

Assured Guaranty UK Limited

Registered Number: 2510099

Annual report and financial statements

For the year ended 31 December 2025

**ASSURED
GUARANTY®**

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Company information

Directors

Robert Bailenson

Mark Batten

Dominic Frederico

Samantha Hoe-Richardson

Dominic Nathan

Richard Nicholas

Nicholas Proud

Penelope Shaw

David Todd

Company secretary

Joanne Merrick

Natalia Von Esebeck (appointed June 2025)

Stephen Rosling (resigned July 2025)

Registered office

11th Floor

6 Bevis Marks

London

England

EC3A 7BA

Independent auditors

Deloitte LLP

2 New Street Square

London

England

EC4A 3BZ

Strategic report for the year ended 31 December 2025

The directors present their strategic report for the year ended 31 December 2025.

Principal activities

The principal activity of Assured Guaranty UK Limited (the “Company” or “AGUK”) is providing financial guarantees for public finance (including infrastructure finance) and structured finance obligations. Financial guarantee insurance written by the Company generally guarantees scheduled payments of principal and interest on an issuer’s obligations in the event, and to the extent, of a payment default.

The Company is authorised by the Prudential Regulation Authority (“PRA”), and regulated by both the PRA and the Financial Conduct Authority (“FCA”), and is authorised to effect and carry out three classes of general insurance business: classes 14 (credit), 15 (suretyship) and 16 (miscellaneous financial loss). The Company also has permission to advise on, to arrange and to assist in the administration and performance of its financial guarantee insurance contracts.

The Company is a wholly owned subsidiary of Assured Guaranty Inc (“AG”). AG is an insurance company domiciled in the State of Maryland, United States of America and provides financial guarantee insurance on debt obligations issued in the US and non-US public finance, infrastructure finance and structured finance markets.

The Company issues guarantees under a coinsurance structure with AG. Until 31 December 2025, the Company directly insured 15% of new transactions, with AG guaranteeing the remaining 85%. From 1 January 2026, the Company’s share of coinsured new business increased to 50%, subject to an original principal limit of £100 million per transaction. The Company’s share of certain risks, including structured finance business, remains at 15%. AG provides a second-to-pay guarantee in respect of the Company’s portion of the guaranteed obligations.

For transactions closed prior to 2011, the Company typically guaranteed obligations directly and reinsured to AG approximately 92% of the Company’s retention, after cessions to other reinsurers, under the quota share cover of the AG Reinsurance Agreement (as defined under Parental and Affiliate Support Agreements below). Transactions originally underwritten by the Company’s former subsidiaries, Assured Guaranty (UK) plc and CIFG Europe SA, and transferred to the Company under a cross-border merger completed in 2018, are reinsured 90% and 100%, respectively, to AG. Transactions originally underwritten by Assured Guaranty (London) plc (“AGLN”) and also transferred to the Company under the 2018 cross-border merger have only limited levels of reinsurance, typically less than 5% to AG and Assured Guaranty Reinsurance Limited (“AGRE”).

Business Review

The year was characterised by a challenging environment for new business production, with strong market liquidity and tightening credit spreads weighing on new business volumes. Against this backdrop, AGUK maintained a disciplined underwriting approach, prioritising risk-adjusted returns and long-term value over volume. While new business levels were lower than in the prior year, the Company remained active in its core markets and is well positioned to benefit as market conditions improve.

The Company measures new business production using PVP (as defined below). New business comprises new policies issued, policy renewals and amendments to existing policies that generate additional PVP. The Company considers PVP to be a useful performance measure for management and other users of the financial statements, as it reflects new business production after taking into account the time value of money on estimated future instalment premiums.

During the year, the Company underwrote new business within the local government authority, regulated utilities and education sectors, generating PVP of £2.6 million. The largest single insured transaction was a bilateral secondary financial guarantee covering a portfolio of UK student accommodation bonds, generating PVP of £0.9 million.

The Company achieved a profit before tax from ordinary activities of £32.9 million (2024: loss of £4.3 million), driven by strong investment returns and gains arising from the commutation of certain reinsurance cessions with AG, as further described below.

Strategic report for the year ended 31 December 2025 (continued)

The Board monitors the performance and position of the Company by reference to, among other measures, the following Key Performance Indicators:

	2025	2024
	£'000	£'000
Total Gross Written Premium (“GWP”)	(3,217)	13,827
Present value of new business production (“PVP”) ¹	2,575	8,889
Earned premiums, net of reinsurance	7,128	5,980
Claims incurred, net of reinsurance	118	171
Change in other technical provisions, net of reinsurance	429	20,401
Net operating expenses	13,948	11,939
Underwriting result	1,622	(25,592)
Investment return	36,637	21,453
Profit/(loss) before tax	32,935	(4,294)
Net insured par value of obligations (“par”) outstanding	3,889,599	4,019,426
Regulatory solvency cover ratio ²	454%	350%

¹ PVP, a non-GAAP (Generally Accepted Accounting Principles) financial measure used by Assured Guaranty group companies, is defined as gross upfront and instalment premiums received, plus the present value of gross estimated future instalment premiums on contracts written in the current year. Future instalment premiums are discounted at the approximate average pre-tax book yield of fixed-maturity securities purchased across Assured Guaranty group companies during the prior calendar year, other than loss mitigation securities. The discount rate is recalculated annually and updated as necessary

² The regulatory solvency cover ratio is the ratio of the Company’s Solvency II own funds to the Company’s Solvency Capital Requirement calculated in accordance with the Solvency II Standard Formula.

Gross written premium comprises new business and changes to underlying debt service schedules, including changes to scheduled principal repayments, and indexation adjustments. Total gross written premium for 2025 was negative £3.2 million (2024: £13.8 million), reflecting policy terminations totalling £8.4 million, £5.5 million of which related to the termination of UK Local Authority policies following the repayment of the underlying loans.

Total net written premium was negative £15.0 million (2024: £6.4 million), primarily due to additional reinsurance cessions to AG entered into during the year to reduce the Company’s exposure to certain large single risks. These cessions were undertaken alongside the commutation of existing reinsurance with AG across a portfolio of several risks, such that the Company’s overall level of reinsurance with AG remained broadly unchanged. In aggregate, £524 million of additional insured par was ceded to AG, with £530 million of gross insured par reassumed.

The overall underwriting result for the year was a profit of £1.6 million, compared to a loss of £25.6 million in 2024. The prior year loss was primarily attributable to a net increase of £20.4 million in the unexpired risk provision relating to the Company’s below investment grade (“BIG”) healthcare and UK regulated utility risks, whereas in the current year the net unexpired risk provision increased by only £0.4 million.

Other technical income of £9.0 million (2024: £0.9 million) further contributed to the underwriting profit for the year, comprising a gain of £6.2 million arising from the AG reinsurance commutations, together with interest income received on prior paid claims.

Net operating expenses increased to £13.9 million from £11.9 million in 2024, due to higher operating expenses and a reduction in reinsurance commissions to £6.5 million (2024: £7.4 million) as the reinsured portion of in-force business continues to run-off.

The overall credit quality of the insured portfolio improved during the year, with the proportion of below investment grade (“BIG”) risks decreasing to 9.7% (2024: 18.0%) of gross par outstanding (“GPO”), reflecting improved performance across certain UK regulated utility obligations. During the year, the Company completed the unwind of a guarantee on a large insurance securitisation following a prolonged workout period. As the Company already held the underlying bonds, the unwind did not have a material impact on the Company’s financial position, but did result in the paydown of its US dollar loss mitigation securities, which had a carrying value of £27.1 million at the prior year end.

Strategic report for the year ended 31 December 2025 (continued)

No new claims were incurred during the year and the Company recorded favourable net development of £0.11 million on existing claims (2024: £0.02 million) and, as noted above, adverse development of £0.4 million in respect of the unexpired risks provision.

The Company's investment strategy focuses on maintaining highly liquid, well-diversified investment portfolios of high credit quality, managed by an external investment manager. At 31 December 2025, the market value of the investment portfolio was £552.9 million (2024: £524.3 million). The portfolio had an average duration of 3.06 years (2024: 2.25 years) and the average credit quality was A+ (2024: A+), excluding short term deposits.

During the year, declining investment yields resulted in net unrealised gains of £23.4 million (2024: £13.2 million), contributing to a total investment return of £36.6 million (2024: £21.5 million). However, investments are generally held to maturity and the Company's preferred measure of investment return is yield-to-maturity, which was 3.96% (2024: 2.40%).

The Company manages its solvency position with reference to its target capital requirements. As at 31 December 2025 the Company remains in a strong financial position with a regulatory solvency cover ratio of 454% (2024: 350%).

Ratings

The obligations insured by the Company are generally awarded ratings on the basis of the financial strength ratings given to the Company by major securities rating agencies. As at 23 March 2026, AG and the Company have been assigned the following insurance financial strength ratings set out below, by S&P Global Ratings, a business unit of Standard & Poor's Financial Services ("S&P"), Moody's Investors Service, Inc. ("Moody's") and Kroll Bond Rating Agency, Inc. ("KBRA"):

S&P: AA / Stable Outlook

Moody's: A1 / Stable Outlook

KBRA: AA+ / Stable Outlook

These ratings are subject to continuous review. S&P, KBRA and Moody's have all reaffirmed the financial strength ratings of AG and the Company within the last 12 months. Most recently, in August 2025, KBRA affirmed its financial strength rating of "AA+" (stable outlook) and in June 2025 S&P issued a credit rating report in which it affirmed AG's and the Company's financial strength rating of "AA" (stable outlook). Moody's issued a credit opinion for AG in August 2025 and affirmed a financial strength rating of A1 with a stable outlook.

Parental and Affiliate Support Agreements

AG currently provides support to the Company, through a quota share and excess of loss reinsurance agreement (the "AG Reinsurance Agreement") and a net worth maintenance agreement (the "AG Net Worth Maintenance Agreement").

Under the quota share cover of the AG Reinsurance Agreement, AG reinsures between approximately 95% - 99% of the Company's retention of each policy after cessions to other reinsurers, excluding the transactions which were originally underwritten by the Company's former subsidiaries and transferred to the Company under a cross-border merger in 2018. The policies reinsured under the agreement are those issued prior to 2011 because, as noted above, since 2011 the Company has generally underwritten new business on a coinsurance basis. The AG Reinsurance Agreement also provides 90% quota share reinsurance of the Company's legacy Assured Guaranty (UK) plc policies and 100% reinsurance of the legacy CIFG policies.

Under the excess of loss cover of the AG Reinsurance Agreement, AG is required to pay the Company the amount by which: (i) the sum of (a) the Company's incurred losses calculated in accordance with UK GAAP and (b) the Company's net paid losses and loss adjustment expenses, exceed (ii) an amount equal to (a) the Company's capital resources under UK law minus (b) 110% of the amounts as may be required by the PRA as a condition for the Company to maintain its authorisation to carry on financial guarantee business in the UK. The AG Reinsurance Agreement permits the Company to terminate the agreement upon the following events: a downgrade of AG's ratings by Moody's below Aa3 or by S&P below AA- if AG fails to restore its rating(s) to the required level within a prescribed period of time, AG's insolvency or failure by AG to maintain the minimum capital required by its home jurisdiction.

Strategic report for the year ended 31 December 2025 (continued)

The AG Reinsurance Agreement requires AG to pledge collateral to support its reinsurance obligations to the Company. AG's collateral requirement at the end of each calendar quarter is calculated as the sum of AG's share of: (a) AGUK's unearned premium reserve (net of AGUK's reinsurance premium payable to AG); (b) AGUK's provisions for unpaid losses and allocated loss adjustment expenses (net of any salvage recoverable); and (c) any unexpired risks provision, in each case as calculated in accordance with Generally Accepted Accounting Practice in the UK ("UK GAAP").

Under the terms of the AG Net Worth Maintenance Agreement, AG is obligated to ensure the Company maintains capital resources equal to 110% of the amounts as may be required by the PRA as a condition of the Company maintaining its authorisation to carry on financial guarantee business in the UK provided that, except with the express approval (or non-disapproval) of the Maryland Insurance Administration ("MIA"):

- (a) no individual contribution by AG to AGUK for such purpose shall exceed \$25m.
- (b) AG shall not be permitted to make more than two individual contributions to AGUK under the Net Worth Agreement during any calendar year, which two contributions together shall not exceed \$25m.
- (c) the aggregate contributions by AG to AGUK under the Net Worth Agreement shall not exceed \$100m.

The Company is also party to a quota share reinsurance agreement with AGRE. The AGRE Reinsurance Agreement provides quota share reinsurance for policies written by the Company prior to 2011, and also for policies originally underwritten by AGLN and transferred to the Company in 2018. This agreement imposes a collateral requirement on AGRE consistent with that for the AG Reinsurance Agreement, as described above.

Strategy and future outlook

The Company continues to develop its pipeline of new business opportunities, building on established demand for its financing solutions across the structured finance and public finance markets. The Company is targeting growth in new business volumes and is continuing the development of its offering in new sectors, markets and geographies.

With effect from 1 January 2026, the Company increased its share of coinsured new business with AG from 15% to 50% subject to an original principal limit of £100m per transaction. This revised structure is expected to enhance longer-term profitability, portfolio diversification and capital efficiency. The Company's proportionate share of certain business, including liquidity facility transactions and structured finance business, remains unchanged at 15%.

Principal risks and uncertainties

The Company has a risk management framework which seeks to ensure that risk is managed within the overall risk appetite and associated limits established by the AGUK Board. Under this framework risks are categorised into five areas: insurance risk, counterparty default risk, market risk, liquidity risk and operational risk. The Company's exposure to these risks and its approach to managing them is described within note 20 to the financial statements. Risks arising from climate change are also discussed in the climate change and sustainability section below.

There have been no significant developments in principal risks and uncertainties from 31 December 2025 to the date of this report.

Climate risk management and sustainability

We are committed to understanding, managing and mitigating the risks to our business associated with the environment and to operating our business in a sustainable and environmentally responsible manner.

The Company is most likely to be exposed to the financial risks of climate change from its underwriting and investing activities. As a financial guarantor of public finance (including infrastructure finance) and structured finance transactions, the Company does not take direct insurance exposure to climate change but does face the risk that its obligors' ability to pay debt service and principal will be impaired by the impact of climate related events. AGUK provides insurance policies with durations of 30 years or longer, meaning in-force risks, as well as those currently being underwritten, are potentially exposed to climate change impacts many years into the future.

Strategic report for the year ended 31 December 2025 (continued)

AGUK also has a substantial investment portfolio backing its insurance liabilities and regulatory capital requirements. Equally, while we believe the direct impact of our operations on the environment is relatively small, we understand that we have a role and a responsibility to manage our operations in ways that reflect our respect for the environment.

AGUK's ultimate parent, Assured Guaranty Limited ("AGL"), has implemented policies and procedures on environmental responsibility which apply to AGUK's operations and employees. AGL's statements on Environmental Policy, Climate Change, and Environmental Stewardship can be found in the "Environmental and Social Responsibility" subsection of AGL's website (www.assuredguaranty.com/about-us/environmental-and-social-responsibility). The policy establishes key requirements for the Assured Guaranty Group, in managing climate impacts and the approach to mitigating the business impact on the environment, including risk management and strategic opportunities, investment opportunities, business operations and facilities management, and employee engagement. The policy applies to all personnel, across all offices and operations of the Assured Guaranty Group, including AGUK.

Climate-related disclosures below have been prepared focusing on four key thematic areas; governance, strategy, risk management and metrics.

Governance

To oversee, implement and further develop the objectives and initiatives of the Environmental Policy, the AGL Board established the Environmental and Social Responsibility Committee which is responsible for:

- Providing oversight of the Assured Guaranty Group's environmental issues and their integration into the Group's business and operations.
- Reviewing the Group's environmental risk management programme including methodology to identify, measure, manage and report on climate related risks.
- Annually reviewing the Group's policies relevant to environmental initiatives, including climate related risks and making recommendations to the AGL Board regarding proposed changes.

The Company's Board is responsible for overseeing the implementation of social responsibility initiatives at the AGUK level. The environmental and sustainability initiatives implemented by AGUK during the year are detailed within the Streamlined Energy and Carbon Reporting section of the Directors' Report.

The Board is also responsible for the oversight of climate risk. Assessment of the financial risks associated with climate change is now embedded in the Company's risk management framework and within regular cycles of risk reporting to the Board and Risk Oversight Committee of the Board, led by the Chief Risk Officer who is the Senior Manager with regulatory responsibility for managing the financial risks from climate change.

Strategy

We believe that AGUK's financing solutions have an important role to play in helping to finance the infrastructure improvements, renewable energy generation and new technologies required to prepare for the impacts of climate change related events, reduce greenhouse gas emissions and transition to a low-carbon economy. We continue to explore new business opportunities in these areas.

Risk Management

AGUK takes a holistic and long-term approach to managing the risks arising from climate change, utilising its risk management framework to identify and manage the related financial risks. We have integrated environmental considerations into underwriting, surveillance, and risk management processes.

(i) Surveillance of existing exposures

The potential impacts of climate change on the Company's insured portfolio have been incorporated into our surveillance monitoring processes. The susceptibility of insured transactions to climate change is assessed when initially assigning and subsequently reassessing internal ratings. This assessment includes the vulnerability of the operations or assets of the insured transaction to long-term physical and transitional impacts of climate change and also the immediate exposure to extreme weather hazards or increasing volatility. The small number of risks in the insured portfolio, 243 (255 as at 31 December 2024), means that consideration can be given to the impact of climate on individual insured risks.

Strategic report for the year ended 31 December 2025 (continued)

(ii) Underwriting guidelines for new exposures

The financial impacts of climate change have also been incorporated into the underwriting processes. Underwriting submissions are required to include environmental and/or transitional risk factors as part of the underwriting analysis, including vulnerability of obligors to future climate changes, extreme weather events, and other physical risks.

(iii) Own Risk and Solvency Assessment (“ORSA”)

The ORSA process is integral to the Company’s risk management framework. Through the ORSA process, AGUK uses scenario analysis and stress testing to inform the risk identification process and understand the short- and long-term financial risks to the Company’s business model from climate change.

(iv) Investments

The Company’s investment portfolio predominantly comprises fixed-income securities; therefore, the potential impacts of climate change are primarily credit-related and significantly mitigated by the relatively short average duration of the portfolio (3.06 years as at 31 December 2025). Nonetheless, the risks arising from climate change are relevant in the evaluation by AGUK and its investment manager of the creditworthiness of specific issuers and industries. The Company’s investment manager incorporates ESG considerations into its investment processes and uses ESG information when conducting research and due diligence on new investments and in managing the portfolio.

Metrics and Targets

The Company’s climate-related metrics are included in the Streamlined Energy and Carbon Reporting (“SECR”) information provided in the Directors’ report.

Stakeholder engagement

The directors of the Company must act in accordance with a set of general duties. These duties are detailed in Section 172 of the UK Companies Act 2006, which is summarised as follows:

“A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the company’s employees;
- the need to foster the company’s business relationships with suppliers, customers and others;
- the impact of the company’s operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.”

As part of their induction, the directors are briefed on their duties and they can access professional advice on these, either through the Company or, if they judge it necessary, from an independent provider. The Board is responsible for leading, directing and promoting the long-term success of the Company, taking into account the interests of the Company and its stakeholders. To discharge this responsibility, the Board has established frameworks for governance, risk management and internal control.

Each year, the Board oversees a review of the Company’s strategy, including the business plan for the following three years. Once approved by the Board, the business plan and strategy form the basis for financial budgets, resource plans and investment decisions, and also the future strategic direction of the Company. The ORSA process is a key component of the risk and capital management frameworks and integral to the business planning process and the Board’s long-term decision making. In making decisions concerning the business plan and future strategy, the Board has regard to a variety of matters including the interests of various stakeholders, the consequences of its decisions in the long term and its long-term reputation.

The following summarises how the directors have fulfilled their duties with respect to specific stakeholders.

Strategic report for the year ended 31 December 2025 (continued)*Shareholders*

AG is the sole shareholder of the Company. Representatives of AG are also non-executive directors of the Company which ensures that strategies and objectives are well understood by the shareholder and, where appropriate, aligned to those of the external shareholders of AGL, the Company's ultimate parent.

Policyholders/Customers

The Company aims to provide tailored products that address customer needs within various sectors of the public finance, essential infrastructure and structured finance markets. The Chief Executive Officer and Chief Underwriting Officers are in regular contact with the project sponsors and investors to ensure the Company's financing solutions continue to meet the needs of its customers.

Ensuring that the Company can meet its obligations to existing policyholders is a key objective for the Board in its oversight of the Company's strategy and business plan. The Company's capital management process is further described in note 20 to the financial statements.

Regulators and rating agencies

The Board is committed to working constructively with regulators and recognises the importance of engagement to meeting regulatory expectations. Senior management have maintained regular dialogue with regulators to explain key developments and other changes during the period.

The independent views from rating agencies on the Company's financial strength and claims paying capabilities, are very important for certain of our stakeholders. The directors believe the Assured Guaranty Group has well-established relationships with the rating agencies. All relevant publications produced by the Company's key rating agencies were published on AGL's website for ease of access by all stakeholders.

Employees

The Company regards the employees of Assured Guaranty (UK) Services Limited ("AGUKS") as its workforce. The long-term success of the Company depends on the commitment of its employees and their consistent demonstration of the Company's values in their day-to-day activities. The Company is committed to fostering a respectful and inclusive working environment that recognises and values the capabilities of each employee, which it believes supports stronger engagement, enhanced individual performance and improved retention.

As part of the governance framework, the Board oversees the delivery of employee training programmes. These include annual training on the Group's Global Code of Conduct, anti-workplace harassment, anti-money laundering, anti-bribery and corruption, whistleblowing, and other regulatory requirements. Employees are also required to prepare annual personal development plans to identify ongoing training and development needs.

Employee engagement and transparent communication are key elements of the Company's culture. During the year, the Company's Chief Executive Officer held town hall meetings with UK employees to provide business updates and respond to questions. In addition, the AGL Chief Executive Officer and Chief Operating Officer, who are both members of the AGUK Board, host quarterly town hall meetings for all Group employees, at which they provide updates on the Group's performance and strategy and recognise contributions made by employees to the continued success of its business.

With input from employees, the Company has developed a purpose and vision statement, together with a statement of its cultural values. These values are: We are Professional. We act with Integrity. We are Responsible. We are a Team. We are Ambitious. Employees are expected to demonstrate these values in their day-to-day activities, and the Company monitors its progress through an annual UK culture survey, which continues to attract high participation rates. In addition, employees are required to attest annually to their compliance with the Assured Guaranty Group Global Code of Ethics.

The Assured Guaranty Group supports a range of employee-led initiatives designed to enhance the employee experience and enable employees to contribute to the Company's culture. These initiatives provide opportunities for employees to develop and demonstrate leadership and organisational skills, collaborate with colleagues across departments and locations, and champion programmes and causes that are important to them. Assured Guaranty has established five employee resource groups (ERGs), selected based on employee feedback. Membership of the ERGs is voluntary and open to all employees, regardless of whether they identify with a particular group's focus, and each ERG includes members who do not share those characteristics. The ERGs develop strategic plans that align their activities with the Company's business objectives.

Strategic report for the year ended 31 December 2025 (continued)

While the Company encourages open dialogue, employees also participate in regular engagement surveys which provides a confidential way for employees to provide more candid feedback. Survey results are benchmarked against previous surveys and other similar-size financial services companies.

Suppliers

The Company has a supplier management policy which dictates that all suppliers must adhere to the Company's high ethical standards and aims to treat all suppliers fairly. During the year, the Company utilised the supplier approval process set out in the supplier management policy to assess all new suppliers. Existing suppliers were also periodically reviewed to ensure that they continued to meet the requirements of the supplier management policy.

The Company has also established policies and processes to appropriately monitor the performance of outsourced service providers and other material service arrangements to ensure compliance with regulatory and legislative requirements and has issued a Modern Slavery Act statement (https://assuredguaranty.com/images/uploads/MSA_Statement_2024_FINAL_28_March_2025_.pdf).

Impact of the Company's operations on the community and environment

As a financial guarantor, the Company plays a valuable role in lowering the financing cost of essential infrastructure projects which benefit communities within the UK, including hospitals, roads, airports, social housing, universities and utilities. The Company also believes that its products have an important role to play in helping to finance the infrastructure improvements, renewable energy generation and new technologies required to prepare for, and mitigate the impacts of, climate change-related events.

The Directors' oversight of the impact of the Company's operations on the environment is described within the climate change section above.

The Assured Guaranty Group has expressed its commitment to social responsibility, not only to its employees and other stakeholders as described above, but also to its community. The Assured Guaranty Group commitment can be found in the "Social Responsibility" subsection of AGL's website (<https://assuredguaranty.com/about-us/environmental-and-social-responsibility/social-responsibility>). Both the Company and the wider Assured Guaranty Group believe in giving back through corporate philanthropy, volunteering, and encouraging employees to contribute to the causes they care about. A UK Philanthropy Committee leads all UK charitable efforts, including corporate donations and volunteering opportunities. Employee charitable contributions are matched by the Company and to encourage involvement in community outreach, the Company provides employees with the opportunity to take one work day off with pay every calendar year to volunteer in the local community.

Approved by the Board of Directors on 23 March 2026 and signed on its behalf by:



Richard Nicholas
Chief Financial Officer
23 March 2026

Directors' report for the year ended 31 December 2025

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2025.

Future developments

The likely future developments for the Company are discussed within the strategic report.

Dividends

The directors do not recommend the payment of a dividend (2024: £100m).

Financial instruments

Information on the use of financial instruments by the Company and its management of financial risk, including the Company's management of its exposure to market risk is disclosed in note 20 to the financial statements.

Directors

The directors of the Company who were in office throughout the year and up to the date of signing the financial statements were:

Robert Bailenson
Mark Batten
Dominic Frederico
Samantha Hoe-Richardson
Dominic Nathan
Richard Nicholas
Nicholas Proud
Penelope Shaw
David Todd

Qualifying third party indemnity provisions

The Company's articles of association include a qualifying third-party indemnity provision for the benefit of the members of the Board of Directors of the Company and of its associated companies.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland." Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Directors' report for the year ended 31 December 2025 (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's corporate and financial information included on AGL's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Streamlined Energy and Carbon Reporting ("SECR")

The Companies (Directors' report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the Regulations") require companies to disclose their UK annual energy use, greenhouse gas emissions, and related information. The Company has adopted the Greenhouse Gas Protocol Reporting Protocol – Corporate Standard methodology to calculate its annual energy use, greenhouse gas emissions and related information required to be disclosed under the Regulations.

The Company classifies its energy emissions into three categories:

- Scope 1 - Direct emissions,
- Scope 2 - Indirect emissions
- Scope 3 - Other indirect emissions

The Company has no direct emissions arising from its business activities and does not own or control any of the utilities it consumes. Accordingly, the Company considers its Scope 1 emissions to be nil. Scope 2 emissions comprise purchased heating and electricity consumed at the Company's London and Singapore offices. Scope 3 emissions primarily relate to employee business travel, including air and ground transportation.

The Company's energy consumption, as defined and required to be reported under the Regulations, comprises only Scope 2 emissions and is set out below.

For the years ended 31 December 2025 and 2024:

Onsite energy used:	2025	2024	Change
Gas – kWh	41,407	36,194	14.4 %
Electricity – kWh	78,870	81,538	(3.3)%
Transport energy used	—	—	— %
Emissions from energy use - CO2 equivalent (kg)	25,151	24,729	1.7 %
Intensity metric - tonnes of CO2 per employee of AGUKS	0.65	0.58	12.1 %

Although the direct environmental impact of the Company's operations is relatively limited, the Company remains committed to reducing its environmental footprint by operating in a sustainable and environmentally responsible manner. The Company's UK office is located in a building with an "Excellent" BREEAM (Building Research Establishment Environmental Assessment Method) rating and is certified to ISO 14001:2015, which sets out standards for an environmental management system designed to minimise environmental impacts and ensure compliance with applicable laws and regulations.

In recent years, the Company has implemented measures to reduce the use of paper and single-use plastics, including the installation of filtered water dispensers and encouraging employees to use reusable water bottles. The Company's offices are also equipped with video-conferencing facilities to reduce the need for business travel. In addition, the Company actively encourages employee engagement in sustainability initiatives, including through an online employee sustainability suggestion box established by the Assured Guaranty Group.

Statement of disclosure of information to auditors

Each of the persons who is a director at the date of this report confirms that:

- 1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

Directors' report for the year ended 31 December 2025 (continued)

- 2) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

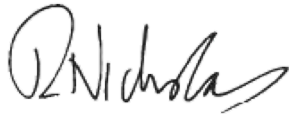
Following a competitive tender process, PricewaterhouseCoopers LLP ("PwC") has been selected for appointment as the Company's statutory auditor. Deloitte LLP will resign as auditor upon the signing of the Company's annual report and financial statements for the year ended 31 December 2025, after which the Board will appoint PwC as the Company's statutory auditor in accordance with the Companies Act 2006.

Information included in strategic report

In accordance with section 414C(11) of the Companies Act, the Company has chosen to set out the following information in the strategic report, which would otherwise be required to be disclosed within the directors' report:

- Future Developments; and
- Statement of engagement with suppliers, customers and others in a business relationship with the Company.

Approved by the Board of Directors on 23 March 2026 and signed on its behalf by:



Richard Nicholas
Chief Financial Officer
23 March 2026

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSURED GUARANTY UK LIMITED

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Assured Guaranty UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and Financial Reporting Standard 103 "Insurance Contracts"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103 "Insurance Contracts" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the company for the year are disclosed in note 7 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters The key audit matters that we identified in the current year were:

- Completeness of unexpired risks provision (“URP”)
- Valuation of unexpired risks provision (“URP”)

Within this report, key audit matters are identified as follows:

⏪ Similar level of risk

Materiality The materiality that we used in the current year was £5.0m which was determined on the basis of 1% of net assets.

Scoping Audit work to respond to the risks of material misstatement was performed directly by the engagement team.

Significant changes in our approach Due to the absence of significant judgements in determining whether a default has occurred, we no longer consider completeness of claims outstanding as a key audit matter in the current year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors’ assessment of the company’s ability to continue to adopt the going concern basis of accounting included:

- Evaluating forecasts, management’s method in producing these, and the consistency of forecasts with current year results;
- Obtaining and inspecting correspondence between the company and its regulators, the Prudential Regulation Authority (‘PRA’) and Financial Conduct Authority (‘FCA’), to identify any items of interest which could potentially indicate either non-compliance with legislation or potential litigation or regulatory action held against the company;
- Evaluating management’s capital and solvency stress testing and assessed the reasonableness of management’s assumptions, including those related to the recoverability of reinsurance assets and any support arrangements; and
- Evaluating appropriateness of the disclosures presented in note 3 of the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

The key audit matters communicated below are matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Completeness of unexpired risks provision (“URP”)

Key audit matter description

The economic environment may impact the ability of counterparties of certain guaranteed financial instruments to continue to make required interest or principal payments as they fall due. Management has a surveillance team closely monitoring the performance of the portfolio and assessing where remedial action or specific provisions are necessary.

URP is recognised when, for Below Investment Grade (“BIG”) credits, the estimated value of future claims and expenses likely to arise after the end of the financial year exceeds the provision for unearned premiums, following the deduction of any deferred acquisition costs and premiums receivable for those specific contracts. The URP on 31 December 2025 was £29.9m (31 December 2024: £28.9m) and is made up of two out of eight (2024: three out of six) BIG credits.

There is a risk that the company does not recognise a provision for credits which have experienced a deterioration in their credit quality. In assessing whether any credits have become BIG, management uses internal credit rating models that use a scorecard methodology to assign ratings to each transaction in the portfolio, conducts inflationary stress tests, and makes assessments of counterparty credit ratings across the portfolio. This is an inherently subjective process involving numerous estimates, assumptions and judgments by management, using both internal and external data sources with regard to probability of default, loss given default and severities.

Due to the possibility of manipulation of inputs to internal credit rating models, we identify a fraud risk associated with this key audit matter.

Further details are included in Note 4 (Critical accounting judgements and key sources of estimation uncertainty) and Note 22 (Technical provisions) of the financial statements.

How the scope of our audit responded to the key audit matter

Our audit procedures to address the completeness of the unexpired risk provision involved the following:

- Obtained an understanding and performed testing of relevant manual controls over management’s claims and reserving process including the unexpired risk provision.
- We performed inquiries with management’s surveillance team in order to gain an understanding of the latest monitoring position for all credits.
- Involving our credit modelling specialists, we assessed the appropriateness of management’s internal ratings model, scorecard methodology and significant assumptions (probability of default, loss given default and severities) by evaluating judgments applied, and benchmarking with industry data; and
- obtained and assessed management’s inflationary stress tests and impact analysis for reasonableness, by benchmarking with economic data.
- For a sample of credits, we corroborated management’s internal credit ratings to internal and external evidence including ratings by S&P and Moody’s.
- We compared the rating of each exposure in the current portfolio to the prior year’s rating. For downgraded exposures, we understood the reasoning and assessed the need for further rating deterioration, considering sector and economic outlooks and including the impact of tariffs during the current year.
- We performed a stand-back assessment of the provision and tested the data inputs used in the underlying models.

Key observations

Based on our procedures performed, we are satisfied that the URP recorded as of 31 December 2025 is complete.

5.2. Valuation of unexpired risks provision (“URP”) 

Key audit matter description

The valuation of the unexpired risk provision of £29.9m (2024: £28.9m) is an inherently subjective process involving numerous estimates, assumptions and judgments by management, using both internal and external data sources with regard to frequency, severity of loss, economic projections, governmental actions, negotiations and other factors that affect credit performance. These estimates, assumptions including scenarios selected, the probability of default, loss given default and judgments, and the factors on which they are based, may change materially over a year, and as a result the company’s loss estimates may change materially over that same period.

Due to the possibility of manipulation of inputs in the estimation process we identify a fraud risk associated with this key audit matter.

Further details are included in Note 4 (Critical accounting judgements and key sources of estimation uncertainty) and Note 22 (Technical provisions) of the financial statements.

How the scope of our audit responded to the key audit matter

Our audit procedures to address the completeness of the unexpired risk provision involved the following:

- Obtained an understanding and performed testing of relevant manual controls over management’s claims and reserving process including the valuation of the unexpired risk provision;
- We involved our credit specialists to evaluate the reasonableness of management’s significant assumptions including scenarios selected, the probability of default, loss given default and severities and judgements using both internal and external data sources including with regard to the frequency, severity of loss, economic projections, governmental actions, negotiations and other factors which can affect the performance of the credits on which a URP is calculated; and
- We performed a stand-back assessment of the provision and tested the data inputs used in the underlying models.

Key observations

Based on our procedures performed, we are satisfied that the URP recorded as of 31 December 2025 is appropriately valued.

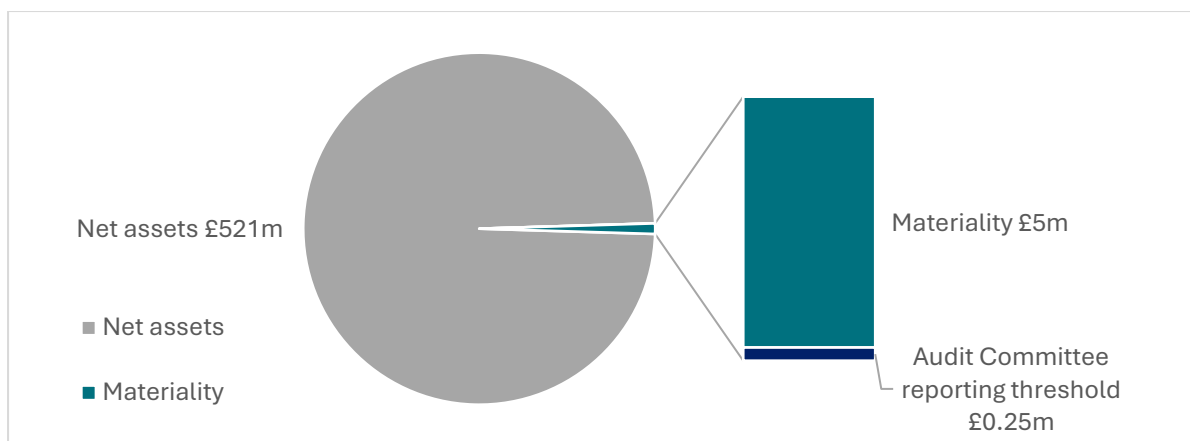
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£5.0 million (2024: £4.9 million)
Basis for determining materiality	1% of net assets (2024: 1% of net assets)
Rationale for the benchmark applied	Net assets are a primary focus of the users of the financial statements. In addition, net assets are one of the key UK GAAP measures monitored and reported by the board, as is expected for insurers who are required to maintain an adequate solvency position in line with the internal and external capital requirements.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

Performance materiality was set at 70% of materiality for the 2025 audit (2024: 70%). In determining performance materiality, we considered the following factors:

- the quality of the control environment,
- turnover of management and key accounting personnel,
- our understanding of the entity and its control environment and operations including our knowledge of the business from prior years, and
- the fact that there were no corrected or uncorrected misstatements identified in our previous audit.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to them all audit differences in excess of £0.25m (2024: £0.24m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the nature of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed by the audit engagement team.

7.2. Our consideration of the control environment

IT Controls

During the planning phase of our audit, we identified four systems that were significant to the company's financial reporting processes. These systems handled data relating to

premiums, including the earning patterns applied to instalment policies. We worked alongside our IT specialists and obtained an understanding of the relevant general IT controls and wider general IT control environment across the business.

Business processes and financial reporting controls

During the planning phase of our audit, we identified and obtained an understanding of seven business processes that were significant to the company's financial reporting processes. These processes spanned the company's material transactions and account balances including the premiums, claims loss reserving and surveillance, Level 3 investments, other investments, cash and treasury, administrative expenses and financial reporting process. We did not plan to place reliance upon the controls associated with these business processes except, for claims and reserving business process.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the entity's business and its financial statements.

The company discloses the potential impacts of climate change in the Strategic Report on page 7 and note 20 of the financial statements. As set out in Note 20, the company does not consider that climate change risk has a material impact on the company's financial statements, however the company recognises climate change as a potential material longer-term risk and utilises its risk management framework to identify and manage the financial risks arising from climate change. This is done through surveillance of existing exposures, underwriting guidelines and approval for new exposures, the company's Own Risk and Solvency Assessment ("ORSA") and investments.

We considered the impact of climate related risks as part of our risk assessment on the account balances and classes of transactions. We also read the strategic report and ORSA to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the statement of directors' responsibilities^{directors'}, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;

- the company's own assessment of the risks that irregularities may occur either as a result of fraud or error that was presented to the Audit Committee on 18 September, 2025;
- results of our enquiries of management, internal audit, directors and Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the company's sector;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including IT and credit modelling specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: Completeness of unexpired risk provision and Valuation of unexpired risk provision.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included those imposed by the FCA, the PRA and the company's regulatory solvency requirements.

11.2. Audit response to risks identified

As a result of performing the above, we identified Completeness of unexpired risks provision and Valuation of unexpired risks provision as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with FCA, PRA and HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of the Audit Committee, we were reappointed by the Board of Directors on 25 March 2025 to audit the financial statements for the year ending 31 December 2025. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 5 years, covering the years ending 31 December 2021 to 31 December 2025.

14.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Claire Clough (Senior statutory auditor)
For and on behalf of Deloitte LLP
London, United Kingdom
23 March 2026

Profit and loss account for the year ended 31 December 2025

	<i>Note</i>	2025	2024
		£'000	£'000
Technical Account – General Business			
Earned premiums, net of reinsurance			
Gross written premiums	5	(3,217)	13,827
Outward reinsurance premiums		(11,767)	(7,423)
Net written premiums		(14,984)	6,404
Change in the gross provision for unearned premiums		33,612	18,314
Change in the provision for unearned premiums, reinsurer's share		(11,500)	(18,738)
Net change in unearned premiums		22,112	(424)
Earned premiums, net of reinsurance		7,128	5,980
Other technical income	24	8,989	939
Total technical income		16,117	6,919
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		1,726	1,916
Reinsurer's share		(1,551)	(1,724)
		175	192
Changes in the provision for claims			
Gross amount		(565)	(211)
Reinsurer's share		508	190
		(57)	(21)
Claims incurred, net of reinsurance		118	171
Changes in other technical provisions, net of reinsurance		429	20,401
Net operating expense	6	13,948	11,939
Total technical charges		14,495	32,511
Profit / (Loss) on the technical account for general business		1,622	(25,592)
Non-Technical Account			
Profit / (Loss) on the general business technical account		1,622	(25,592)
Investment income	10	13,671	8,655
Unrealised gains on investments	10	24,836	17,932
Investment expenses and charges	10	(428)	(437)
Unrealised losses on investments	10	(1,442)	(4,697)
Other (expenses)	25	(5,324)	(155)
Profit / (Loss) on ordinary activities before tax	11	32,935	(4,294)
Tax (charge) / credit on profit / (loss) on ordinary activities	12	418	2,681
Profit / (Loss) and total comprehensive income / (loss) for the financial year		33,353	(1,613)

The notes on pages [29](#) to [48](#) form part of the financial statements. All results derive from continuing activities.

The Company has no material recognised gains and losses other than the profit for the financial year above and therefore no separate statement of comprehensive income is presented.

Balance sheet as at 31 December 2025	<i>Note</i>	2025	2024
		£'000	£'000
Assets			
Investments			
Financial investments	<i>16</i>	552,892	524,250
Reinsurer's share of technical provisions			
Provision for unearned premiums	<i>22</i>	213,050	223,493
Claims outstanding	<i>22</i>	27,034	29,640
Other technical provisions	<i>22</i>	2,438	1,917
Debtors			
Debtors arising out of direct insurance operations	<i>15</i>	207,872	263,047
Debtors arising out of reinsurance operations	<i>15</i>	34,724	40,806
Other debtors	<i>15</i>	18	192
Other assets			
Tangible assets	<i>14</i>	612	768
Cash at bank and on hand	<i>20</i>	8,313	7,618
Deferred tax	<i>13</i>	9,009	7,786
Prepayments and accrued income			
Accrued interest		7,654	3,990
Deferred acquisition costs	<i>23</i>	15,913	16,359
Other prepayments and accrued income		148	277
Total assets		1,079,677	1,120,143
Liabilities and shareholder's funds			
Capital and reserves			
Called up share capital	<i>21</i>	55,000	55,000
Capital contribution		385,865	385,865
Other reserves		22,625	22,625
Profit and loss account		57,560	24,207
Total shareholder's funds		521,050	487,697
Technical provisions			
Provision for unearned premiums	<i>22</i>	306,704	339,306
Claims outstanding	<i>22</i>	30,038	32,933
Other technical provisions	<i>22</i>	29,860	28,910
Creditors			
Creditors arising out of reinsurance operations	<i>17</i>	117,719	155,310
Other creditors	<i>17</i>	10,490	8,939
Accruals and deferred income			
	<i>18</i>	63,816	67,048
Total liabilities and shareholder's funds		1,079,677	1,120,143

The notes on pages [29](#) to [48](#) form part of the financial statements.

The financial statements on pages [26](#) to [48](#) were approved by the Board of Directors on 23 March 2026 and were signed on its behalf by:



Richard Nicholas
Chief Financial Officer

Statement of changes in equity for the year ended 31 December 2025

	Called up share capital	Capital contribution reserve	Other reserves	Profit and loss account	Total shareholder's funds
	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2024	55,000	385,865	22,625	125,820	589,310
Loss for the financial year	—	—	—	(1,613)	(1,613)
Dividends paid	—	—	—	(100,000)	(100,000)
Balance as at 31 December 2024	55,000	385,865	22,625	24,207	487,697
Profit for the financial year	—	—	—	33,353	33,353
Dividends paid	—	—	—	—	—
Balance as at 31 December 2025	55,000	385,865	22,625	57,560	521,050

The capital contribution reserve comprises additional capital contributed by AGUK's parent company, AG. Other reserves arose on the merger of AGUK with its former subsidiaries in November 2018 and represent the difference between the Company's investment in group undertakings and the value of net assets transferred to the Company upon merger.

Notes to the financial statements for the year ended 31 December 2025**1. General information**

The principal activity of the Company is the provision of financial guarantee insurance for public finance (including infrastructure finance) and structured finance obligations. The policies underwritten by the Company generally guarantee scheduled payments of principal and interest on an issuer's obligation in the event, and to the extent of, a payment default.

The Company is a private company limited by shares and is incorporated and domiciled in England. Its registered office is 6 Bevis Marks, London, EC3A 7BA.

2. Statement of compliance

The individual financial statements of the Company have been prepared in compliance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, United Kingdom Accounting Standards, including Financial Reporting Standard 102 and Financial Reporting Standard 103, the Financial Reporting Standards applicable in the United Kingdom and Republic of Ireland ("FRS 102" and "FRS 103") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. The directors have also concluded that there are no material uncertainties that could cast significant doubt over the Company's ability to continue as a going concern which should be disclosed.

The Company's products insure some policyholders against very long term, very low probability credit events, often relating to government linked entities. Modelling such defaults is inherently very judgmental, and includes factors which cannot easily be modelled, such as long-term political risk. The insured risk profile is therefore such that plausible events could emerge in the future which are outside the extreme but plausible stress scenarios envisaged under current risk and solvency assessments. In the highly unlikely event that such losses should occur, AGUK may be dependent on the protection available under the excess of loss cover of the AG Reinsurance Agreement and other AG support to continue as a going concern. Other AG support is secured by the Net Worth Maintenance Agreement, which obliges AG to contribute further capital, as described in the Parental and Affiliate Support Agreements section of the Strategic Report. The directors have considered the role of these support arrangements with AG in extreme stress scenarios in presenting the accounts of AGUK on a going concern basis.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Those areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(b) Premiums written

Premiums written comprise premiums relating to business incepted during the year, together with any adjustments to premiums recognised in prior periods, including estimates of premiums not yet due.

Where premiums are received in full at inception, they are recognised as written on the inception date. Where premiums are payable in instalments and the underlying bonds are callable, management assesses the nature of the call provisions and the likelihood of their exercise to determine whether it is reasonably certain that the contract will run for its full term.

The full expected premium is recorded when it is received or when it is probable that it will be received. When the contract is not expected to run its full term, the written premium recognised is either the premium amount to the first call point under the contract or the guaranteed minimum premium (where such a clause exists in the policy documents) or where the contract is callable without any notice period, the Company records the instalments as they fall due.

3. Summary of significant accounting policies (continued)

Where instalment premiums to be received under the policy are linked to an outstanding debt that could be paid down faster than anticipated, or where a premium is linked to an index, the Company recognises premiums written based upon an analysis of the premium it is probable to receive. Any change in estimated premium receivable is recognised as an adjustment to premium, with decreases recognised as soon as they are foreseen and increases recognised when assessed as probable.

(c) Earned Premium

Written premiums are recognised as earned premiums over the policy term on a time apportionment basis which reflects the incidence of risk. An unearned premium provision is established in respect of written premiums recognised in the current or prior periods that relate to unexpired policy terms at the balance sheet date.

(d) Claims and claim expenses incurred

Claims incurred comprise claims and related claims expenses paid in the year and the change in provision for claims outstanding. A provision for claims outstanding is recorded when there is significant deterioration on a specific insured obligation and the obligation is in default at the balance sheet date. When appropriate, provisions for claims outstanding are discounted to their present value using a discount rate which represents the rate of return achieved on the Company's investment portfolio. Claims outstanding are calculated gross of any reinsurance recoveries which are calculated separately (see reinsurance below).

A substantial measure of experience and judgment is involved in assessing claims outstanding, the ultimate cost of which may not be known with certainty at the balance sheet date. Provisions for claims outstanding and related reinsurance recoveries are determined on the basis of information available at the balance sheet date; however, it is inherent in the nature of business written that the ultimate liabilities may vary as a result of subsequent developments. Further information on the estimation of claims outstanding is included within note 4.

(e) Subrogation and salvage

When the Company becomes entitled to cash flows from an underlying insured transaction, whether as a result of a claims payment made or an expected future claims payment, a salvage and subrogation asset is recognised. Recoveries arising from salvage or subrogation are estimated on a prudent basis and recognised within debtors.

(f) Reinsurance

Contracts entered into by the Company with reinsurers, under which the Company is compensated for losses on insurance policies issued by the Company and that meet the classification requirements for insurance contracts, are classified as reinsurance contracts.

Reinsurance premiums are recognised based on the premium reasonably expected to be paid across the life of the reinsurance contract. Reinsurance premiums are recognised as earned with regard to the incidence of risk for the direct business to which they relate.

The amounts recoverable from reinsurers (shown in reinsurer's share of Claims outstanding, reinsurer's share of Other technical provisions and Debtors arising out of reinsurance operations) are estimated based upon the gross claims outstanding, having due regard to collectability. Collectability is assessed on the basis of market data and other relevant information on the financial strength of each reinsurer and any collateral provided to the Company. The reinsurers' share of claims incurred in the profit and loss account reflects the change in amounts received or receivable from reinsurers in respect of those claims incurred during the period. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised in the profit and loss account as Outward reinsurance premiums.

(g) Acquisition costs and ceding commission income

Acquisition costs comprise the direct expenses for the production of new business, which include underwriter salaries and transaction legal fees. Management uses its judgment in determining what types of costs, as well as what percentage of these costs should be deferred.

The Company conducts an annual study to determine how much of the direct costs qualify for deferral. Costs incurred for soliciting potential customers, market research, training, administration, unsuccessful acquisition efforts, and product development as well as all overhead related costs are expensed as incurred and not deferred. When an insured obligation is retired early, the remaining related deferred acquisition cost is expensed.

Reinsurance ceding commission income is deferred, subject to recoverability, and earned over the period in which the related reinsurance premiums are recognised.

3. Summary of significant accounting policies (continued)

(h) Financial Investments

The Company's policy is to measure all financial investments at fair value through profit or loss. The basis on which the Company determines the fair value of its investments is set out in note 16. Gains or losses arising from changes in the fair value of financial investments are presented in the profit and loss non-technical account in the period in which they arise. Realised gains and losses are calculated as the difference between net sales proceeds and purchase price. Unrealised gains and losses represent the difference between the valuation at the balance sheet date and their purchase price, or if they were held in the prior year also, their valuation at the last balance sheet date.

Financial investments include short term deposits which do not meet the definition of Cash at bank and on hand.

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses.

(i) Taxation

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation

A deferred tax asset or liability is recognised if transactions have occurred at the balance sheet date that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future. Deferred tax is measured using tax rates that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are not discounted.

(j) Operating lease

Leases of assets where a significant portion of the risk and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease. Any operating lease incentives, including rent free periods, are spread over the period of the lease.

(k) Tangible fixed assets

Tangible fixed assets comprising leasehold improvements, office furniture and IT hardware are recorded at cost less depreciation.

The costs of tangible fixed assets comprise their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated on the straight-line method to recognise the asset's cost over its estimated useful life as follows:

Tangible assets	Useful life
Leasehold improvements	Remaining lease term
Furniture	5 years
Hardware	3 years

The residual values and useful lives of tangible fixed assets are reviewed, and adjusted if appropriate, at each balance sheet date. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of tangible fixed assets are determined by reference to their carrying amount and are taken into account in determining net operating income / (expense).

3. Summary of significant accounting policies (continued)

(l) Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle that obligation.

(m) Unexpired risks provision

A provision is established for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses, after taking into account future investment return. The expected claims are calculated based on information available at the balance sheet date. The unexpired risks provision is included in other technical provisions gross of reinsurance, whilst the reinsurer's share is included within reinsurer's share of other technical provisions. Within the profit and loss account, the movement in the unexpired risks provision is shown net of reinsurance.

(n) Foreign currency

The Company's financial statements are presented in pounds sterling. The Company's functional currency is pounds sterling. Transactions in foreign currencies are translated to sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated into sterling at the rates of exchange ruling at that date. Differences arising on exchange are reflected in the non-technical account.

(o) Cash at bank and on hand

Cash at bank and on hand comprises on-demand bank deposits only.

(p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares or options are deducted from equity, net of tax.

(q) Dividends

Dividends and other distributions to the Company's shareholder are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity once paid.

(r) Exemption for qualifying entities under FRS 102

FRS 102 permits a qualifying entity certain disclosure exemptions. The Company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company includes the Company's cash flows in its own consolidated financial statements; and
- (ii) from disclosing related party transactions on the basis that the transactions are with related parties which are wholly owned within the same group.

(s) Standards issued but not yet effective - Amendments to FRS 102 (Periodic Review 2024)

The Financial Reporting Council ("FRC") issued amendments to FRS 102 as part of its Periodic Review 2024. These amendments are effective for accounting periods beginning on or after 1 January 2026 and have not been early adopted by the Company. The only amendment which is applicable to the Company relates to the revised Section 20 'Leases'.

The revised Section 20 introduces a single lessee accounting model which removes the distinction between operating and finance leases for lessees. Under the new requirements, a lessee recognises a right-of-use asset and a corresponding lease liability for most leases (subject to optional exemptions for short-term leases and leases of low-value assets).

3. Summary of significant accounting policies (continued)

AGUK's principal lease arrangement is for the UK office space at 6 Bevis Marks. Under this amendment the Company will recognise a liability on the balance sheet equal to the future operating lease payments. A corresponding right-of-use asset will be recognised, measured at an amount equal to the lease liability, adjusted for any initial direct costs and any lease payments made prior to commencement, and reduced by any lease incentives received. As full retrospective application of the amendments is not required, and as the Bevis Marks lease has no remaining lease incentives, the right-of-use asset will be equal to the lease liability on adoption, with no impact on AGUK's net asset position.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the use of estimates, judgements and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

Judgements and estimates are continually evaluated for their appropriateness and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The use of such judgements and estimates is most critical to the measurement of the Company's insurance liabilities. Further information on the methodologies and processes used to establish key judgements and estimates in respect of the Company's insurance liabilities is included within note 22.

Key sources of estimation uncertainty

The directors consider the following to be the key sources of estimation uncertainty and those most critical to understanding the Company's result and financial position.

(i) Instalment Premium

The premiums received by the Company may be payable in full at transaction close, in instalments across the policy term, or a combination of both. For premiums payable in instalments, written premiums are equal to the value of the expected premiums to be collected over the life of the contract, where premium payments must be contractually payable, receipt is assessed as probable, and the amounts can be reliably estimated.

For certain contracts where the insured par outstanding is index-linked, the value of instalment premiums is dependent upon rates of inflation. The Company assumes a stable rate of inflation for future periods. In determining long-term inflation assumptions, historical inflation experience over multiple time horizons including 20, 30 and 40 years, is assessed, given the typically 20 to 40 year duration of the Company's index-linked contracts. Where actual future inflation differs from the assumptions applied, the estimated premiums receivable will change accordingly. Any revision to premium payment assumptions or expected premium collections is recognised as an adjustment to written premiums.

(ii) Claims reserves and unexpired risks provision

Determining the ultimate cost of the Company's insurance obligations is inherently subjective and requires management to apply significant judgement, estimates and assumptions. These are derived from both internal and external data and take into account factors including loss frequency and severity, economic conditions, governmental actions, negotiations and other drivers of credit performance. Such estimates and assumptions may change materially over time and, accordingly, the Company's loss estimates may also vary significantly from period to period.

The Company does not use traditional actuarial approaches to determine its estimates of expected losses. Technical Provisions are determined using transaction-specific loss models that incorporate assumptions tailored to individual transactions or, where such models are not appropriate, the Scenario Loss Model ("SLM").

Transaction-specific loss models apply probability-weighted cash flows that reflect management's assessment of the likelihood of a range of potential outcomes based on available information. The SLM applies expert judgement-based assumptions for probability of default ("PD") and loss given default ("LGD"), differentiated by credit rating and industry sector.

Actual losses will ultimately depend on future events or transaction performance and may be influenced by multiple interrelated factors that are difficult to predict. As a result, the Company's current estimates of probable and expected losses may be subject to significant volatility and may differ materially from the Company's ultimate claims obligations.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)*Critical Accounting Judgements*

There are no critical accounting judgements associated with the financial statements.

5. Segmental analysis

The Company has only one business segment, which is financial guarantee insurance. The net assets and the business written by the Company are predominantly based in the United Kingdom, with business underwriting decisions made in the United Kingdom.

(a) Gross written premiums by location of risk

	2025 £'000	2024 £'000
– UK	(2,950)	11,685
– Europe, excluding UK	263	272
– Other	(530)	1,870
Total gross premiums written	(3,217)	13,827

Total gross written premiums comprise premiums from new business written during the year together with movements on in-force business written in prior periods. Negative premiums may arise where estimated total premiums are revised for indexation, refunds or policy terminations. In 2025, negative gross written premiums of £8.4 million arose from policy terminations. The Company does not measure profit or loss by geographical segment.

(b) Gross claims incurred by location of risk

	2025 £'000	2024 £'000
– UK	—	—
– Europe, excluding UK	—	—
– Other	1,161	1,705
Total gross claims incurred	1,161	1,705

6. Net operating expense

	2025 £'000	2024 £'000
Acquisition costs in the year	1,286	1,454
Change in deferred acquisition costs	446	192
Administrative expenses	18,712	17,663
Reinsurance commission receivable	(6,496)	(7,370)
Net operating expense	13,948	11,939

7. Auditors' remuneration

	2025 £'000	2024 £'000
Fees payable to the Company's auditors for the audit of the Company's financial statements	480	443
Fees payable to the Company's auditors for other services:		
Audit related assurance services	69	67
Other non-audit services	—	—
Total auditors' remuneration	549	510

Auditors' remuneration is included within net operating expense.

8. Directors' emoluments

The Company did not have any employees during the year (2024: nil). With the exception of the independent non-executive directors, with whom the Company has entered into separate service contracts, the directors of the Company are employees of AGUKS, Assured Guaranty US Group Services Inc ("AGSRV") and AGL. In consideration for their services, management fees were levied on the Company. Amounts paid by AGUKS, AGSRV, AGL and by the Company to the directors in respect of their services to the Company are summarised below.

	2025	2024
	£'000	£'000
Aggregate remuneration	1,750	1,547
Aggregate amounts (excluding share options) under long-term incentive plans of the ultimate parent company, AGL	844	786
	2,594	2,333

Share options

No directors (2024: no directors) exercised share options in the ultimate parent Company's shares during the year.

Long-term incentive scheme

Five directors (2024: five directors) received shares (or had shares receivable) under a long-term incentive scheme. An amount of £0.84 million (2024: £0.79 million) was paid to or receivable by directors under a long-term incentive scheme.

Pension contributions

There were three directors for whom retirement benefits are accruing under money purchase schemes (2024: three directors). The Company paid £6,000 (2024: £6,000) to a money purchase pension scheme in respect of directors' qualifying services.

There are no other assets (2024: £nil) (other than cash compensation, shares and share options) received or receivable by directors in respect of their services to the Company.

Highest paid director

The highest paid director's emoluments were as follows:

	2025	2024
	£'000	£'000
Aggregate remuneration and benefits under long-term incentive schemes (excluding share options)	1,105	970
Company pension contributions to money purchase scheme	—	—
	1,105	970

The highest paid director did not exercise any share options in 2025 (2024: no shares exercised) and is accruing benefits under a long-term incentive scheme in 2025 and 2024.

Key management compensation

Key management includes the executive directors and members of senior management. The compensation paid or payable to key management for their services to the Company is shown below:

8. Directors' emoluments (continued)

	2025	2024
	£'000	£'000
Salaries and other short-term benefits	2,148	1,883
Post-employment benefits	41	40
Share-based payments	961	709
	<u>3,150</u>	<u>2,632</u>

9. Employees

All staff supporting the Company's operations are employees of AGUKS and AGSRV. In consideration for their services, management service fees were levied on the Company by AGUKS and AGSRV. The total amount levied during the year was £12.1 million (2024: £11.2 million). The total staff costs associated with the service fees are set out below. The average full-time equivalent ("FTE") for the AGUKS and AGSRV employees supporting the Company in the year was 27 (2024: 26).

	2025	2024
	£'000	£'000
Wages and salaries	7,486	7,187
Social security costs	861	859
Other pensions costs	920	716
Long-term employee benefits	2,021	1,764
Other benefits	421	417
Total staff costs	<u>11,709</u>	<u>10,943</u>

10. Investment return

	2025	2024
	£'000	£'000
Investment Income		
Interest income from investments	15,598	11,830
Unrealised gains on investments	24,836	17,932
	<u>40,434</u>	<u>29,762</u>
Investment expense and charges		
Investment management expenses	(428)	(437)
Net realised losses on investments	(1,927)	(3,175)
Unrealised losses on investments	(1,442)	(4,697)
	<u>(3,797)</u>	<u>(8,309)</u>
Total investment return	<u>36,637</u>	<u>21,453</u>

11. Profit on ordinary activities before tax

	2025	2024
	£'000	£'000
Profit on ordinary activities before tax is stated after (charging) / crediting:		
Operating lease charges	(206)	(235)
Depreciation on tangible fixed assets	(176)	(157)
Foreign exchange (loss)	(5,324)	(155)

12. Tax on profit on ordinary activities

	2025 £'000	2024 £'000
Current tax	(805)	—
Deferred tax:		
– Reversal of timing differences	(3)	1,022
– Adjustment in respect of prior periods	1,226	1,659
Total deferred tax	1,223	2,681
Tax on profit	418	2,681

The tax assessed for the year is lower (2024: higher) than the standard rate of corporation tax in the UK. The reconciliation between the current tax provision and that expected from the standard UK tax rate of 25.0% (2024: 25.0%) is as follows:

	2025 £'000	2024 £'000
Profit / (loss) on ordinary activities before tax	32,935	(4,294)
Profit / (loss) on ordinary activities before tax multiplied by standard rate tax in the UK of 25% (2024: 25%)	(8,234)	1,074
Effects of:		
– Expenses not deductible for tax purposes	(76)	(32)
– Adjustment in respect of prior periods	1,226	1,659
– Group relief benefit	7,502	—
– Deferred tax credits forfeited in Part VII Transfer	—	(20)
Tax credit for the year	418	2,681

With effect from 1 January 2024, the Assured Guaranty Group falls within the scope of the UK multinational top-up tax and domestic top-up tax regimes. The Company qualifies as a “qualifying entity” for the purposes of the domestic top-up tax; however, there is no impact on the Company’s tax position.

13. Deferred tax asset

	2025 £'000	2024 £'000
Double taxation relief	—	—
Capital Allowances	13	15
Net operating losses	8,996	7,771
Other temporary timing differences	—	—
Net deferred tax asset	9,009	7,786

The movement in the net deferred tax asset is as follows:

	2025 £'000	2024 £'000
At 1 January	7,786	5,105
Temporary timing differences	1,223	2,681
At 31 December	9,009	7,786

14. Tangible assets

	Leasehold improvements	Furniture	IT Hardware	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2025	1,219	323	222	1,764
Additions	20	—	—	20
At 31 December 2025	1,239	323	222	1,784
Accumulated Depreciation				
At 1 January 2025	593	276	127	996
Charge for year	138	11	27	176
At 31 December 2025	731	287	154	1,172
Net book value at 31 December 2025	508	36	68	612
Net book value at 31 December 2024	626	47	95	768

15. Debtors

	2025	2024
	£'000	£'000
Arising out of direct insurance operations	207,872	263,047
Arising out of reinsurance operations	34,724	40,806
Other debtors including taxation and social security	18	192
Total debtors	242,614	304,045

16. Financial investments

All financial investments are held at fair value. Fair value is based on quoted market prices, where available. If listed prices or quotes are not available, fair value is based on either internally developed models that primarily use, as inputs, market-based or independently sourced market parameters, including but not limited to yield curves, interest rates and debt prices or third party proprietary pricing models.

The fair value of bonds in the investment portfolio is generally based on prices received from third party pricing services or alternative pricing sources with reasonable levels of price transparency. The pricing services prepare estimates of fair value measurements using their pricing models, which take into account: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, reference data, industry and economic events and sector groupings.

Classification within the fair value hierarchy is determined based on whether the inputs to valuation techniques used to measure fair value are observable or unobservable.

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable (that is, developed using market data) for the asset or liability, either directly or indirectly,

Level 3: Inputs that are unobservable (that is, for which market data is unavailable) for the asset.

As at 31 December 2025, the Company's only Level 3 financial investment comprised a single corporate bond. The instrument is valued with the assistance of an independent third party, using yields derived from comparable securities. The yield applied to discount the projected cash flows at 31 December 2025 was 5.00%. As at 31 December 2024, the Company's only Level 3 financial investment was a single asset-backed security guaranteed by AGUK, which had been acquired for loss mitigation purposes and was redeemed during 2025.

The table below presents the Company's financial investments measured at fair value at 31 December 2025 and at 31 December 2024, including classification of the fair value in accordance with the fair value hierarchy.

16. Financial investments (continued)

	2025		2024	
	Carrying Value	Purchase Cost	Carrying Value	Purchase Cost
	£'000	£'000	£'000	£'000
Level Financial investments				
1 Short term deposits	6,987	6,987	7,676	7,676
2 UK government bonds	81,412	81,794	48,226	51,643
2 Non-UK government bonds	5,357	5,294	295	285
2 UK government agency bonds	5,071	6,484	4,987	5,104
2 Supranationals	147,779	146,459	162,649	166,604
2 Corporate bonds	233,613	237,805	237,248	249,353
2 Non-UK government agency bonds	38,537	38,761	34,949	38,451
2 Asset-Backed securities	993	1,128	1,152	1,267
3 Asset-Backed securities	—	—	27,068	19,010
3 Corporate bonds	33,143	29,779	—	—
Total financial investments	552,892	554,491	524,250	539,393

The value of listed investments as at 31 December 2025 is £552.9 million (2024: £524.3 million).

17. Creditors

	2025	2024
	£'000	£'000
Arising out of reinsurance operations - including amounts owed to group undertakings	117,719	155,310
Other amounts owed to group undertakings	9,543	8,846
Other creditors including taxation and social security	947	93
Total creditors	128,209	164,249

Other amounts owed to group undertakings are unsecured, interest free and payable on demand.

18. Accruals and deferred income

	2025	2024
	£'000	£'000
Accrued expense	939	1,094
Reinsurance commission deferred	62,877	65,954
Total accruals and deferred income	63,816	67,048

19. Other financial commitments and guarantees

The Company has entered into lease agreements in respect of the Company's UK office at 6 Bevis Marks and the Singapore office. At the balance sheet date, the Company had the following future minimum lease payments under non-cancellable lease rentals in respect of these agreements:

	2025	2024
	£'000	£'000
Payments due:		
Not later than one year	569	578
Later than one year and not later than five years	1,452	2,022
Later than five years	—	—
Total payments due	2,021	2,600

20. Risk management

The Company has established a Risk Management Framework which seeks to ensure that risk is managed within the overall risk appetite and associated limits established by the Company's Board. The Risk Management Framework seeks to identify, measure, monitor, manage and report on the risks to which the Company is or could be exposed.

Under this framework risks are categorised into five areas: underwriting risk, market risk, counterparty default risk, liquidity risk and operational risk. The identified key risks are captured within the Company's risk register along with the internal controls and other actions designed to mitigate these risks to a level consistent with that set out within the Company's Risk Appetite Framework. The key risks and compliance with limits and capital allocations are monitored via the use of key risk indicators prescribed under the Risk Appetite Framework. The Company's ORSA, which forms an integral part of the Risk Management Framework, is the process by which management determines an appropriate level of capital to hold against the identified risks. The operation of the risk management framework is overseen by the Board Risk Oversight Committee.

The Company has adopted the three lines of defence risk management model to ensure the effective implementation of the Risk Management Framework. Under the three lines of defence model, the first line of defence comprises the business functions who have the primary responsibility for risk identification, measurement, monitoring, management and reporting; the second line risk and compliance functions provide support for management, oversee risk-taking activities, and provide challenge; and the third line functions provide independent assurance over the activities of the business and the risk and compliance function.

(a) Underwriting risk

Insurance risk

As a financial guarantee insurance company, which protects holders of debt instruments and other monetary obligations from defaults in scheduled payments, the Company's key underwriting risk is credit risk, i.e., the risk that obligors of insured debt obligations will fail to pay. The policies issued by the Company are generally non-cancellable, with the premiums paid up front, in instalments, or both. The obligation of the Company to make claim payments cannot be accelerated, although the Company generally maintains the right to accelerate payment on defaulted obligations. The Company has no life or health underwriting risk or any other general insurance underwriting risk. The Company actively seeks insurance risk; taking insurance credit risk for appropriate financial return is the Company's primary corporate objective. The approach to managing and monitoring insurance risk is described below.

(i) Insurance risk – Approach to underwriting new business

The Company's underwriting risk appetite and associated risk limits have been established by the Board and are set out within the Company's Risk Appetite Framework. The adherence to risk appetite and limits is overseen by the Company's Underwriting Committee. The Company can only enter into new risks or significantly vary the terms of existing risks on the approval of the Underwriting Committee.

(ii) Insurance risk – Approach to insured portfolio monitoring

To manage the insurance risk associated with the insured portfolio, the Company's surveillance personnel are responsible for monitoring and reporting on all risks. The primary objective of the surveillance process is to monitor trends and changes in transaction credit quality, detect any deterioration in credit quality, and recommend to management such remedial actions as may be necessary or appropriate. All risks in the insured portfolio are assigned internal credit ratings, and surveillance personnel are responsible for recommending adjustments to those ratings to reflect changes in transaction credit quality. Surveillance personnel are also responsible for managing work-out and loss situations when necessary.

The Company segregates its insured portfolio into investment grade and BIG surveillance categories to facilitate the appropriate allocation of resources to monitoring and loss mitigation efforts and to aid in establishing the appropriate cycle for periodic review of each exposure. BIG exposures include all exposures with internal credit ratings below BBB-. The Company's internal credit ratings are based on internal assessments of the likelihood of a default and loss severity in the event of a default. Internal credit ratings are expressed on a ratings scale similar to that used by the rating agencies and generally are reflective of an approach similar to that employed by the rating agencies.

20. Risk management (continued)

The Company monitors its investment grade risks to determine whether any additional risks need to be internally downgraded to BIG. Quarterly surveillance procedures include qualitative and quantitative analysis on the Company's insured portfolio to identify potential new BIG risks. The Company refreshes its internal credit ratings on individual credits in cycles based on the Company's view of the credit quality, loss potential, volatility and sector. Ratings on risks and in sectors identified as under the most stress or with the most potential volatility are reviewed every quarter. Risks identified through this process as BIG are subjected to further review by surveillance personnel to determine the various probabilities of a loss. For risks where a loss is considered probable, surveillance personnel and the Actuarial Function make recommendations on loss reserves to the Executive Risk Committee

(b) Market risk

(i) Market risk

Market risk is defined as the risk of loss or adverse change in financial position arising from variations in the level and volatility of market prices of assets and financial instruments. Market risk comprises interest rate risk, currency risk and other price risk.

The Company's investments, other than those purchased for loss mitigation purposes, are managed by a third-party investment manager and governed through an investment management agreement and guidelines. The investment guidelines are established by the Company with the key objectives of maximising after-tax book income within the Company's stated appetite for market risk, whilst also preserving the highest possible ratings for the Company and maintaining sufficient liquidity to cover unexpected stress in the insurance portfolio. The guidelines include specific restrictions which limit risk arising from duration, currency, liquidity and counterparty credit risks. The investment manager is required to regularly confirm its compliance with these limits.

In addition to methods described below, the Company monitors its exposure to market risk by calculating the market risk component of the SCR standard formula on a quarterly basis, monitoring against the permitted solvency capital allocation.

(ii) Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities. In addition, to the extent that claims inflation is correlated to interest rates, liabilities to policyholders are exposed to interest rate risk. The average duration of the investment portfolio is restricted by the investment guidelines to within a prescribed range of the selected benchmark portfolio. The Company monitors interest rate risk on a quarterly basis by calculating the mean duration of the investment portfolio. The mean duration is an indicator of the sensitivity of the assets and liabilities to changes in current interest rates.

The sensitivity analysis for interest rate risk set out below illustrates the financial impact to the Company of changes in market interest rates at the reporting date. An increase or decrease of 300 basis points in interest yields would result in the following:

£'000	300 Basis Point			
	Increase		Decrease	
	2025	2024	2025	2024
(Loss) / profit before tax	(47,723)	(32,668)	54,801	36,659
(Decrease) / increase in equity	(35,792)	(24,501)	41,101	27,494

(iii) Currency risk

The Company is primarily exposed to currency risk in respect of its financial investments and assets and liabilities under insurance policies denominated in currencies other than pounds sterling. The currencies to which the Company has the most exposure are US Dollar and Euro. The Company has established defined tolerances for the level of currency risk it is willing to accept and compliance with these prescribed limits is monitored under the Risk Management Framework. The Company generally manages its exposure to non-sterling insurance liabilities by maintaining monetary assets denominated in those currencies.

20. Risk management (continued)

At 31 December 2025, if the pound had weakened/strengthened by 20% against the Euro and US Dollar with all other variables held constant, profit before tax for the year would have been £13.4 million (2024: £15.6 million) higher/lower respectively. Shareholder's equity would have been £10.1 million (2024: £11.7 million) higher/lower, respectively.

(c) Counterparty default risk

Counterparty default risk is the risk that a counterparty will be unable to pay amounts in full when due. The Company's primary exposures to counterparty default risk are in respect of:

- Premiums due from policyholders and / or bond issuers,
- Reinsurer's shares of insurance liabilities, and
- Proceeds due on maturity of financial investments held (i.e. bond investments).

To manage the risk of a reinsurer defaulting when it is called upon to pay its share of insurance liabilities, collateral is required from the reinsurer for the reinsurer's share of insurance liabilities. The creditworthiness of the Company's reinsurers is analysed on a quarterly basis by reviewing their financial strength and other developments which could impact creditworthiness. The results of this assessment, and any recommend mitigating actions are reported to the Risk Oversight Committee.

To manage the risk of non-recoverability of premiums due from financial guarantee holders and / or bond issuers, the Company undertakes extensive due diligence prior to underwriting a contract with its counterparties.

Counterparty default risk (including spread risk) in respect of financial investments is managed by the use of detailed investment guidelines which place limits and restrictions on the size of holdings with individual issuers and also include minimum credit quality levels and duration requirements for both individual securities and the overall portfolio. The average credit quality of the Company's investment portfolio as at 31 December 2025 was A+ (2024: A+), with an average duration of 3.06 years (2024: 2.25 years), excluding short term deposits.

The table below summarises counterparty credit risk exposure for the Company's material assets. Ratings for financial investments and cash represent the lower of the Moody's and S&P ratings. For reinsurance debtors the S&P rating has been used and for other assets the internal rating, as described above, is used. There were no assets that were past due or impaired.

	AAA £'000	AA £'000	A £'000	BBB £'000	> BBB or not rated £'000	Total £'000
2025						
Investments	198,809	99,122	115,550	106,268	33,143	552,892
Cash at bank	—	8,312	1	—	—	8,313
Debtors arising out of direct insurance operations	58	9,801	39,649	136,580	21,784	207,872
Debtors arising out of reinsurance operations	—	34,724	—	—	—	34,724
2024						
Investments	213,744	77,571	117,275	88,592	27,068	524,250
Cash at bank	—	7,330	288	—	—	7,618
Debtors arising out of direct insurance operations	5	13,995	41,011	158,404	49,632	263,047
Debtors arising out of reinsurance operations	—	40,806	—	—	—	40,806

20. Risk management (continued)

(d) Liquidity risk

Liquidity risk is the risk that cash may not be available at a reasonable cost to pay obligations as they fall due. The Company has established an overall liquidity risk appetite and liquidity risk management framework to appropriately manage its exposure to liquidity risk. This includes maintaining an appropriate “liquidity buffer” which comprises short-term deposits and financial investment which can be liquidated within a timeframe sufficient to meet potential liquidity requirements under the Company’s identified, severe but plausible liquidity stress scenarios.

The Company’s exposure to liquidity risk is also significantly mitigated by the terms of its reinsurance contracts with Assured Guaranty Group companies, under which the reinsurers are required to pay the Company within the earlier of five business days of receipt of a claim or the day on which AGUK is required to make a claim payment to a policyholder. Similarly, in the event of a funding requirement under the Net Worth Maintenance Agreement; the Company’s parent company is required to contribute the required funding within three business days of receipt of notice.

The following table analyses financial assets and liabilities by maturity date:

2025	< 1 year or no contracted maturity	1 to 4 years	5 to 10 years	> 10 years	Total
Assets (£'000)					
Investments	86,767	338,347	125,046	2,732	552,892
Cash at bank	8,313	—	—	—	8,313
Debtors arising out of direct insurance operations	26,460	70,927	54,249	56,236	207,872
Debtors arising out of reinsurance operations	4,280	12,349	10,198	7,897	34,724
	125,820	421,623	189,493	66,865	803,801
Liabilities (£'000)					
Creditors arising out of reinsurance operations	14,654	41,971	34,586	26,508	117,719
2024					
Assets (£'000)					
Investments	145,653	290,998	57,736	29,863	524,250
Cash at bank	7,618	—	—	—	7,618
Debtors arising out of direct insurance operations	57,913	69,576	57,691	77,867	263,047
Debtors arising out of reinsurance operations	8,084	12,537	11,329	8,856	40,806
	219,268	373,111	126,756	116,586	835,721
Liabilities (£'000)					
Creditors arising out of reinsurance operations	44,558	42,505	38,455	29,792	155,310

(e) Operational risk

Operational risk is defined as the risk of loss or other adverse consequences on business outcomes resulting from inadequate or failed internal processes, personnel or systems, or from external events. Operational risk is seen as a business-wide risk that could arise from either underwriting, investing, risk mitigation or any other activity the Company undertakes. Consequently, operational risk is inherent in all the Company's processes, interactions with third parties and other activities. The Company has limited appetite for operational risk and expects that the Company’s business functions work actively to avoid operational risk to the extent it is commercially appropriate.

First line management have overall responsibility for identifying, measuring or assessing, monitoring and managing operational risk, including new and emerging risks, which are incorporated into the Company’s risk register. The Risk Function works closely with first line management to co-ordinate the Company’s approach to operational risk management and to develop common standards for managing and reporting on operational risk.

20. Risk management (continued)

Operational risks are identified and assessed against implemented controls. Risks which remain outside the established risk tolerances are subject to management action plans.

As at 31 December 2025, the Company had 243 risks (2024: 255) in its insured portfolio and generally adds only a small number of new transactions each year, limiting the potential for operational errors. The relatively small number of risks allows careful review of the transaction documents and quality control of the data points captured in the Company's systems by knowledgeable employees.

Key risk indicators and other risk metrics effectively 'convert' the Board's risk preference and the Solvency II operational risk capital allocation into practical monitoring tools for business functions to monitor operational risk. Operational risk reporting is provided to the Company's Risk Oversight Committee on a quarterly basis.

Capital management

The Company seeks to maintain an efficient capital structure which is consistent with its risk profile and the future needs of its operations. The Company's key objectives in the management of capital are:

- Preserve the claims paying ability of the Company to ensure all policyholder claims can be met on a timely basis;
- Ensure that the Company is adequately capitalised and remains in compliance with its regulatory capital requirements;
- Maintain the Company's external financial strength ratings; and
- Enable an appropriate return on capital for the Company's shareholder.

The Company assesses its capital position against both regulatory capital requirements and an internally developed economic capital requirement. For determining its economic capital requirement, the Company utilises an in-house capital model. The model is designed to measure the Company's underwriting and reinsurance counterparty risk, by calculating projected stress losses across the portfolio in a 1-in-200 lifetime loss scenario (the 99.5% lifetime value-at-risk, or VaR), instead of the 1-in-200 one year loss scenario required under the Solvency II Standard Formula.

The Company assesses its regulatory capital requirements in accordance with the Solvency II Standard Formula SCR and Minimum Capital Requirement ("MCR"). The Company maintained compliance with both the SCR and MCR throughout the year.

The Company's capital management policy establishes a target range for both regulatory and economic solvency which is determined with reference to the Company's capital risk appetite. The Company seeks to manage its current and forecasted levels of capital against this range to meet its capital management objectives, including remaining compliant with both its regulatory and internal economic capital requirements. The Company regularly assesses the appropriateness of its capital position under the ORSA, which incorporates regular use of stress and scenario testing.

Other risks

Climate change

While the current impacts of climate change do not have a material impact to AGUK's business, the Company recognises climate change as a potential material longer-term risk and AGUK utilises its risk management framework to identify and manage the financial risks arising from climate change.

(i) Surveillance of Existing Exposures

The potential impacts of climate change on the Company's insured portfolio have been incorporated into our surveillance monitoring processes. The susceptibility of insured transactions to climate change is assessed when initially assigning and subsequently reassessing internal ratings. This assessment includes the vulnerability of the operations or assets of the insured transaction to long-term physical and transitional impacts of climate change and also the immediate exposure to extreme weather hazards or increasing volatility. The small number of risks in the insured portfolio, 243 (255 as at 31 December 2024), means that consideration can be given to the impact of climate on individual insured risks.

20. Risk management (continued)*(ii) Underwriting Guidelines and Credit approval for New Exposures*

The financial impacts of climate change have also been incorporated into the underwriting and credit approval processes. Underwriting submissions are required to include environmental and/or transitional risk factors as part of the underwriting analysis, including vulnerability of obligors to future climate changes, extreme weather events, and other physical risks. To improve the Company's understanding of these climate change risks and to better evaluate the related financial risks, AGL's Risk Management group includes a risk analyst with climate science expertise who is available to the Company.

(iii) ORSA

The ORSA process is integral to the Company's risk management framework. Through the ORSA process, AGUK uses scenario analysis and stress testing to inform the risk identification process and understand the short- and long-term financial risks to the Company's business model from climate change.

(iv) Investments

The Company's investment portfolio predominantly comprises fixed-income securities; therefore, the potential impacts of climate change are primarily credit-related and significantly mitigated by the relatively short average duration of the portfolio (3.06 years as at 31 December 2025). Nonetheless, the risks arising from climate change are relevant in the evaluation by AGUK and its investment manager of the creditworthiness of specific issuers and industries. Our portfolio manager relies on its ESG corporate philosophy statements and uses ESG information, when conducting research and due diligence on new investments and in managing the portfolio.

21. Called up share capital

	2025	2024
	£'000	£'000
Authorised		
500,000,000 (2024: 500,000,000) ordinary shares of £1 each	500,000	500,000
Allotted and fully paid		
55,000,003 (2024: 55,000,003) ordinary shares of £1 each	55,000	55,000

22. Technical provisions**(i) Unearned premiums and deferred reinsurance commissions**

Reconciliations of the opening and closing unearned premium provision and deferred reinsurance commissions are set out below:

22. Technical provisions (continued)

	Gross		Reinsurers' share	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Unearned premium provision:				
At 1 January	339,306	358,734	223,493	243,382
Movement in provision (excluding additional reinsurance cessions and commutations in the year)	(33,612)	(18,314)	(19,774)	(18,738)
Movement in provision - impact of reinsurance commutations	—	—	(8,926)	—
Movement in provision - impact of additional reinsurance cessions	—	—	17,200	—
Foreign exchange movements	1,010	(1,114)	1,057	(1,151)
At 31 December	306,704	339,306	213,050	223,493
			2025	2024
			£'000	£'000
Deferred reinsurance commission:				
At 1 January			65,954	71,784
Movement in provision (excluding additional reinsurance cessions and commutations in the year)			(5,879)	(5,491)
Movement in provision - impact of reinsurance commutations			(2,678)	—
Movement in provision - impact of additional reinsurance cessions			5,169	—
Foreign exchange movements			311	(339)
At 31 December			62,877	65,954

During the year, the Company entered into additional reinsurance cessions with AG, reducing its exposure to certain large single risks. These transactions were undertaken alongside the commutation of existing reinsurance arrangements with AG across a portfolio of risks, such that the Company's overall level of reinsurance with AG remained broadly unchanged. In aggregate, £524 million of par was additionally ceded to AG, while £530 million of gross insured par was reassumed. The impact of these transactions on the reinsurers' share of unearned premiums and deferred reinsurance commissions is presented in the table above.

(ii) Claims development tables

The table below summarises the development of the Company's claims estimates. The disclosures relate to claims arising from underwriting years more than 10 years in the past and therefore present ultimate claims by financial year for the prior 10 years.

	Gross £'000	Reinsurer's share £'000
Estimate of ultimate claim cost as at 31 December:		
2016	78,704	70,834
2017	57,289	51,560
2018	66,930	60,237
2019	65,673	59,106
2020	63,903	57,513
2021	64,963	58,467
2022	71,476	64,328
2023	70,784	63,706
2024	72,801	65,521
2025	71,351	64,216
Cumulative claims payments to date	41,313	37,182
Claims outstanding	30,038	27,034

22. Technical provisions (continued)
Claims outstanding

A reconciliation of the opening and closing provision for claims outstanding is set out below:

	Gross		Reinsurers' share	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
At 1 January	32,933	32,710	29,640	29,439
Increase in provision	1,161	1,603	1,043	1,443
Paid claims	(1,726)	(1,916)	(1,551)	(1,724)
Foreign exchange movements	(2,330)	536	(2,098)	482
At 31 December	30,038	32,933	27,034	29,640

(iii) Discounted claims

Claims outstanding have been discounted at a rate of 3.60% (2024: 2.23%) and the mean term of the liabilities is 1.5 years (2024: 1.5 years). These claims relate to a single class of business. The period that will elapse before claims are settled is determined by the contractual date, subject to any anticipated early call of the obligation. The claims outstanding provisions before discounting are as follows:

	2025	2024
	£'000	£'000
Claims outstanding before discounting	31,530	33,833
Reinsurer's share of claims outstanding before discounting	(28,377)	(30,450)
Claims outstanding before discounting net of reinsurance	3,153	3,383

The amortisation of claims discounting, which is reported within claims incurred, was £0.05 million (2024: £0.05 million). The investment return on the assets supporting the liabilities being discounted was £0.11 million (2024: £0.07 million).

(iv) Unexpired risks provision

A reconciliation of the opening and closing unexpired risks provision included within other technical provisions is presented in the table below:

	Gross		Reinsurers' share	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
At 1 January	28,910	6,687	1,917	95
Movement in provision	950	22,223	521	1,822
Foreign exchange movements	—	—	—	—
At 31 December	29,860	28,910	2,438	1,917

The future investment return assumed in calculating the unexpired risks provision is the risk free rate.

23. Deferred acquisition costs

A reconciliation of opening and closing deferred acquisition costs is presented in the table below:

	2025	2024
	£'000	£'000
At 1 January	16,359	16,551
Deferred in the year	1,286	1,454
Amortisation	(1,732)	(1,646)
At 31 December	15,913	16,359

24. Other technical income

	2025	2024
	£'000	£'000
Surveillance and consent fees received	637	939
Gain on reinsurance commutations	6,203	—
Interest received on previously paid claims.	2,149	—
	8,989	939

During the year the Company entered into a series of reinsurance commutations with AG across a portfolio of several risks. The pricing of those risks was higher than at the inception of the reinsurance cover, resulting in the recognition of a £6.2m gain. Interest was received on previously paid claims in respect of the unwind of a guarantee on an insurance securitisation which was completed during the year.

25. Other income

	2025	2024
	£'000	£'000
Foreign exchange (losses)	(5,324)	(155)

26. Ultimate and immediate parent company

The immediate parent undertaking of the Company is AG, a stock insurance corporation organised under the laws of the State of Maryland, United States of America. The ultimate parent undertaking and controlling party of the Company is AGL, a Bermuda incorporated insurance holding company.

AGL is the parent undertaking of the largest group of undertakings to consolidate these financial statements for the year ended 31 December 2025. The consolidated financial statements of AGL can be obtained from their registered office at 30 Woodbourne Avenue, Hamilton HM 08, Bermuda or on the ultimate parent's website www.assuredguaranty.com.

AG is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of AG can be obtained from their registered office at 1633 Broadway, New York, NY 10019, United States of America or on the ultimate parent's website www.assuredguaranty.com.