97
Foreign governments	7	-	-	(2)	5
Corporate obligations	445	-	1	(94)	352
Mortgage-backed securities:					
Residential mortgage-backed agency	120	-	-	(12)	108
Residential mortgage-backed non-agency	12	-	-	-	12
Commercial mortgage-backed	12	-	-	-	12
Asset-backed securities:					
Collateralized debt obligations	25	-	1	-	26
Other asset-backed	228	-	2	(1)	229
Total AFS investments	<u>\$ 1,521</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ (127)</u>	<u>\$ 1,401</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 (Unaudited)

Note 7: 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 September 30, 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	\$ 472	\$ 472
Due after one year through five years	90	91
Due after five years through ten years	189	172
Due after ten years	373	279
Mortgage-backed and asset-backed	397	387
Total fixed-maturity investments	<u>\$ 1,521</u>	<u>\$ 1,401</u>

Deposited and Pledged Securities

The fair value of securities on deposit with various regulatory authorities as of September 30, 2025 and December 31, 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 September 30, 2025 and December 31, 2024, the fair value of securities pledged as collateral for these investment agreements were \$180 million and \$213 million, respectively. The Company's collateral as of September 30, 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 September 30, 2025 and December 31, 2024:

In millions	September 30, 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	6	-	57	(8)	63	(8)
Foreign governments	-	-	6	(2)	6	(2)
Corporate obligations	10	(2)	283	(92)	293	(94)
Mortgage-backed securities:						
Residential mortgage-backed agency	-	-	93	(12)	93	(12)
Residential mortgage-backed non-agency	-	-	5	-	5	-
Commercial mortgage-backed	-	-	4	-	4	-
Asset-backed securities:						
Collateralized debt obligations	8	-	-	-	8	-
Other asset-backed	16	-	26	(1)	42	(1)
Total AFS investments	<u>\$ 42</u>	<u>\$ (2)</u>	<u>\$ 596</u>	<u>\$ (125)</u>	<u>\$ 638</u>	<u>\$ (127)</u>

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 7: 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 September 30, 2025 compared with December 31, 2024 primarily due to lower interest rates.

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 September 30, 2025 and December 31, 2024 was 14 and 15 years, respectively. As of September 30, 2025 and December 31, 2024, there were 245 and 366 securities, respectively, that were in an unrealized loss position for a continuous twelve-month period or longer, of which, fair values of 196 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 September 30, 2025:

Percentage of Fair Value Below Book Value	Number of Securities	AFS Securities	
		Book Value (in millions)	Fair Value (in millions)
> 5% to 15%	90	\$ 286	\$ 256
> 15% to 25%	49	81	65
> 25% to 50%	55	214	137
> 50%	2	-	-
Total	196	\$ 581	\$ 458

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 7: Investments (continued)

As of September 30, 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 September 30, 2025 that would require the sale of impaired securities.

Credit Losses on Investments

The Company's fixed-maturity securities for which fair value is less than amortized cost are reviewed quarterly in order to determine whether a credit loss exists. If the Company determines that the declines in the fair value are related to credit loss, the Company will establish an allowance for credit losses and recognize the credit component through earnings. Refer to "Note 8: Investments" in the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 for a discussion of the Company's policy for its determination of credit losses. The Company did not purchase any credit-deteriorated assets or establish an allowance for credit losses for AFS securities for the three and nine months ended September 30, 2025 and 2024.

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. The following table provides information about securities held by the Company as of September 30, 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 September 30, 2025.

In millions	Fair Value	Unrealized Loss	Insurance Loss Reserve ⁽¹⁾
Asset-backed	\$ 17	\$ (1)	\$ 19
Corporate obligations	79	(46)	-
Total	<u>\$ 96</u>	<u>\$ (47)</u>	<u>\$ 19</u>

(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 three and nine months ended September 30, 2025 and 2024 are as follows:

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Proceeds from sales	\$ 2	\$ 45	\$ 125	\$ 100
Gross realized gains	\$ -	\$ 1	\$ 1	\$ 2
Gross realized losses	\$ -	\$ (1)	\$ (7)	\$ (4)

Equity and Trading Investments

Unrealized gains and losses recognized on equity and trading investments held as of the end of each period for the three and nine months ended September 30, 2025 and 2024 are as follows:

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net gains (losses) recognized during the period on equity and trading securities	\$ (15)	\$ 1	\$ (14)	\$ (57)
Less:				
Net gains (losses) recognized during the period on equity and trading securities sold during the period	1	-	3	1
Unrealized gains (losses) recognized during the period on equity and trading securities still held at the reporting date	<u>\$ (16)</u>	<u>\$ 1</u>	<u>\$ (17)</u>	<u>\$ (58)</u>

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 8: Income Taxes

The Company's income taxes and the related effective tax rates for the three and nine months ended September 30, 2025 and 2024 are as follows:

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Income (loss) from continuing operations before income taxes	\$ (7)	\$ (51)	\$ (125)	\$ (391)
Provision (benefit) for income taxes	\$ -	\$ -	\$ -	\$ -
Effective tax rate	0.0%	0.0%	0.0%	0.0%

For the nine months ended September 30, 2025 and 2024, the Company's effective tax rate applied to its loss from continuing operations before income taxes was lower than the U.S. statutory tax rate due to the full valuation allowance on the changes in its net deferred tax asset.

Deferred Tax Asset, Net of Valuation Allowance

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 September 30, 2025 and December 31, 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.

Accounting for Uncertainty in Income Taxes

The Company's policy is to record and disclose any change in unrecognized tax benefit ("UTB") and related interest and/or penalties to income tax in the consolidated statements of operations. The Company includes interest as a component of income tax expense. As of September 30, 2025 and December 31, 2024, the Company had no material UTB.

Federal income tax returns through 2011 have been examined or surveyed. As of September 30, 2025, the Company's NOL is approximately \$4.4 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 September 30, 2025, the Company has a foreign tax credit carryforward of \$55 million, which will expire between tax years 2025 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 (Unaudited)

Note 9: 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 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 (Unaudited)

Note 9: Business Segments (continued)

Segments Results

The following tables provide the Company's segment results for the three months ended September 30, 2025 and 2024:

In millions	Three Months Ended September 30, 2025				
	U.S. Public Finance Insurance	Corporate	International and Structured Finance Insurance	Eliminations	Consolidated
Revenues ⁽¹⁾	\$ 15	\$ 6	\$ 4	\$ -	\$ 25
Net gains (losses) on financial instruments at fair value and foreign exchange	1	5	(18)	-	(12)
Revenues of consolidated VIEs	-	-	2	-	2
Inter-segment revenues ⁽²⁾	5	11	2	(18)	-
Total revenues ⁽³⁾	21	22	(10)	(18)	15
Losses and loss adjustment	(54)	-	4	-	(50)
Compensation and benefits	-	13	-	-	13
Interest	-	17	38	(5)	50
Inter-segment service charge	7	-	4	(11)	-
Other segment items ⁽⁴⁾	3	5	4	(3)	9
Total expenses	(44)	35	50	(19)	22
Income (loss) from continuing operations before income taxes	\$ 65	\$ (13)	\$ (60)	\$ 1	\$ (7)
Total assets per reportable segment	\$ 1,524	\$ 650	\$ 670	\$ (794) ⁽⁵⁾	\$ 2,050
Assets held for sale					10
Total assets					\$ 2,060

(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 \$14 million, \$6 million, \$2 million, and (\$5) 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:

- U.S. Public Finance Insurance - amortization of DAC, professional service fees, occupancy costs and other operating expenses;
- Corporate - professional service fees, occupancy costs and other operating expenses;
- International and Structured Finance Insurance - expenses of consolidated VIEs, amortization of DAC, professional service fees and other operating expenses, and
- 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 (Unaudited)

Note 9: Business Segments (continued)

In millions	Three Months Ended September 30, 2024				
	U.S. Public Finance Insurance	Corporate	International and Structured Finance Insurance	Eliminations	Consolidated
Revenues ⁽¹⁾	\$ 20	\$ 6	\$ 6	\$ 1	\$ 33
Net gains (losses) on financial instruments at fair value and foreign exchange	1	(7)	1	-	(5)
Revenues of consolidated VIEs	-	-	1	-	1
Inter-segment revenues ⁽²⁾	6	12	3	(21)	-
Total revenues ⁽³⁾	27	11	11	(20)	29
Losses and loss adjustment	2	-	9	-	11
Compensation and benefits	-	8	-	-	8
Interest	-	19	39	(5)	53
Inter-segment service charge	6	-	4	(10)	-
Other segment items ⁽⁴⁾	5	5	3	(5)	8
Total expenses	13	32	55	(20)	80
Income (loss) from continuing operations before income taxes	\$ 14	\$ (21)	\$ (44)	\$ -	\$ (51)
Total assets per reportable segment	\$ 1,654	\$ 646	\$ 861	\$ (943) ⁽⁵⁾	\$ 2,218
Assets held for sale					12
Total assets					\$ 2,230

(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 \$16 million, \$7 million, \$3 million, and (\$6) 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 (Unaudited)

Note 9: Business Segments (continued)

The following tables provide the Company's segment results for the nine months ended September 30, 2025 and 2024:

In millions	Nine Months Ended September 30, 2025				
	U.S. Public Finance Insurance	Corporate	International and Structured Finance Insurance	Eliminations	Consolidated
Revenues ⁽¹⁾	\$ 41	\$ 17	\$ 14	\$ -	\$ 72
Net gains (losses) on financial instruments at fair value and foreign exchange	2	(3)	(28)	-	(29)
Revenues of consolidated VIEs	-	-	9	-	9
Inter-segment revenues ⁽²⁾	18	38	5	(61)	-
Total revenues ⁽³⁾	61	52	-	(61)	52
Losses and loss adjustment	(45)	-	11	-	(34)
Compensation and benefits	-	34	-	-	34
Interest	-	53	112	(17)	148
Inter-segment service charge	24	-	11	(35)	-
Other segment items ⁽⁴⁾	10	13	15	(9)	29
Total expenses	(11)	100	149	(61)	177
Income (loss) from continuing operations before income taxes	\$ 72	\$ (48)	\$ (149)	\$ -	\$ (125)
Total assets per reportable segment	\$ 1,524	\$ 650	\$ 670	\$ (794) ⁽⁵⁾	\$ 2,050
Assets held for sale					10
Total assets					\$ 2,060

(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 \$44 million, \$19 million, \$8 million, and (\$17) 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 (Unaudited)

Note 9: Business Segments (continued)

In millions	Nine Months Ended September 30, 2024				
	U.S. Public Finance Insurance	Corporate	International and Structured Finance Insurance	Eliminations	Consolidated
Revenues ⁽¹⁾	\$ 55	\$ 22	\$ 21	\$ -	\$ 98
Net gains (losses) on financial instruments at fair value and foreign exchange	2	5	(63)	-	(56)
Revenues of consolidated VIEs	-	-	(37)	-	(37)
Inter-segment revenues ⁽²⁾	19	42	5	(66)	-
Total revenues ⁽³⁾	76	69	(74)	(66)	5
Losses and loss adjustment	165	-	6	-	171
Compensation and benefits	-	36	-	-	36
Interest	-	55	120	(17)	158
Inter-segment service charge	25	-	14	(39)	-
Other segment items ⁽⁴⁾	11	12	18	(10)	31
Total expenses	201	103	158	(66)	396
Income (loss) from continuing operations before income taxes	\$ (125)	\$ (34)	\$ (232)	\$ -	\$ (391)
Total assets per reportable segment	\$ 1,654	\$ 646	\$ 861	\$ (943) ⁽⁵⁾	\$ 2,218
Assets held for sale					12
Total assets					\$ 2,230

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

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

(3) - Includes net investment income of \$51 million, \$23 million, \$8 million, and (\$17) 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 (Unaudited)

Note 10: 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 three and nine months ended September 30, 2025 and 2024:

In millions except per share amounts	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Basic and diluted earnings per share:				
Net income (loss) from continuing operations available to common shareholders	\$ (7)	\$ (51)	\$ (125)	\$ (391)
Income (loss) from discontinued operations, net of income taxes	(1)	(1)	(1)	(2)
Less: Net income (loss) from discontinued operations attributable to noncontrolling interests	-	4	-	3
Net income (loss) from discontinued operations attributable to MBIA Inc.	(1)	(5)	(1)	(5)
Net income (loss) attributable to MBIA Inc.	\$ (8)	\$ (56)	\$ (126)	\$ (396)
Basic and diluted weighted average shares ⁽¹⁾	49.6	47.7	49.2	47.3
Net income (loss) per common share - basic and diluted:				
Continuing operations	\$ (0.15)	\$ (1.08)	\$ (2.54)	\$ (8.26)
Discontinued operations	(0.02)	(0.10)	(0.03)	(0.11)
Net income (loss) per share - basic and diluted	\$ (0.17)	\$ (1.18)	\$ (2.57)	\$ (8.37)
Potentially dilutive securities excluded from the calculation of diluted EPS because of antidilutive affect	0.9	3.4	0.9	3.4

(1) - Includes approximately 1 million of participating securities that met the service condition and were eligible to receive nonforfeitable dividends or dividend equivalents for the three and nine months ended September 30, 2025 and 2024.

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 11: Accumulated Other Comprehensive Income

The following table presents the changes in the components of AOCI for the nine months ended September 30, 2025:

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, December 31, 2024	\$ (150)	\$ (5)	\$ 27	\$ (128)
Other comprehensive income (loss) before reclassifications	29	-	(2)	27
Amounts reclassified from AOCI	7	5	-	12
Net period other comprehensive income (loss)	36	5	(2)	39
Balance, September 30, 2025	<u>\$ (114)</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ (89)</u>

The following table presents the details of the reclassifications from AOCI for the three and nine months ended September 30, 2025 and 2024:

<u>In millions</u>	Amounts Reclassified from AOCI				Affected Line Item on the Consolidated Statements of Operations
	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>		
<u>Details about AOCI Components</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	
Unrealized gains (losses) on AFS securities:					
Realized gains (losses) on sale of securities	\$ -	\$ -	\$ (7)	\$ (2)	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)	Other net realized gains (losses) - VIEs
Settlement of liabilities	-	-	-	(19)	Net gains (losses) on financial instruments at fair value and foreign exchange - VIEs
Total reclassifications for the period	\$ -	\$ -	\$ (12)	\$ (30)	Net income (loss)

MBIA Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)

Note 12: Commitments and Contingencies

The following commitments and contingencies provide an update of those discussed in “Note 18: Commitments and Contingencies” in the Notes to Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024, and should be read in conjunction with the complete descriptions provided in the aforementioned Form 10-K.

Litigation

Refer to “Note 1: Business Developments and Risks and Uncertainties” for further information regarding PREPA's Title III proceedings. There are otherwise no 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.

The following table provides the amounts included on the Company’s consolidated balance sheet and other lease information as of September 30, 2025:

\$ in millions	As of September 30, 2025	Balance Sheet Location
ROU asset	\$ 2	Other assets
Lease liability	\$ 2	Other liabilities
Weighted average remaining lease term (years)	3.5	
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 September 30, 2025.

Item 2. 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 our Annual Report on Form 10-K for the year ended December 31, 2024 and the consolidated financial statements and notes thereto included in this Form 10-Q. 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 II, Item 1A and "Forward-Looking and Cautionary Statements" and "Risk Factors" in Part I, Item 1A of MBIA Inc.'s Annual Report on Form 10-K for the year ended December 31, 2024 for a further discussion of risks and uncertainties.

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 moderate pace. The unemployment rate remains low and job gains have slowed. 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 lowered its federal funds rate target range to 3.75% to 4.00%. 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. Higher interest rates could adversely affect the values of our Company's investment portfolio, but increase investment portfolio yield and income, and decrease the present value of loss reserves.

2025 Business Developments

The following is a summary of 2025 business developments:

PREPA

- On January 1, 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 \$13 million. In addition, on July 1, 2025, PREPA defaulted on scheduled debt service for National insured bonds and National paid gross claims in the aggregate of \$92 million. As of September 30, 2025, National had \$565 million of insured debt service outstanding related to PREPA.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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. 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 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. 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 three and nine months ended September 30, 2025. These sales also reduced National's "Insurance loss recoverable" related to PREPA on the Company's consolidated balance sheet as of September 30, 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.
- 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. 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. A hearing schedule has not been set at this time.

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

MBIA Mexico

- The Company commenced the process of dissolving MBIA Corp.'s wholly-owned subsidiary, MBIA México, S.A. de C.V. ("MBIA Mexico") and during the nine months ended September 30, 2025, MBIA Mexico returned approximately \$12 million of capital to MBIA Corp. Refer to the following "Liquidity and Capital Resources- Capital Resources- Insurance Statutory Capital" section for additional information.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

Summary of Consolidated Results

The following table presents a summary of our consolidated financial results for the three and nine months ended September 30, 2025 and 2024:

In millions except for per share, percentage and share amounts	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Total revenues	\$ 15	\$ 29	\$ 52	\$ 5
Total expenses	22	80	177	396
Income (loss) from continuing operations before income taxes	(7)	(51)	(125)	(391)
Provision (benefit) for income taxes	-	-	-	-
Net income (loss) from continuing operations	(7)	(51)	(125)	(391)
Income (loss) from discontinued operations, net of income taxes	(1)	(1)	(1)	(2)
Net income (loss)	(8)	(52)	(126)	(393)
Less: Net income (loss) from discontinued operations attributable to noncontrolling interests	-	4	-	3
Net income (loss) attributable to MBIA Inc.	\$ (8)	\$ (56)	\$ (126)	\$ (396)
Net income (loss) per basic and diluted common share	\$ (0.17)	\$ (1.18)	\$ (2.57)	\$ (8.37)
Adjusted net income (loss) ⁽¹⁾	\$ 51	\$ -	\$ 35	\$ (162)
Adjusted net income (loss) per diluted share ⁽¹⁾	\$ 1.03	\$ -	\$ 0.70	\$ (3.43)
Weighted average basic and diluted common shares outstanding	49,597,200	47,671,114	49,169,475	47,332,337

(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.

Three Months Ended September 30, 2025 vs. Three Months Ended September 30, 2024

Income (loss) from Continuing Operations Before Income Taxes

The decrease in consolidated total revenues for the three months ended September 30, 2025 compared with the same period of 2024 was principally due to unfavorable changes from fair valuing investments, partially offset by favorable changes from foreign currency revaluations. The three months ended September 30, 2025 included \$14 million of losses from fair valuing investments compared with \$3 million of gains for the same period of 2024. The three months ended September 30, 2024 included foreign currency losses of \$4 million on euro-denominated liabilities compared with immaterial foreign currency losses on these liabilities for the same period of 2025. The higher losses for the three months ended September 30, 2024 was due to a greater weakening of the U.S. dollar against the euro compared to the same period of 2025.

Consolidated total expenses for the three months ended September 30, 2025 included a losses and loss adjustment expense (“LAE”) benefit of \$50 million compared with a losses and LAE expense of \$11 million for the same period of 2024. The favorable change to 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.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS (continued)

Nine Months Ended September 30, 2025 vs. Nine Months Ended September 30, 2024

Income (loss) from Continuing Operations Before Income Taxes

The increase in consolidated total revenues for the nine months ended September 30, 2025 compared with the same period of 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 from foreign currency and net investment income. Consolidated VIE revenue for the nine months ended September 30, 2025 was a gain of \$9 million compared with a loss of \$37 million for the same period of 2024. Consolidated VIE revenue for the nine months ended September 30, 2025 primarily related to a gain from a Zohar litigation trust we consolidated as a VIE. The consolidated VIE loss for the nine months ended September 30, 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. The nine months ended September 30, 2025 included \$13 million of losses from fair valuing investments compared with \$56 million of losses for the same period of 2024. The nine months ended September 30, 2025 included foreign currency losses of \$13 million on euro-denominated liabilities due to the weakening of the U.S. dollar against the euro in 2025 and foreign currency translation losses of \$5 million reclassified from AOCI to net income (loss) due to the liquidation of MBIA Mexico, compared with immaterial foreign currency losses for the same period of 2024. In addition, net investment income decreased \$11 million for the nine months ended September 30, 2025 compared with the same period of 2024 primarily due to a lower average asset base and an overall lower investment portfolio yield.

Consolidated total expenses for the nine months ended September 30, 2025 included a losses and LAE benefit of \$34 million compared with a losses and LAE expense of \$171 million for the same period of 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.

Three and Nine Months Ended September 30, 2025 vs. Three and Nine Months Ended September 30, 2024

Provision for Income Taxes

For the three and nine months ended September 30, 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 September 30, 2025 and December 31, 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 8: Income Taxes" in the Notes to Consolidated Financial Statements 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.

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 net of noncontrolling interest and income taxes, which 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., as well as adjusting the following:

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS (continued)

- *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 three and nine months ended September 30, 2025 and 2024:

In millions except share and per share amounts	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income (loss)	\$ (8)	\$ (56)	\$ (126)	\$ (396)
Less: adjusted net income (loss) adjustments:				
Income (loss) from discontinued operations, net of noncontrolling interest	(1)	(5)	(1)	(5)
Income (loss) before income taxes of our international and structured finance insurance segment and eliminations	(60)	(45)	(148)	(231)
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⁾	2	(2)	6	3
Foreign exchange gains (losses) ⁽¹⁾	-	(4)	(12)	(1)
Net realized investment gains (losses)	-	-	(6)	(2)
Other net realized gains (losses)	-	-	-	2
Adjusted net income adjustment to the (provision) benefit for income tax	-	-	-	-
Adjusted net income (loss)	\$ 51	\$ -	\$ 35	\$ (162)
Adjusted net income (loss) per diluted common share ⁽²⁾	\$ 1.03	\$ -	\$ 0.70	\$ (3.43)

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

(2) - 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.

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:

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS (continued)

- *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 September 30, 2025	As of December 31, 2024
Total shareholders' equity of MBIA Inc.	\$ (2,180)	\$ (2,089)
Common shares outstanding	50,489,659	50,970,181
GAAP book value per share	\$ (43.17)	\$ (40.99)
Management's adjustments described above:		
Remove negative book value per share of MBIA Corp.	(52.64)	(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	2.19	2.43

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 September 30, 2025, National had total insured gross par outstanding of \$23.2 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, 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. In particular, PREPA had 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. 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.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS (continued)

The following table presents our U.S. public finance insurance segment results for the three and nine months ended September 30, 2025 and 2024:

In millions	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2025	2024		2025	2024	
Net premiums earned	\$ 6	\$ 8	-25%	\$ 19	\$ 22	-14%
Net investment income	14	16	-13%	44	51	-14%
Net realized investment gains (losses)	-	-	-%	(6)	(2)	n/m
Net gains (losses) on financial instruments at fair value and foreign exchange	1	1	-%	2	2	-%
Fees and reimbursements	-	2	-100%	2	3	-33%
Total revenues	21	27	-%	61	76	-20%
Losses and loss adjustment	(54)	2	n/m	(45)	165	-127%
Amortization of deferred acquisition costs	2	2	-%	5	5	-%
Operating	8	9	-11%	29	31	-6%
Total expenses	(44)	13	n/m	(11)	201	-105%
Income (loss) from continuing operations before income taxes	\$ 65	\$ 14	n/m	\$ 72	\$ (125)	n/m

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. Included in net premiums earned for the three months ended September 30, 2025 and 2024, were scheduled premiums earned of \$6 million and \$7 million, respectively. Included in net premiums earned for the nine months ended September 30, 2025 and 2024, were scheduled premiums earned of \$18 million and \$20 million, respectively.

NET INVESTMENT INCOME The decreases in net investment income for the three and nine months ended September 30, 2025 compared with the same periods of 2024 were primarily due to a lower average invested asset base and lower yielding assets.

LOSSES AND LOSS ADJUSTMENT EXPENSES For the three and nine months ended September 30, 2025 the losses and LAE benefits were 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. These benefits were partially offset by extending the timing of a settlement on our PREPA exposure. For the nine months ended September 30, 2024, losses and LAE incurred primarily related to changes in PREPA reserves as a result of the developments in the then PREPA remediation. In addition, the nine months ended September 30, 2024 incurred loss included reserves on a U.S. public finance lease-backed transaction. Refer to the following “U.S. Public Finance Insurance Puerto Rico Exposures” section for additional information on our PREPA exposure.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS (continued)

The following table presents information about our U.S. public finance insurance loss recoverable asset and loss and LAE reserves liabilities as of September 30, 2025 and December 31, 2024:

In millions	September 30, 2025	December 31, 2024	Percent Change
Assets:			
Insurance loss recoverable	\$ 17	\$ 165	-90%
Reinsurance recoverable on paid and unpaid losses ⁽¹⁾	13	16	-19%
Liabilities:			
Loss and LAE reserves	208	299	-30%
Insurance loss recoverable - ceded ⁽²⁾	1	2	-50%
Net reserve (salvage)	<u>\$ 179</u>	<u>\$ 120</u>	<u>49%</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 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. 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 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, an estimated extended timeline of a PREPA settlement, and accretion of loss reserves.

Refer to "Note 5: Loss and Loss Adjustment Expense Reserves" in the Notes to Consolidated Financial Statements for additional information related to the Company's insurance loss reserves and recoverables and loss reserving process.

POLICY ACQUISITION COSTS AND OPERATING EXPENSES U.S. public finance insurance segment expenses for the three and nine months ended September 30, 2025 and 2024 are presented in the following table:

In millions	Three Months Ended September 30,			Nine Months Ended September 30,		
	2025	2024	Change	2025	2024	Change
Gross expenses	<u>\$ 8</u>	<u>\$ 9</u>	<u>-11%</u>	<u>\$ 29</u>	<u>\$ 31</u>	<u>-6 %</u>
Amortization of deferred acquisition costs	\$ 2	\$ 2	-%	\$ 5	\$ 5	-%
Operating	<u>8</u>	<u>9</u>	<u>-11%</u>	<u>29</u>	<u>31</u>	<u>-6 %</u>
Total insurance operating expenses	<u>\$ 10</u>	<u>\$ 11</u>	<u>-9%</u>	<u>\$ 34</u>	<u>\$ 36</u>	<u>-6 %</u>

Gross expenses represent total insurance expenses before the deferral of any policy acquisition costs.

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.

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.

The following table presents the credit quality distribution of National's U.S. public finance outstanding gross par insured as of September 30, 2025 and December 31, 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.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS (continued)

In millions Rating	Gross Par Outstanding			
	September 30, 2025		December 31, 2024	
	Amount	%	Amount	%
AAA	\$ 947	4.0%	\$ 1,022	4.1%
AA	10,449	45.1%	10,574	41.8%
A	8,424	36.4%	10,023	39.6%
BBB	1,690	7.3%	1,740	6.9%
Below investment grade	1,658	7.2%	1,931	7.6%
Total	\$ 23,168	100.0%	\$ 25,290	100.0%

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 September 30, 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 FY2023, 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 payment. However, the University is subject to a standstill agreement with its senior bondholders, which has been extended to May 31, 2025. National is not a party to the standstill agreement. As of September 30, 2025, National had \$46 million of insured debt service outstanding related to the University.

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.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS (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, 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. A hearing schedule has not been set at this time.

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 September 30, 2025, for the three months ending December 31, 2025, for each of the subsequent four years ending December 31, and thereafter:

In millions	2025	2026	2027	2028	2029	Thereafter	Total
Puerto Rico Electric Power Authority (PREPA)	\$ -	\$ 57	\$ 20	\$ 20	\$ 89	\$ 379	\$ 565

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. 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.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS (continued)

The following table summarizes the consolidated results of our corporate segment for the three and nine months ended September 30, 2025 and 2024:

In millions	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2025	2024		2025	2024	
Net investment income	\$ 6	\$ 7	-14%	\$ 19	\$ 23	-17%
Net gains (losses) on financial instruments at fair value and foreign exchange	5	(7)	n/m	(3)	5	n/m
Fees	11	11	-%	36	39	-8%
Other net realized gains (losses)	-	-	-%	-	2	-100%
Total revenues	22	11	100%	52	69	-25%
Operating	18	13	38%	47	48	-2%
Interest	17	19	-11%	53	55	-4%
Total expenses	35	32	9%	100	103	-3%
Income (loss) from continuing operations before income taxes	\$ (13)	\$ (21)	-38%	\$ (48)	\$ (34)	41%

n/m - Percent change not meaningful.

NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE AND FOREIGN EXCHANGE The three months ended September 30, 2025 included fair value gains on financial instruments of \$5 million compared with fair value losses of \$3 million on these instruments for the same period of 2024. In addition, the three months ended September 30, 2024 included foreign currency losses of \$4 million on euro-denominated liabilities with no comparable amount on these liabilities for the same period of 2025. This decrease was due to the weakening of the U.S. dollar against the euro for the three months ended September 30, 2024.

The nine months ended September 30, 2025 included foreign currency losses of \$13 million on euro-denominated liabilities compared with immaterial foreign currency losses for the same period of 2024. This decrease was due to the larger weakening of the U.S. dollar against the euro for the nine months ended September 30, 2025. In addition, the nine months ended September 30, 2025 included fair value gains on financial instruments of \$9 million compared with \$5 million on these instruments for the same period of 2024.

OPERATING EXPENSE Change in operating expenses for the three months ended September 30, 2025 compared with the same period of 2024 were primarily due to changes in compensation expense related to our non-qualified deferred compensation plan.

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. 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 September 30, 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.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS (continued)

The following table presents our international and structured finance insurance segment results for the three and nine months ended September 30, 2025 and 2024:

In millions	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2025	2024		2025	2024	
Net premiums earned	\$ 1	\$ 2	-50%	\$ 5	\$ 7	-29%
Net investment income	2	3	-33%	8	8	-%
Net realized investment gains (losses)	-	-	n/m	-	(1)	-100%
Net gains (losses) on financial instruments at fair value and foreign exchange	(18)	1	n/m	(28)	(63)	-56%
Fees and reimbursements	3	2	50%	6	7	-14%
Other net realized gains (losses)	-	2	-100%	-	5	-100%
Revenues of consolidated VIEs:						
Net gains (losses) on financial instruments at fair value and foreign exchange	2	1	100%	2	(23)	-109%
Other net realized gains (losses)	-	-	n/m	7	(14)	-150%
Total revenues	(10)	11	n/m	-	(74)	-100%
Losses and loss adjustment	4	9	-56%	11	6	83%
Amortization of deferred acquisition costs	1	1	-%	4	5	-20%
Operating	5	4	25%	15	17	-12%
Interest	38	40	-5%	112	120	-7%
Expenses of consolidated VIEs:						
Operating	2	1	100%	6	9	-33%
Interest	-	-	-%	1	1	-%
Total expenses	50	55	-9%	149	158	-6%
Income (loss) from continuing operations before income taxes	\$ (60)	\$ (44)	36%	\$ (149)	\$ (232)	-36%

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 non-U.S.

NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE AND FOREIGN EXCHANGE The net losses for the three and nine months ended September 30, 2025 and the nine months ended September 30, 2024 were primarily due to fair value losses on investments for which the fair value option was elected. In addition, the net loss for the nine months ended September 30, 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 revenue for the nine months ended September 30, 2025 related to a gain from a Zohar litigation trust we consolidated as a VIE. The net losses of consolidated VIE revenues for the nine months ended September 30, 2024 primarily included the reclassification of \$28 million of credit risk losses from AOCI to net income (loss). These reclassifications were due to early redemptions of VIE liabilities and the deconsolidation of a VIE.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS (continued)

LOSSES AND LOSS ADJUSTMENT EXPENSES For the three and nine months ended September 30, 2025, losses and LAE incurred were primarily due to a decrease in risk-free rates used to discount loss reserves, which caused the present value of loss reserves, net of recoveries, to increase. In addition, losses and LAE incurred for both periods include accretion of loss reserves related to our insured residential mortgage-backed securities ("RMBS") transactions. This was partially offset by credit improvements on certain RMBS transactions. For the three months ended September 30, 2024, losses and LAE incurred primarily related to a decline in risk-free rates which caused future liabilities, net of recoveries, to increase. In addition, losses and LAE incurred include accretion of loss reserves related to our insured RMBS transactions. This was partially offset by a decline in the secured overnight financing rate ("SOFR"), which decreased estimated reserves related to policies insuring floating rate liabilities. For the nine months ended September 30, 2024, the incurred loss primarily related to accretion of our insured RMBS loss reserves.

As a result of the consolidation of VIEs, loss and LAE excludes losses and LAE benefits of \$4 million and \$3 million for three and nine months ended September 30, 2025, respectively and excludes an immaterial loss and LAE benefit and loss and LAE expense of \$21 million for the three and nine months ended September 30, 2024, respectively, as VIE losses and LAE are eliminated in consolidation.

The following table presents information about our insurance loss recoverable and loss and LAE reserves as of September 30, 2025 and December 31, 2024:

In millions	September 30, 2025	December 31, 2024	Percent Change
Assets:			
Insurance loss recoverable	\$ 22	\$ 20	10%
Reinsurance recoverable on paid and unpaid losses ⁽¹⁾	1	-	100%
Liabilities:			
Loss and LAE reserves	235	227	4%
Net reserve (salvage)	<u>\$ 212</u>	<u>\$ 207</u>	<u>2%</u>

(1) - Reported within "Other assets" 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 5: Loss and Loss Adjustment Expense Reserves" in the Notes to Consolidated Financial Statements for a description of the Company's loss reserving policy and additional information related to its insurance loss recoverables and loss and LAE reserves.

POLICY ACQUISITION COSTS AND OPERATING EXPENSES International and structured finance insurance segment expenses for the three and nine months ended September 30, 2025 and 2024 are presented in the following table:

In millions	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2025	2024		2025	2024	
Gross expenses	\$ 5	\$ 4	25%	\$ 15	\$ 17	-12%
Amortization of deferred acquisition costs	\$ 1	\$ 1	- %	\$ 4	\$ 5	-20%
Operating	5	4	25%	15	17	-12%
Total insurance operating expenses	<u>\$ 6</u>	<u>\$ 5</u>	<u>20%</u>	<u>\$ 19</u>	<u>\$ 22</u>	<u>-14%</u>

Gross expenses represent total insurance expenses before the deferral of any policy acquisition costs. We did not defer a material amount of policy acquisition costs during 2025 or 2024 as no new business was written. Policy acquisition costs in these periods were primarily related to ceding commissions and premium taxes on installment policies written in prior periods.

INTEREST EXPENSE Interest expense relates to MBIA Corp.'s surplus notes that are indexed to 3-month SOFR. The decreases in interest expense for the three and nine months ended September 30, 2025 compared with the same periods of 2024 were 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.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS (continued)

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 September 30, 2025 and December 31, 2024, 24% 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. As of September 30, 2025, below investment grade insurance policies primarily include 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 September 30, 2025 and December 31, 2024, MBIA Corp. had \$512 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 \$29 million and \$36 million, as of September 30, 2025 and December 31, 2024, respectively.

We may experience considerable incurred losses in certain of 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 ("NYSDFS") related to the purchase of certain MBIA Corp.-insured securities with gross case base loss reserves ("Remediation Securities"). The Remediation Securities are 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.

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.

As of September 30, 2025, the aggregate amount of insured par outstanding ceded by MBIA to reinsurers under reinsurance agreements was \$583 million compared with \$671 million as of December 31, 2024. Under National's reinsurance agreement with 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. For a further discussion of the Company's reinsurance, refer to "Note 12: Insurance in Force" in the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

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.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

LIQUIDITY AND CAPITAL RESOURCES (continued)

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 nine months ended September 30, 2025 and 2024:

In millions	Nine Months Ended September 30,		Percent Change
	2025	2024	2025 vs 2024
Statement of cash flow data:			
Net cash provided (used) by:			
Operating activities	\$ 48	\$ (179)	-127%
Investing activities	(34)	282	-112%
Financing activities	(32)	(137)	-77%
Cash and cash equivalents - beginning of period	87	108	-19%
Cash and cash equivalents - end of period	<u>\$ 69</u>	<u>\$ 74</u>	<u>-7%</u>

Operating activities

The change in net cash of operating activities for the nine months ended September 30, 2025 compared with the same period of 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 the nine months ended September 30, 2025 compared with the same period of 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 the nine months ended September 30, 2025 compared with the same period of 2024 was primarily due to the repurchase of GFL MTNs and the early redemption of VIE debt in 2024, both funded by the aforementioned investment proceeds.

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 based on ratings from Moody’s and 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 September 30, 2025, the weighted average credit quality rating of the Company’s AFS fixed-maturity investment portfolio, excluding short-term investments, was Aa and 95% 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” in the Notes to Consolidated Financial Statements included in the Company’s Annual Report on 10-K for the year ended December 31, 2024 and “Note 7: Investments” in the Notes to Consolidated Financial Statements for further information about our accounting policies and investments, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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 losses, the Company will establish an allowance for credit losses and recognize the credit component through earnings.

As of September 30, 2025, Insured Investments at fair value represented \$145 million or 8% of consolidated investments, of which \$136 million or 8% of consolidated investments were Company-Insured Investments. As of September 30, 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 September 30, 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 September 30, 2025 and December 31, 2024, National held cash and investments of \$1.3 billion and \$1.2 billion, respectively, of which \$261 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.

As of September 30, 2025, National had a stand-alone NOL carryforward of \$529 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.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

LIQUIDITY AND CAPITAL RESOURCES (continued)

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 September 30, 2025 and December 31, 2024, the liquidity positions of MBIA Inc. were \$354 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.

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 annual dividend of payments 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 special dividends to MBIA Inc. in future years. However, there can be no assurance whether or when NYSDFS will approve such requests and, if the NYSDFS does approve such dividends, in what amounts. 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.

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.

Currently, a portion of the cash and securities held by MBIA Inc. is pledged against investment agreement liabilities, 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, and accessing the capital markets. 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.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

LIQUIDITY AND CAPITAL RESOURCES (continued)

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 September 30, 2025 and December 31, 2024, MBIA Corp. held cash and investments of \$209 million and \$243 million, respectively, of which \$22 million and \$27 million, respectively, 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.

Contractual Obligations

For a discussion of the Company's contractual obligations, refer to "Liquidity and Capital Resources - Liquidity - Contractual Obligations" in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024. There were no material changes in contractual obligations since December 31, 2024.

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. 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 our Form 10-K for the year ended December 31, 2024 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 is regulated by the Comisión Nacional de Seguros y Fianzas in Mexico and we have commenced the process of dissolving this entity. During the first quarter of 2025, MBIA Mexico returned approximately \$12 million of capital to MBIA Corp., representing a substantially complete liquidation. 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 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

LIQUIDITY AND CAPITAL RESOURCES (continued)

National – Statutory Capital and Surplus

National had statutory capital of \$994 million and \$912 million, as of September 30, 2025 and December 31, 2024, respectively. As of September 30, 2025, National’s policyholders’ surplus was \$708 million. For the nine months ended September 30, 2025, National had statutory net income of \$84 million. 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 September 30, 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. National had positive earned surplus as of September 30, 2025 from which it may pay dividends, subject to limitations. 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 – 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 September 30, 2025 and December 31, 2024 are presented in the following table:

In millions	As of September 30, 2025	As of December 31, 2024
Policyholders' surplus	\$ 708	\$ 602
Contingency reserves	286	310
Statutory capital	994	912
Unearned premiums	188	208
Present value of installment premiums ⁽¹⁾	93	95
Premium resources ⁽²⁾	281	303
Net loss and LAE reserves ⁽¹⁾	185	130
Salvage reserves on paid claims ⁽¹⁾	16	162
Gross loss and LAE reserves	201	292
Total claims-paying resources	\$ 1,476	\$ 1,507

(1) - Calculated using a discount rate of 4.78% as of September 30, 2025 and December 31, 2024.

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

MBIA Insurance Corporation – Statutory Capital and Surplus

MBIA Insurance Corporation had statutory capital of \$79 million and \$88 million as of September 30, 2025 and December 31, 2024, respectively. As of September 30, 2025, MBIA Insurance Corporation’s negative unassigned surplus was \$2.0 billion. For the nine months ended September 30, 2025, MBIA Insurance Corporation had a statutory net loss of \$19 million. Refer to the “MBIA Insurance Corporation — Claims - Paying Resources (Statutory Basis)” section below for additional information on MBIA Insurance Corporation’s statutory capital.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

LIQUIDITY AND CAPITAL RESOURCES (continued)

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 September 30, 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 September 30, 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 both MBIA Insurance Corporation’s liquidity and financial condition as well as the availability of “free and divisible surplus” as the basis for such non-approvals. As of October 15, 2025, 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 September 30, 2025, MBIA Insurance Corporation had “free and divisible surplus” of \$56 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.

MBIA Corp.’s CPR and components thereto, as of September 30, 2025 and December 31, 2024 are presented in the following table:

In millions	As of September 30, 2025	As of December 31, 2024
Policyholders’ surplus	\$ 74	\$ 83
Contingency reserves	5	5
Statutory capital	79	88
Unearned premiums	17	21
Present value of installment premiums ⁽¹⁾	17	20
Premium resources ⁽²⁾	34	41
Net loss and LAE reserves ⁽¹⁾	59	57
Salvage reserves on paid claims ^{(1) (3)}	154	170
Gross loss and LAE reserves	213	227
Total claims-paying resources	\$ 326	\$ 356

(1) - Calculated using a discount rate of 5.42% as of September 30, 2025 and December 31, 2024.

(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.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

CRITICAL ACCOUNTING ESTIMATES

We prepare our consolidated financial statements in accordance with GAAP, which requires the use of estimates and assumptions. Management has discussed and reviewed the development, selection, and disclosure of critical accounting estimates with the Company’s Audit Committee. Our most critical accounting estimates include loss and LAE reserves and valuation of financial instruments, since these estimates require significant judgment. Any modifications in these estimates could materially impact our financial results.

For a discussion of the Company’s critical accounting estimates, refer to “Critical Accounting Estimates” in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024. In addition, refer to “Note 5: Loss and Loss Adjustment Expense Reserves” and “Note 6: Fair Value of Financial Instruments” in the Notes to Consolidated Financial Statements for a current description of estimates used in our insurance loss reserving process and information about our financial assets and liabilities that are accounted for at fair value, including valuation techniques and significant inputs.

RECENT ACCOUNTING PRONOUNCEMENTS

Refer to “Note 3: Recent Accounting Pronouncements” in the Notes to Consolidated Financial Statements for a discussion of new accounting pronouncements and the potential impact on the Company’s consolidated financial statements.

Item 3. 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. There were no material changes in market risk since December 31, 2024 related to interest rates, foreign exchange rates and credit spreads. For a discussion of our quantitative and qualitative disclosures about market risk, refer to Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Item 4. Controls and Procedures

As of the end of the period covered by this report, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934) 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 management, including the Chief Executive Officer and the Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report. In addition, there have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) during the fiscal quarter to which this report relates that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

For a discussion of the Company's litigation and related matters, see "Note 12: Commitments and Contingencies" in the Notes to Consolidated Financial Statements of MBIA Inc. and Subsidiaries in Part I, Item 1. 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 1A. Risk Factors

The following should be read in conjunction with and supplements the risk factors described under Part I, Item 1A, "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2024. Except as set forth below, there have been no material changes to the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

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 September 30, 2025, National had \$565 million of insured debt service outstanding related to PREPA. On January 1, 2025 and July 1, 2025, PREPA defaulted on scheduled debt service for certain National insured bonds and National paid gross claims in the aggregate of \$13 million and \$92 million, respectively.

On January 29, 2024, the First Circuit Court of Appeals heard argument 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. 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 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. 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. Refer to the "U.S. Public Finance Insurance Puerto Rico Exposures" section in Part I, Item 2 of this Form 10-Q for additional information on our Puerto Rico exposures.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

The table below presents purchases or repurchases made by the Company or National in each month during the third quarter of 2025:

Month	Total Number of Shares Purchased	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) ⁽¹⁾
July	0	\$ 0	0	\$ 71
August	0	0	0	71
September	0	0	0	71
	0	\$ 0	0	

- (1) 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.

Item 6. Exhibits

- *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.](#)
- *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)

* Filed herewith.

** Furnished herewith.

SIGNATURES

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

MBIA Inc.
(Registrant)

Date: November 4, 2025

/s/ Joseph R. Schachinger

Joseph R. Schachinger
Chief Financial Officer (Principal Financial Officer and Duly
Authorized Officer)

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, William C. Fallon, certify that:

1. I have reviewed the Quarterly Report of MBIA Inc. (the "Company") on Form 10-Q for the period ending September 30, 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 third 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
November 4, 2025

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Joseph R. Schachinger, certify that:

1. I have reviewed the Quarterly Report of MBIA Inc. (the "Company") on Form 10-Q for the period ending September 30, 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 third 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

November 4, 2025

**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 Quarterly Report of MBIA Inc. (the "Company") on Form 10-Q for the period ending September 30, 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

November 4, 2025

**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 Quarterly Report of MBIA Inc. (the "Company") on Form 10-Q for the period ending September 30, 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

November 4, 2025