

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2026

Or

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

Commission file number: 001-16209



ARCH CAPITAL GROUP LTD.

(Exact name of registrant as specified in its charter)

Bermuda

(State or other jurisdiction of incorporation or organization)

98-0374481

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

Waterloo House, Ground Floor

100 Pitts Bay Road, Pembroke HM 08, Bermuda

(Address of principal executive offices)

(441) 278-9250

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol (s)	Name of each exchange on which registered	
Common shares, \$0.0011 par value per share	ACGL	NASDAQ	Stock Market
Depository shares, each representing a 1/1000th interest in a 5.45% Series F preferred share	ACGLO	NASDAQ	Stock Market
Depository shares, each representing a 1/1000th interest in a 4.55% Series G preferred share	ACGLN	NASDAQ	Stock Market

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

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

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

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

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

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

As of July 30, 2026, there were 341,229,126 common shares, \$0.0011 par value per share, of the registrant outstanding.

ARCH CAPITAL GROUP LTD.

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PART I. FINANCIAL INFORMATION

Cautionary Note Regarding Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 (“PSLRA”) provides a “safe harbor” for forward-looking statements. This report or any other written or oral statements made by or on behalf of us may include forward-looking statements, which reflect our current views with respect to future events and financial performance. All statements other than statements of historical fact included in or incorporated by reference in this report are forward-looking statements. Forward-looking statements, for purposes of the PSLRA or otherwise, can generally be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe” or “continue” and similar statements of a future or forward-looking nature or their negative or variations or similar terminology.

Forward-looking statements reflect our current assessment of risks and uncertainties. Actual events and results may differ materially from those expressed or implied in these statements. Important factors that could cause actual events or results to differ materially from those indicated in such statements are discussed below and elsewhere in this report and in our periodic reports filed with the Securities and Exchange Commission (“SEC”), and include:

- our ability to successfully implement our business strategy during “soft” as well as “hard” markets;
- acceptance of our business strategy, security and financial condition by rating agencies and regulators, as well as by brokers and our insureds and reinsureds;
- our ability to consummate acquisitions and integrate the business we have acquired or may acquire into our existing operations;
- our ability to maintain or improve our ratings, which may be affected by our ability to raise additional equity or debt financings, by ratings agencies’ existing or new policies and practices, as well as other factors described herein;
- general economic and market conditions (including inflation, interest rates, unemployment, housing prices, foreign currency exchange rates, prevailing credit terms, tariffs, geopolitical instability and conflict and the depth and duration of a recession) and conditions specific to the reinsurance and insurance markets in which we operate;
- competition, including increased competition, on the basis of pricing, capacity (including alternative sources of capital), coverage terms, or other factors;
- developments in the global financial and capital markets and our access to such markets;
- our ability to successfully enhance, integrate and maintain operating procedures (including information technology) to effectively support our current and new business;
- the loss and addition of key personnel;
- material differences between actual and expected assessments for guaranty funds and mandatory pooling arrangements;
- accuracy of those estimates and judgments utilized in the preparation of our financial statements, including those related to revenue recognition, insurance and other reserves, reinsurance recoverables, investment valuations, intangible assets, bad debts, income taxes, deferred income tax assets, contingencies and litigation, and any determination to use the deposit method of accounting;
- greater than expected loss ratios on business written by us and adverse development on claim and/or claim expense liabilities related to business written by our insurance, reinsurance and mortgage subsidiaries;
- the adequacy of the Company’s loss reserves;
- severity and/or frequency of losses;
- greater frequency or severity of unpredictable natural and man-made catastrophic events;
- claims for natural catastrophic events or severe economic events in our insurance, reinsurance and mortgage businesses could cause large losses and substantial volatility in our results of operations;
- availability to us of reinsurance to manage our net exposure and the cost of such reinsurance;
- the failure of reinsurers, managing general agents, third party administrators or others to meet their obligations to us;

- the timing of loss payments being faster or the receipt of reinsurance recoverables being slower than anticipated by us;
- our investment performance, including legislative or regulatory developments that may adversely affect the fair value of our investments;
- changes in general economic conditions, resulting in downgrades of U.S. securities or sovereign debt by credit rating agencies, which could affect our business, financial condition and results of operations;
- an incident, disruption in operations or other cyber event caused by a cyber attack, inadvertent error, the use of artificial intelligence technologies or other technology on our systems or those of our business partners and service providers, which could negatively impact our business and/or expose us to litigation;
- the effect of climate change on our business;
- the effect of contagious diseases or a pandemic on our business;
- acts of terrorism, political unrest and other hostilities or other unforecasted and unpredictable events caused by humans;
- the volatility of our shareholders' equity from foreign currency fluctuations, which could increase due to us not matching portions of our projected liabilities in foreign currencies with investments in the same currencies;
- changes in accounting principles or policies or in our application of such accounting principles or policies;
- changes in the political environment of certain countries in which we operate or underwrite business;
- statutory or regulatory developments, including as to tax matters and insurance and other regulatory matters such as the adoption of legislation that affects Bermuda-headquartered companies and/or Bermuda-based insurers or reinsurers and/or changes in regulations or tax laws applicable to us, our subsidiaries, brokers or customers, including the implementation of the Organization for Economic Cooperation and Development ("OECD") Pillar I and Pillar II initiatives and the enactment of Bermuda corporate income tax; and
- the other matters set forth under Item 1A "Risk Factors," Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other sections of our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 26, 2026 and of the Company's latest Quarterly Reports on Form 10-Q, as well as the other factors set forth in the Company's other documents on file with the SEC, and management's response to any of the aforementioned factors.

All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with other cautionary statements that are included herein or elsewhere. The Company's forward-looking statements speak only as of the date of this report or as of the date they are made, and we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

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ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(U.S. dollars and shares in millions)

	(Unaudited)	
	June 30, 2026	December 31, 2025
Assets		
Investments:		
Fixed maturities available for sale, at fair value (amortized cost: \$33,427 and \$32,329; net of allowance for credit losses: \$16 and \$20)	\$ 33,155	\$ 32,426
Short-term investments available for sale, at fair value (amortized cost: \$3,298 and \$2,624; net of allowance for credit losses: \$0 and \$0)	3,298	2,625
Equity securities, at fair value	2,280	1,864
Other investments, at fair value	3,381	3,136
Investments accounted for using the equity method	6,852	6,453
Total investments	48,966	46,504
Cash	1,109	993
Accrued investment income	325	338
Investment in operating affiliates	1,323	1,313
Premiums receivable (net of allowance for credit losses: \$41 and \$43)	7,160	5,723
Reinsurance recoverable on unpaid and paid losses and loss adjustment expenses (net of allowance for credit losses: \$18 and \$17)	9,964	9,526
Contractholder receivables (net of allowance for credit losses: \$7 and \$7)	2,264	2,270
Ceded unearned premiums	3,669	2,659
Deferred acquisition costs	1,794	1,717
Receivable for securities sold	564	180
Goodwill and intangible assets	1,163	1,222
Other assets	6,878	6,796
Total assets	\$ 85,179	\$ 79,241
Liabilities		
Reserve for losses and loss adjustment expenses	\$ 34,775	\$ 33,547
Unearned premiums	11,493	10,100
Reinsurance balances payable	3,234	2,320
Contractholder payables	2,270	2,277
Collateral held for insured obligations	240	237
Senior notes	4,286	2,729
Payable for securities purchased	1,136	308
Other liabilities	3,715	3,517
Total liabilities	61,149	55,035
Commitments and contingencies (refer to Note 11)		
Shareholders' Equity		
Non-cumulative preferred shares	830	830
Common shares (\$0.0011 par, shares issued: 602.7 and 599.8)	1	1
Additional paid-in capital	2,873	2,735
Retained earnings	29,129	27,045
Accumulated other comprehensive income (loss), net of deferred income tax	(413)	5
Common shares held in treasury, at cost (shares: 261.8 and 240.8)	(8,390)	(6,410)
Total shareholders' equity available to Arch	24,030	24,206
Total liabilities and shareholders' equity	\$ 85,179	\$ 79,241

See Notes to Consolidated Financial Statements

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(U.S. dollars and shares in millions, except per share data)

	(Unaudited) Three Months Ended June 30,		(Unaudited) Six Months Ended June 30,	
	2026	2025	2026	2025
Revenues				
Net premiums earned	\$ 3,985	\$ 4,337	\$ 7,971	\$ 8,525
Net investment income	417	405	825	783
Net realized gains (losses)	(17)	229	(104)	232
Other underwriting income	57	62	116	115
Equity in net income of investments accounted for using the equity method	196	162	356	215
Other income (loss)	30	18	25	16
Total revenues	4,668	5,213	9,189	9,886
Expenses				
Losses and loss adjustment expenses	2,196	2,303	4,285	4,890
Acquisition expenses	718	824	1,448	1,588
Other operating expenses	471	454	969	927
Corporate expenses	44	47	93	107
Amortization of intangible assets	30	48	60	97
Interest expense	44	38	81	73
Net foreign exchange (gains) losses	(10)	88	(31)	115
Total expenses	3,493	3,802	6,905	7,797
Income (loss) before income taxes and income (loss) from operating affiliates	1,175	1,411	2,284	2,089
Income tax (expense) benefit	(164)	(214)	(262)	(335)
Income (loss) from operating affiliates	46	40	82	57
Net income (loss) available to Arch	1,057	1,237	2,104	1,811
Preferred dividends	(10)	(10)	(20)	(20)
Net income (loss) available to Arch common shareholders	\$ 1,047	\$ 1,227	\$ 2,084	\$ 1,791
Net income per common share and common share equivalent				
Basic	\$ 3.05	\$ 3.30	\$ 5.99	\$ 4.81
Diluted	\$ 3.00	\$ 3.23	\$ 5.88	\$ 4.70
Weighted average common shares and common share equivalents outstanding				
Basic	343.2	372.2	348.2	372.6
Diluted	348.8	379.9	354.2	380.8

See Notes to Consolidated Financial Statements

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(U.S. dollars in millions)

	(Unaudited) Three Months Ended June 30,		(Unaudited) Six Months Ended June 30,	
	2026	2025	2026	2025
Comprehensive Income				
Net income (loss)	\$ 1,057	\$ 1,237	\$ 2,104	\$ 1,811
Other comprehensive income (loss), net of deferred income tax				
Unrealized appreciation (decline) in value of available-for-sale investments:				
Unrealized holding gains (losses) arising during period	(113)	303	(433)	537
Reclassification of net realized (gains) losses, included in net income (loss)	42	(7)	24	45
Foreign currency translation adjustments	(9)	64	(9)	90
Comprehensive income (loss) available to Arch	<u>\$ 977</u>	<u>\$ 1,597</u>	<u>\$ 1,686</u>	<u>\$ 2,483</u>

See Notes to Consolidated Financial Statements

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(U.S. dollars in millions)

	(Unaudited) Three Months Ended June 30,		(Unaudited) Six Months Ended June 30,	
	2026	2025	2026	2025
Non-cumulative preferred shares				
Balance at beginning and end of period	\$ 830	\$ 830	\$ 830	\$ 830
Common shares				
Balance at beginning and end of period	1	1	1	1
Additional paid-in capital				
Balance at beginning of period	2,831	2,588	2,735	2,510
Amortization of share-based compensation	15	25	97	99
Other changes	27	47	41	51
Balance at end of period	2,873	2,660	2,873	2,660
Retained earnings				
Balance at beginning of period	28,082	23,250	27,045	22,686
Net income (loss)	1,057	1,237	2,104	1,811
Preferred share dividends	(10)	(10)	(20)	(20)
Balance at end of period	29,129	24,477	29,129	24,477
Accumulated other comprehensive income (loss), net of deferred income tax				
Balance at beginning of period	(333)	(408)	5	(720)
Unrealized appreciation (decline) in value of available-for-sale investments, net of deferred income tax:				
Balance at beginning of period	(204)	(221)	134	(507)
Unrealized holding gains (losses) during period, net of reclassification adjustment	(71)	296	(409)	582
Balance at end of period	(275)	75	(275)	75
Foreign currency translation adjustments, net of deferred income tax:				
Balance at beginning of period	(129)	(187)	(129)	(213)
Foreign currency translation adjustments	(9)	64	(9)	90
Balance at end of period	(138)	(123)	(138)	(123)
Balance at end of period	(413)	(48)	(413)	(48)
Common shares held in treasury, at cost				
Balance at beginning of period	(7,223)	(4,716)	(6,410)	(4,487)
Shares repurchased for treasury	(1,167)	(163)	(1,980)	(392)
Balance at end of period	(8,390)	(4,879)	(8,390)	(4,879)
Total shareholders' equity	\$ 24,030	\$ 23,041	\$ 24,030	\$ 23,041

See Notes to Consolidated Financial Statements

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in millions)

	(Unaudited) Six Months Ended June 30,	
	2026	2025
Operating Activities		
Net income (loss)	\$ 2,104	\$ 1,811
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Net realized (gains) losses	(43)	(231)
Equity in net (income) or loss of investments accounted for using the equity method and other income or loss	(263)	(107)
Amortization of intangible assets	60	97
Share-based compensation	97	99
Changes in:		
Reserve for losses and loss adjustment expenses, net of unpaid losses and loss adjustment expenses recoverable	1,039	1,386
Unearned premiums, net of ceded unearned premiums	426	338
Premiums receivable	(1,450)	(1,294)
Deferred acquisition costs	(44)	19
Reinsurance balances payable	915	663
Deferred income tax assets, net	79	109
Other items, net	(410)	(308)
Net cash provided by operating activities	2,510	2,582
Investing Activities		
Purchases of fixed maturity investments	(19,163)	(17,568)
Purchases of equity securities	(657)	(987)
Purchases of other investments	(952)	(1,232)
Proceeds from sales of fixed maturity investments	16,367	13,823
Proceeds from sales of equity securities	455	1,043
Proceeds from sales, redemptions and maturities of other investments	546	1,091
Proceeds from redemptions and maturities of fixed maturity investments	2,039	1,326
Net settlements of derivative instruments	(106)	240
Net (purchases) sales of short-term investments	(655)	52
Purchases of fixed assets	(22)	(21)
Other	(26)	(3)
Net cash used for investing activities	(2,174)	(2,236)
Financing Activities		
Purchases of common shares under share repurchase program	(1,949)	(359)
Proceeds from common shares issued, net	9	19
Proceeds from borrowings	1,977	—
Repayments of borrowings	(398)	—
Common dividends paid	(5)	(7)
Preferred dividends paid	(20)	(20)
Other	(12)	(2)
Net cash used for financing activities	(398)	(369)
Effects of exchange rate changes on foreign currency cash and restricted cash	1	71
Increase (decrease) in cash and restricted cash	(61)	48
Cash and restricted cash, beginning of year	2,067	1,760
Cash and restricted cash, end of period	\$ 2,006	\$ 1,808
Income taxes paid (received)	191	149
Interest paid	65	64

See Notes to Consolidated Financial Statements

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation and Recent Accounting Pronouncements

General

Arch Capital Group Ltd. (“Arch Capital”) is a publicly listed Bermuda exempted company which provides insurance, reinsurance and mortgage insurance on a worldwide basis through its wholly-owned subsidiaries. As used herein, the “Company” and/or “Arch” means Arch Capital and its subsidiaries.

Basis of Presentation

The interim consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). All significant intercompany transactions and balances have been eliminated in consolidation. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates and assumptions. In the opinion of management, the accompanying unaudited interim consolidated financial statements reflect all adjustments (consisting of normally recurring accruals) necessary for a fair statement of results on an interim basis. The results of any interim period are not necessarily indicative of the results for a full year or any future periods. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted; however, management believes that the disclosures are adequate to make the information presented not misleading. This report should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2025 (“2025 Form 10-K”), including the Company’s audited consolidated financial statements and related notes.

The Company has reclassified the presentation of certain prior year information to conform to the current presentation. Such reclassifications had no effect on the Company’s net income, comprehensive income, shareholders’ equity or cash flows. All amounts are in millions, except per share amounts, unless otherwise noted.

Recent Accounting Pronouncements

Recently Issued Accounting Standards Adopted

The Company early adopted ASU 2025-06, “Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software,” which was issued in September 2025, and applied the guidance prospectively. The new guidance amended the accounting for internal-use software by eliminating references to software development project stages. Under the revised standard, entities must capitalize software costs when (i) management has authorized and committed funding for the project, and (ii) it is probable that the project will be completed and the software will function as intended. The update also clarifies that both internal and external training costs, as well as maintenance costs, must be expensed as incurred. The adoption of this ASU did not have a material impact on the Company’s consolidated financial statements and related disclosures.

For information regarding additional accounting standards that the Company has not yet adopted, see note 3(u), “Significant Accounting Policies—Recent Accounting Pronouncements,” of the notes to consolidated financial statements in the Company’s 2025 Form 10-K.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

2. Acquisition

On August 1, 2024, the Company completed the acquisition of the U.S MidCorp and Entertainment insurance business from Allianz (“MCE Acquisition”). This business is written by Fireman’s Fund Insurance Company, an affiliate of Allianz, and its subsidiaries (collectively, the “Business Entities”), in each case, relating to relevant policies with accident years 2016 and onwards (collectively, the “Business”), as well as certain assets of Allianz and its affiliates related to the Business. In connection with the acquisition of the Business, the Company also entered into certain reinsurance agreements relating to the Business and the Business Entities and other agreements providing for administration and other services for the Business Entities by the Company for the applicable policies being reinsured following the closing. The acquisition of the Business is an important part of the Company’s growth strategy, and provides a ballast to our existing insurance business. It further enhances the Company’s capabilities in the U.S. middle markets and represents an attractive way to enter a new niche entertainment insurance market.

Aggregate cash consideration for the transaction was \$450 million. Direct costs related to the acquisition are immaterial, and were expensed as incurred. These include one-time costs that are directly attributable to third party consulting fees and other professional and legal fees related to the acquisition. Such costs are included within ‘corporate expenses’ in the consolidated statement of income. The Business acquired is included within the Company’s insurance segment beginning from the acquisition date.

The MCE Acquisition was accounted for as a business combination under FASB Accounting Standards Codification Topic 805, Business Combinations (“Topic 805”). Pursuant to Topic 805, the Company allocated the MCE Acquisition purchase price to tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. The excess of the purchase price over those fair values was recorded to goodwill. During the measurement period, the Company adjusted the provisional amounts to reflect new information obtained about facts and circumstances that existed as of the acquisition date, which, if known, would have affected the measurement of the amounts recognized as of that date. Such adjustments impacted certain identifiable assets acquired and liabilities assumed, resulting in a decrease to net assets acquired and a corresponding increase to goodwill of \$10 million. The Company completed the analysis of the fair value of the assets, liabilities assumed and the related allocation of the purchase price during the 2025 second quarter.

The following table summarizes the Company’s allocation of the purchase price to the acquired assets and liabilities assumed based on estimated fair values on August 1, 2024.

	Total	Useful Life
Purchase price		
Cash paid (a)	\$ 450	
Assets Acquired		
Cash and investments, at fair value	\$ 2,332	
Premiums receivable, net of commissions	224	
Intangible asset -- distribution relationships	220	10 years
Intangible asset -- value of business acquired	165	1-2 years
Intangible asset -- other (1)	180	5-7 years
Other assets acquired	175	
Total assets acquired	\$ 3,296	
Liabilities Acquired		
Reserves for losses and loss adjustment expenses	\$ 2,468	
Unearned premiums	636	
Other liabilities acquired	18	
Total liabilities acquired	3,122	
Identifiable net assets acquired (b)	\$ 174	
Goodwill (a) - (b)	\$ 276	

(1) Includes \$130 million related to the net fair value adjustment to reserves for loss and loss adjustment expenses on August 1, 2024.

The Company recognized goodwill of \$276 million that is primarily attributed to the expanded presence and long-term growth opportunities in the insurance market provided by this strategic acquisition. Approximately \$555 million of the acquired goodwill and intangibles is expected to be deductible for income tax purposes. At the date of the acquisition, the Company established a net deferred tax asset of \$24 million related to the estimated fair value of reserves for losses and loss adjustment expenses and unearned premiums.

Intangible assets resulting from the acquisition are amortized as part of ‘amortization of intangible assets’ in the Company’s consolidated statements of income. The significant fair value adjustments and related future amortization are as follows:

Value of business acquired (“VOBA”)— which represents the present value of the expected underwriting profit within the unearned premium liability, less costs to service the related policies and a risk premium. The fair value of VOBA was determined after taking into consideration certain key assumptions, including the estimated cost of capital, investment yield, loss ratio and related expenses.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Reserves for losses and loss adjustment expenses—to reflect a decrease related to the present value of the reserve for losses and loss adjustment expenses based on the estimated payout patterns, partially offset by an increase in losses and loss adjustment expenses related to the estimated market based risk margin. The risk margin represents the estimated costs of capital required by a market participant to assume the losses and loss adjustment expenses. The fair value of the reserve for losses and loss adjustment expenses was determined after taking into consideration certain key assumptions, including the estimated cost of capital, and investment yield.

Distribution relationships—the value of the distribution relationships was determined after taking into consideration certain key assumptions, including the estimated cost of capital, investment yield, retention rates, loss ratios, related expenses and effective tax rates that would impact the expected cash flows from Business policies written on a go forward basis.

The results of the acquired Business have been included in the Company's consolidated financial statements beginning as of their acquisition date. It is impracticable to provide historical supplemental pro forma financial information along with revenue and earnings subsequent to the acquisition due to a variety of factors, including access to historical information and the operations of acquirees being integrated within the Company shortly after closing and not operating as discrete operations within the Company's organizational structure.

4. Earnings Per Common Share

The following table sets forth the computation of basic and diluted earnings per common share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Numerator:				
Net income (loss) available to Arch	\$ 1,057	\$ 1,237	\$ 2,104	\$ 1,811
Preferred dividends	(10)	(10)	(20)	(20)
Net income (loss) available to Arch common shareholders	\$ 1,047	\$ 1,227	\$ 2,084	\$ 1,791
Denominator:				
Weighted average common shares and common share equivalents outstanding — basic	343.2	372.2	348.2	372.6
Effect of dilutive common share equivalents:				
Nonvested restricted shares	1.4	1.6	1.5	1.7
Stock options (1)	4.2	6.1	4.5	6.5
Weighted average common shares and common share equivalents outstanding — diluted	348.8	379.9	354.2	380.8
Earnings per common share:				
Basic	\$ 3.05	\$ 3.30	\$ 5.99	\$ 4.81
Diluted	\$ 3.00	\$ 3.23	\$ 5.88	\$ 4.70

- (1) Certain stock options were not included in the computation of diluted earnings per share where the exercise price of the stock options exceeded the average market price and would have been anti-dilutive or where, when applying the treasury stock method to in-the-money options, the sum of the proceeds, including unrecognized compensation, exceeded the average market price and would have been anti-dilutive. For the 2026 second quarter and 2025 second quarter, the number of stock options excluded were 2.4 million and 2.2 million, respectively. For the six months ended June 30, 2026 and 2025, the number of stock options excluded were 2.4 million and 2.4 million, respectively.

3. Share Transactions

Share Repurchases

The Board of Directors of Arch Capital has authorized the investment in Arch Capital's common shares through a share repurchase program. Since the inception of the share repurchase program, Arch Capital has repurchased 475.7 million common shares for an aggregate purchase price of \$9.7 billion. For the six months ended June 30, 2026, Arch Capital repurchased 20.7 million common shares under the share repurchase program with an aggregate purchase price of approximately \$1.9 billion. Arch Capital repurchased 4.1 million common shares under the share repurchase program with an aggregate purchase price of approximately \$359.7 million during the six months ended June 30, 2025. At June 30, 2026, \$2.2 billion of share repurchases were available under the program.

On April 19, 2026, the Company increased its authorization for its existing share repurchase program by \$3.0 billion, which, as in the past, may be effected from time to time in open market or privately negotiated transactions. The timing and amount of the repurchase transactions under this program will depend on a variety of factors, including market conditions and corporate and regulatory considerations.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
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5. Segment Information

The Company's insurance, reinsurance and mortgage segments each have managers who are responsible for the overall profitability of their respective segments and who are directly accountable to the Company's chief operating decision makers ("CODMs"), the Chief Executive Officer of Arch Capital and the Chief Financial Officer and Treasurer of Arch Capital. The CODMs do not assess performance, measure return on equity or make resource allocation decisions on a line of business basis. Management measures segment performance for its three segments based on underwriting income or loss. The Company does not manage its assets by segment, with the exception of goodwill and intangible assets and accordingly investment income is not allocated to each underwriting segment.

The Company has determined its segments using the management approach described in accounting guidance regarding disclosures about segments of an enterprise and related information. The accounting policies of the segments are the same as those used for the preparation of the Company's consolidated financial statements. Intersegment business is allocated to the segment accountable for the underwriting results.

The Company's insurance segment primarily consists of commercial insurance lines of business, with a focus on specialty insurance products. These products are mainly offered in North America, Bermuda, the United Kingdom, continental Europe and Australia. Products offered in North America include: commercial automobile; commercial multi-peril; other liability—claims made, which includes financial and professional lines; other liability—occurrence, which includes admitted and excess and surplus casualty lines; property and short-tail specialty; workers compensation; and other. Products offered across the Company's International units include: property and short-tail specialty; and casualty and other.

The Company's reinsurance segment offers reinsurance products on a worldwide basis. Product lines of business include: casualty; marine and aviation; property catastrophe; property excluding property catastrophe; specialty; and other.

The Company's mortgage segment consists of U.S. primary mortgage insurance business written predominantly on loans sold to the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"), each a government sponsored entity ("GSE") and also through non GSE approved entities (combined "Arch MI U.S."); reinsurance and underwriting services related to U.S. credit-risk transfer ("CRT") business which are predominately with the GSEs and other U.S. mortgage reinsurance transactions; and international mortgage insurance and reinsurance business covering loans primarily in Australia and Europe.

The Company's results also include net investment income, net realized gains or losses (which include, but are not limited to, realized and unrealized changes in the fair value of equity securities and assets accounted for using the fair value option, realized and unrealized gains or losses on derivative instruments, changes in the allowance for credit losses on financial assets and gains or losses realized from the acquisition or disposition of subsidiaries), equity in net income or loss of investments accounted for using the equity method, other income (loss), corporate expenses, transaction costs and other, amortization of intangible assets, interest expense, net foreign exchange gains or losses, income tax items, income or loss from operating affiliates and items related to the Company's non-cumulative preferred shares.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
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The following tables summarize the Company's underwriting income or loss by segment, together with a reconciliation of underwriting income or loss to net income available to Arch common shareholders:

	Three Months Ended June 30, 2026			
	Insurance	Reinsurance	Mortgage	Total
Gross premiums written (1)	\$ 2,603	\$ 3,202	\$ 324	\$ 6,126
Premiums ceded (1)	(670)	(1,358)	(52)	(2,077)
Net premiums written	1,933	1,844	272	4,049
Change in unearned premiums	(53)	(24)	13	(64)
Net premiums earned	1,880	1,820	285	3,985
Other underwriting income (2)	15	37	5	57
Losses and loss adjustment expenses	(1,185)	(992)	(19)	(2,196)
Acquisition expenses	(375)	(341)	(2)	(718)
Other operating expenses (3)	(308)	(114)	(49)	(471)
Underwriting income (loss)	\$ 27	\$ 410	\$ 220	657
Net investment income				417
Net realized gains (losses)				(17)
Equity in net income of investments accounted for using the equity method				196
Other income (loss)				30
Corporate expenses (4)				(12)
Transaction costs and other (4)				(32)
Amortization of intangible assets				(30)
Interest expense				(44)
Net foreign exchange gains (losses)				10
Income (loss) before income taxes and income (loss) from operating affiliates				1,175
Income tax (expense) benefit				(164)
Income (loss) from operating affiliates				46
Net income (loss) available to Arch				1,057
Preferred dividends				(10)
Net income (loss) available to Arch common shareholders				\$ 1,047
Underwriting Ratios				
Loss ratio	63.0 %	54.6 %	6.5 %	55.1 %
Acquisition expense ratio	19.9 %	18.7 %	0.9 %	18.0 %
Other operating expense ratio (5)	15.6 %	4.2 %	15.4 %	10.4 %
Combined ratio	98.5 %	77.5 %	22.8 %	83.5 %
Goodwill and intangible assets	\$ 747	\$ 91	\$ 325	\$ 1,163

- (1) Certain assumed and ceded amounts related to intersegment transactions are included in individual segment results. Accordingly, the sum of such transactions for each segment does not agree to the total due to eliminations.
- (2) 'Other underwriting income' includes revenue earned from underwriting-related activities covered under existing service contracts.
- (3) 'Other operating expenses' primarily include expenses that are related to compensation and employee benefits, information technology and professional fees.
- (4) Certain expenses have been excluded from 'Corporate expenses' and reflected in 'Transaction costs and other.'
- (5) The 'Other operating expense ratio' includes 'Other underwriting income.'

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
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	Three Months Ended June 30, 2025			
	Insurance	Reinsurance	Mortgage	Total
Gross premiums written (1)	\$ 2,681	\$ 3,196	\$ 323	\$ 6,196
Premiums ceded (1)	(645)	(1,137)	(70)	(1,848)
Net premiums written	2,036	2,059	253	4,348
Change in unearned premiums	(67)	28	28	(11)
Net premiums earned	1,969	2,087	281	4,337
Other underwriting income (2)	13	46	3	62
Losses and loss adjustment expenses	(1,178)	(1,128)	3	(2,303)
Acquisition expenses	(387)	(436)	(1)	(824)
Other operating expenses (3)	(288)	(118)	(48)	(454)
Underwriting income (loss)	\$ 129	\$ 451	\$ 238	818
Net investment income				405
Net realized gains (losses)				229
Equity in net income of investments accounted for using the equity method				162
Other income (loss)				18
Corporate expenses (4)				(29)
Transaction costs and other (4)				(18)
Amortization of intangible assets				(48)
Interest expense				(38)
Net foreign exchange gains (losses)				(88)
Income (loss) before income taxes and income (loss) from operating affiliates				1,411
Income tax (expense) benefit				(214)
Income (loss) from operating affiliates				40
Net income (loss) available to Arch				1,237
Preferred dividends				(10)
Net income (loss) available to Arch common shareholders				\$ 1,227
Underwriting Ratios				
Loss ratio	59.8 %	54.1 %	(1.2)%	53.1 %
Acquisition expense ratio	19.6 %	20.9 %	0.4 %	19.0 %
Other operating expense ratio (5)	14.0 %	3.5 %	16.0 %	9.1 %
Combined ratio	93.4 %	78.5 %	15.2 %	81.2 %
Goodwill and intangible assets	\$ 875	\$ 105	\$ 339	\$ 1,319

- (1) Certain assumed and ceded amounts related to intersegment transactions are included in individual segment results. Accordingly, the sum of such transactions for each segment does not agree to the total due to eliminations.
- (2) 'Other underwriting income' includes revenue earned from underwriting-related activities covered under existing service contracts.
- (3) 'Other operating expenses' primarily include expenses that are related to compensation and employee benefits, information technology and professional fees.
- (4) Certain expenses have been excluded from 'Corporate expenses' and reflected in 'Transaction costs and other.'
- (5) The 'Other operating expense ratio' includes 'Other underwriting income.'

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
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	Six Months Ended June 30, 2026			
	Insurance	Reinsurance	Mortgage	Total
Gross premiums written (1)	\$ 5,300	\$ 6,616	\$ 640	\$ 12,551
Premiums ceded (1)	(1,461)	(2,596)	(102)	(4,154)
Net premiums written	3,839	4,020	538	8,397
Change in unearned premiums	(88)	(369)	31	(426)
Net premiums earned	3,751	3,651	569	7,971
Other underwriting income (2)	26	74	16	116
Losses and loss adjustment expenses	(2,311)	(1,940)	(34)	(4,285)
Acquisition expenses	(750)	(688)	(10)	(1,448)
Other operating expenses (3)	(623)	(246)	(100)	(969)
Underwriting income (loss)	\$ 93	\$ 851	\$ 441	1,385
Net investment income				825
Net realized gains (losses)				(104)
Equity in net income of investments accounted for using the equity method				356
Other income (loss)				25
Corporate expenses (4)				(43)
Transaction costs and other (4)				(50)
Amortization of intangible assets				(60)
Interest expense				(81)
Net foreign exchange gains (losses)				31
Income (loss) before income taxes and income (loss) from operating affiliates				2,284
Income tax (expense) benefit				(262)
Income (loss) from operating affiliates				82
Net income (loss) available to Arch				2,104
Preferred dividends				(20)
Net income (loss) available to Arch common shareholders				\$ 2,084
Underwriting Ratios				
Loss ratio	61.6 %	53.1 %	5.9 %	53.8 %
Acquisition expense ratio	20.0 %	18.8 %	1.9 %	18.2 %
Other operating expense ratio (5)	15.9 %	4.7 %	14.8 %	10.7 %
Combined ratio	97.5 %	76.6 %	22.6 %	82.7 %

- (1) Certain assumed and ceded amounts related to intersegment transactions are included in individual segment results. Accordingly, the sum of such transactions for each segment does not agree to the total due to eliminations.
- (2) 'Other underwriting income' includes revenue earned from underwriting-related activities covered under existing service contracts.
- (3) 'Other operating expenses' primarily include expenses that are related to compensation and employee benefits, information technology and professional fees.
- (4) Certain expenses have been excluded from 'Corporate expenses' and reflected in 'Transaction costs and other.'
- (5) The 'Other operating expense ratio' includes 'Other underwriting income.'

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	Six Months Ended June 30, 2025			
	Insurance	Reinsurance	Mortgage	Total
Gross premiums written (1)	\$ 5,326	\$ 6,690	\$ 649	\$ 12,659
Premiums ceded (1)	(1,357)	(2,315)	(130)	(3,796)
Net premiums written	3,969	4,375	519	8,863
Change in unearned premiums	(140)	(260)	62	(338)
Net premiums earned	3,829	4,115	581	8,525
Other underwriting income (2)	16	85	14	115
Losses and loss adjustment expenses	(2,406)	(2,484)	—	(4,890)
Acquisition expenses	(730)	(853)	(5)	(1,588)
Other operating expenses (3)	(582)	(245)	(100)	(927)
Underwriting income (loss)	\$ 127	\$ 618	\$ 490	1,235
Net investment income				783
Net realized gains (losses)				232
Equity in net income of investments accounted for using the equity method				215
Other income (loss)				16
Corporate expenses (4)				(79)
Transaction costs and other (4)				(28)
Amortization of intangible assets				(97)
Interest expense				(73)
Net foreign exchange gains (losses)				(115)
Income (loss) before income taxes and income (loss) from operating affiliates				2,089
Income tax (expense) benefit				(335)
Income (loss) from operating affiliates				57
Net income (loss) available to Arch				1,811
Preferred dividends				(20)
Net income (loss) available to Arch common shareholders				\$ 1,791
Underwriting Ratios				
Loss ratio	62.8 %	60.4 %	— %	57.4 %
Acquisition expense ratio	19.1 %	20.7 %	0.9 %	18.6 %
Other operating expense ratio (5)	14.8 %	3.9 %	14.9 %	9.5 %
Combined ratio	96.7 %	85.0 %	15.8 %	85.5 %

- (1) Certain assumed and ceded amounts related to intersegment transactions are included in individual segment results. Accordingly, the sum of such transactions for each segment does not agree to the total due to eliminations.
- (2) 'Other underwriting income' includes revenue earned from underwriting-related activities covered under existing service contracts.
- (3) 'Other operating expenses' primarily include expenses that are related to compensation and employee benefits, information technology and professional fees.
- (4) Certain expenses have been excluded from 'Corporate expenses' and reflected in 'Transaction costs and other.'
- (5) The 'Other operating expense ratio' includes 'Other underwriting income.'

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6. Reserve for Losses and Loss Adjustment Expenses

The following table represents an analysis of losses and loss adjustment expenses and a reconciliation of the beginning and ending reserve for losses and loss adjustment expenses:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Reserve for losses and loss adjustment expenses at beginning of period	\$ 34,105	\$ 30,946	\$ 33,547	\$ 29,369
Unpaid losses and loss adjustment expenses recoverable	9,142	8,379	9,054	7,821
Net reserve for losses and loss adjustment expenses at beginning of period	24,963	22,567	24,493	21,548
Net incurred losses and loss adjustment expenses relating to losses occurring in:				
Current year	2,365	2,456	4,674	5,240
Prior years	(169)	(153)	(389)	(350)
Total net incurred losses and loss adjustment expenses	2,196	2,303	4,285	4,890
Net losses and loss adjustment expense reserves of acquired businesses (1)	—	50	—	50
Net foreign exchange (gains) losses and other	2	400	(68)	593
Net paid losses and loss adjustment expenses relating to losses occurring in:				
Current year	(269)	(424)	(329)	(865)
Prior years	(1,428)	(1,320)	(2,917)	(2,640)
Total net paid losses and loss adjustment expenses	(1,697)	(1,744)	(3,246)	(3,505)
Net reserve for losses and loss adjustment expenses at end of period	25,464	23,576	25,464	23,576
Unpaid losses and loss adjustment expenses recoverable	9,311	8,513	9,311	8,513
Reserve for losses and loss adjustment expenses at end of period	\$ 34,775	\$ 32,089	\$ 34,775	\$ 32,089

(1) Activity in the 2025 periods related to the MCE Acquisition (see [note 2](#)).

Prior year development (“PYD”) arises from changes in loss estimates during the current period related to events occurring in prior calendar years. Long-tailed lines include lines of business that typically take many years for claims to settle, such as third-party liability, while short-tailed lines are those that settle more quickly, such as property. The table below summarizes (favorable) and adverse net PYD by segment and tail length:

(Favorable) Adverse 2026	Three Months Ended June 30,			Six Months Ended June 30,		
	Short-tailed	Long-tailed	Total	Short-tailed	Long-tailed	Total
Insurance	\$ (33)	\$ 6	\$ (27)	\$ (43)	\$ 2	\$ (41)
Reinsurance	(123)	26	(97)	(295)	46	(249)
Mortgage	(45)	—	(45)	(99)	—	(99)
Total	\$ (201)	\$ 32	\$ (169)	\$ (437)	\$ 48	\$ (389)
2025						
Insurance	\$ (13)	\$ 5	\$ (8)	\$ (28)	\$ 3	\$ (25)
Reinsurance	(75)	(6)	(81)	(202)	2	(200)
Mortgage	(64)	—	(64)	(125)	—	(125)
Total	\$ (152)	\$ (1)	\$ (153)	\$ (355)	\$ 5	\$ (350)

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2026 Second Quarter

The insurance segment's short-tailed lines included \$22 million of favorable development in property, energy, marine and aviation business, primarily from the 2023 and 2024 accident years (*i.e.*, the year in which a loss occurred). Long-tailed lines primarily included adverse development in programs business, primarily from the 2021 to 2023 accident years.

The reinsurance segment's short-tailed lines included \$61 million of favorable development from property other than property catastrophe business, primarily from the 2024 and 2025 underwriting years (*i.e.*, all premiums and losses attributable to contracts having an inception or renewal date within the given 12 month period), and \$44 million of favorable development from property catastrophe business, primarily from the 2024 underwriting year. Long-tailed lines included \$26 million of adverse development in casualty, primarily from the 2022 and 2023 underwriting years.

The mortgage segment's favorable development was driven by reductions on reserves for delinquent loans associated with the U.S. first lien portfolio primarily from the 2025 accident year, with the credit risk transfer and international businesses also contributing.

2025 Second Quarter

The insurance segment's short-tailed lines included \$7 million of favorable development in travel and accident, primarily from the 2024 accident year. Long-tailed lines included \$14 million of adverse development in programs business, primarily from the 2018 and 2023 accident years.

The reinsurance segment's short-tailed lines included \$60 million of favorable development from property other than property catastrophe business, primarily from the 2023 and 2024 underwriting years. Long-tailed lines included \$6 million of favorable development, primarily from the 2022 to 2023 underwriting years.

The mortgage segment's favorable development was driven by reductions on reserves for delinquent loans associated with the U.S. first lien portfolio from the 2024 accident year, with the credit risk transfer and international businesses also contributing.

Six Months Ended June 30, 2026

The insurance segment's short-tailed lines included \$29 million of favorable development in property, energy, marine and aviation business, primarily from the 2023 and 2024 accident years. Net adverse development in long-tailed lines primarily included adverse development in healthcare business, mainly from the 2018 and 2023 accident years.

The reinsurance segment's short-tailed lines included \$133 million of favorable development from property other than property catastrophe business, primarily from the 2023 to 2025 underwriting years, and \$79 million of favorable development from property catastrophe, primarily from the 2023 to 2025 underwriting years. Long-tailed lines included \$46 million of adverse development in casualty, primarily from the 2022 to 2024 underwriting years.

The mortgage segment's favorable development was driven by reserve releases associated with the U.S. first lien portfolio from the 2024 and 2025 accident years, with the Company's credit risk transfer and international businesses also contributing.

Six Months Ended June 30, 2025

The insurance segment's short-tailed lines included \$15 million of favorable development in travel and accident, primarily from the 2023 and 2024 accident years, and \$11 million of favorable development in property, energy, marine and aviation, primarily from the 2024 accident year.

The reinsurance segment's short-tailed lines included \$89 million of favorable development from property other than property catastrophe business and \$86 million of favorable development from property catastrophe, primarily from the 2023 and 2024 underwriting years for both lines.

The mortgage segment's favorable development was driven by reserve releases associated with the U.S. first lien portfolio from the 2024 accident year, with the credit risk transfer and international businesses also contributing.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
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7. Allowance for Expected Credit Losses

Premiums Receivable

The following table provides a roll forward of the allowance for expected credit losses of the Company's premium receivables:

	Premium Receivables, Net of Allowance	Allowance for Expected Credit Losses
Three Months Ended June 30, 2026		
Balance at beginning of period	\$ 6,526	\$ 39
Change for provision of expected credit losses (1)		2
Balance at end of period	\$ 7,160	\$ 41
Three Months Ended June 30, 2025		
Balance at beginning of period	\$ 6,607	\$ 43
Change for provision of expected credit losses (1)		3
Balance at end of period	\$ 7,067	\$ 46
Six Months Ended June 30, 2026		
Balance at beginning of year	\$ 5,723	\$ 43
Change for provision of expected credit losses (1)		(2)
Balance at end of period	\$ 7,160	\$ 41
Six Months Ended June 30, 2025		
Balance at beginning of year	\$ 5,634	\$ 45
Change for provision of expected credit losses (1)		1
Balance at end of period	\$ 7,067	\$ 46

- (1) Amounts deemed uncollectible are written-off in operating expenses. For the 2026 second quarter and 2025 second quarter, amounts written off were nil and \$1 million, respectively. For the six months ended June 30, 2026 and 2025 period, amounts written off were nil and \$1 million, respectively.

Reinsurance Recoverables

The following table provides a roll forward of the allowance for expected credit losses of the Company's reinsurance recoverables:

	Reinsurance Recoverables, Net of Allowance	Allowance for Expected Credit Losses
Three Months Ended June 30, 2026		
Balance at beginning of period	\$ 9,732	\$ 18
Change for provision of expected credit losses		—
Balance at end of period	\$ 9,964	\$ 18
Three Months Ended June 30, 2025		
Balance at beginning of period	\$ 8,969	\$ 17
Change for provision of expected credit losses		2
Balance at end of period	\$ 9,044	\$ 19
Six Months Ended June 30, 2026		
Balance at beginning of year	\$ 9,526	\$ 17
Change for provision of expected credit losses		1
Balance at end of period	\$ 9,964	\$ 18
Six Months Ended June 30, 2025		
Balance at beginning of year	\$ 8,260	\$ 17
Change for provision of expected credit losses		2
Balance at end of period	\$ 9,044	\$ 19

The following table summarizes the Company's reinsurance recoverables on paid and unpaid losses (not including ceded unearned premiums):

	June 30, 2026	December 31, 2025
Reinsurance recoverable on unpaid and paid losses and loss adjustment expenses	\$ 9,964	\$ 9,526
% due from carriers with A.M. Best rating of "A-" or better	62.3 %	62.1 %
% due from all other carriers with no A.M. Best rating (1)	37.7 %	37.9 %
Largest balance due from any one carrier as % of total shareholders' equity	8.4 %	8.1 %

- (1) At June 30, 2026 and December 31, 2025 over 95% of such amount were collateralized through reinsurance trusts, funds withheld arrangements, letters of credit or other.

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Contractholder Receivables

The following table provides a roll forward of the allowance for expected credit losses of the Company's contractholder receivables:

	Contract- holder Receivables, Net of Allowance	Allowance for Expected Credit Losses
Three Months Ended June 30, 2026		
Balance at beginning of period	\$ 2,253	\$ 7
Change for provision of expected credit losses		—
Balance at end of period	\$ 2,264	\$ 7
Three Months Ended June 30, 2025		
Balance at beginning of period	\$ 2,212	\$ 6
Change for provision of expected credit losses		—
Balance at end of period	\$ 2,280	\$ 6
Six Months Ended June 30, 2026		
Balance at beginning of year	\$ 2,270	\$ 7
Change for provision of expected credit losses		—
Balance at end of period	\$ 2,264	\$ 7
Six Months Ended June 30, 2025		
Balance at beginning of year	\$ 2,161	\$ 5
Change for provision of expected credit losses		1
Balance at end of period	\$ 2,280	\$ 6

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8. Investment Information

Available For Sale Investments

The following table summarizes the fair value and cost or amortized cost of the Company's securities classified as available for sale:

	Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Expected Credit Losses	Cost or Amortized Cost
June 30, 2026					
Fixed maturities:					
Corporate bonds	\$ 14,231	\$ 102	\$ (198)	\$ (6)	\$ 14,333
U.S. government and government agencies	8,060	8	(64)	—	8,116
Asset backed securities	3,677	6	(26)	(9)	3,706
Non-U.S. government securities	2,876	26	(77)	(1)	2,928
Residential mortgage backed securities	2,643	11	(38)	—	2,670
Commercial mortgage backed securities	1,549	5	(7)	—	1,551
Municipal bonds	119	—	(4)	—	123
Total	33,155	158	(414)	(16)	33,427
Short-term investments	3,298	1	(1)	—	3,298
Total	\$ 36,453	\$ 159	\$ (415)	\$ (16)	\$ 36,725
December 31, 2025					
Fixed maturities:					
Corporate bonds	\$ 14,058	\$ 265	\$ (142)	\$ (10)	\$ 13,945
U.S. government and government agencies	7,445	23	(21)	—	7,443
Asset backed securities	3,574	20	(15)	(8)	3,577
Non-U.S. government securities	3,270	53	(81)	(1)	3,299
Residential mortgage backed securities	2,705	34	(21)	—	2,692
Commercial mortgage backed securities	1,212	11	(5)	(1)	1,207
Municipal bonds	162	—	(4)	—	166
Total	32,426	406	(289)	(20)	32,329
Short-term investments	2,625	2	(1)	—	2,624
Total	\$ 35,051	\$ 408	\$ (290)	\$ (20)	\$ 34,953

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The following table summarizes, for all available for sale securities in an unrealized loss position, the fair value and gross unrealized loss by length of time the security has been in a continual unrealized loss position:

	Less than 12 Months		12 Months or More		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
June 30, 2026						
Fixed maturities:						
Corporate bonds	\$ 8,333	\$ (116)	\$ 1,205	\$ (82)	\$ 9,538	\$ (198)
U.S. government and government agencies	6,483	(57)	128	(7)	6,611	(64)
Non-U.S. government securities	1,976	(32)	489	(45)	2,465	(77)
Asset backed securities	1,839	(15)	316	(11)	2,155	(26)
Residential mortgage backed securities	1,414	(19)	144	(19)	1,558	(38)
Commercial mortgage backed securities	591	(2)	40	(5)	631	(7)
Municipal bonds	—	—	119	(4)	119	(4)
Total	20,636	(241)	2,441	(173)	23,077	(414)
Short-term investments	1,106	(1)	—	—	1,106	(1)
Total	\$ 21,742	\$ (242)	\$ 2,441	\$ (173)	\$ 24,183	\$ (415)
December 31, 2025						
Fixed maturities:						
Corporate bonds	\$ 2,972	\$ (64)	\$ 1,364	\$ (78)	\$ 4,336	\$ (142)
U.S. government and government agencies	3,092	(15)	274	(6)	3,366	(21)
Non-U.S. government securities	2,087	(35)	432	(46)	2,519	(81)
Asset backed securities	806	(2)	332	(13)	1,138	(15)
Residential mortgage backed securities	312	(3)	178	(18)	490	(21)
Commercial mortgage backed securities	239	(1)	48	(4)	287	(5)
Municipal bonds	6	—	137	(4)	143	(4)
Total	9,514	(120)	2,765	(169)	12,279	(289)
Short-term investments	614	(1)	—	—	614	(1)
Total	\$ 10,128	\$ (121)	\$ 2,765	\$ (169)	\$ 12,893	\$ (290)

At June 30, 2026, on a lot level basis, approximately 13,090 security lots out of a total of approximately 26,340 security lots were in an unrealized loss position and the largest single unrealized loss from a single lot in the Company's fixed maturity portfolio was \$4 million. At December 31, 2025, on a lot level basis, approximately 7,240 security lots out of a total of approximately 25,330 security lots were in an unrealized loss position and the largest single unrealized loss from a single lot in the Company's fixed maturity portfolio was \$4 million.

The contractual maturities of the Company's fixed maturities are shown in the following table. Expected maturities, which are management's best estimates, will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	June 30, 2026		December 31, 2025	
Maturity	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
Due in one year or less	\$ 692	\$ 693	\$ 370	\$ 366
Due after one year through five years	16,827	16,940	17,053	16,989
Due after five years through 10 years	7,231	7,315	6,893	6,877
Due after 10 years	536	552	619	621
	25,286	25,500	24,935	24,853
Residential mortgage backed securities	2,643	2,670	2,705	2,692
Commercial mortgage backed securities	1,549	1,551	1,212	1,207
Asset backed securities	3,677	3,706	3,574	3,577
Total	\$ 33,155	\$ 33,427	\$ 32,426	\$ 32,329

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Equity Securities, at Fair Value

At June 30, 2026, the Company held \$2.3 billion of equity securities, at fair value, compared to \$1.9 billion at December 31, 2025. Such holdings include publicly traded common stocks, primarily in the consumer cyclical and non-cyclical, technology, communication and financial sectors, and exchange-traded funds in fixed income, equity and other sectors.

Other Investments, at Fair Value

The following table summarizes the Company's other investments:

	June 30, 2026	December 31, 2025
Other investments	\$ 2,144	\$ 1,957
Fixed maturities	1,175	1,110
Short term investments	57	64
Equity securities	5	5
Total	\$ 3,381	\$ 3,136

The following table summarizes the Company's other investments, as detailed in the previous table, by strategy:

	June 30, 2026	December 31, 2025
Investment grade fixed income	\$ 1,364	\$ 1,225
Private equity	249	250
Lending	245	220
Term loan investments	175	173
Credit related funds	94	87
Equities	15	—
Energy	2	2
Total	\$ 2,144	\$ 1,957

Net Investment Income

The components of net investment income were derived from the following sources:

	June 30,	
	2026	2025
Three Months Ended		
Fixed maturities	\$ 386	\$ 360
Short term investments	26	24
Equity securities (dividends)	9	10
Other (1)	21	35
Gross investment income	442	429
Investment expenses	(25)	(24)
Net investment income	\$ 417	\$ 405
Six Months Ended		
Fixed maturities	\$ 770	\$ 702
Short term investments	50	50
Equity securities (dividends)	17	21
Other (1)	42	63
Gross investment income	879	836
Investment expenses	(54)	(53)
Net investment income	\$ 825	\$ 783

- (1) Amounts include dividends and other distributions on investment funds, term loan investments, funds held balances, cash balances and other items.

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Net Realized Gains (Losses)

Net realized gains (losses), which include changes in the allowance for credit losses on financial assets and net impairment losses recognized in earnings were as follows:

	June 30,	
	2026	2025
Three Months Ended		
Available for sale securities:		
Gross gains on investment sales	\$ 35	\$ 69
Gross losses on investment sales	(83)	(56)
Change in fair value of assets and liabilities accounted for using the fair value option:		
Fixed maturities	9	20
Other investments	6	(11)
Short-term investments	—	3
Equity securities, at fair value:		
Net realized gains (losses) on sales during the period	24	7
Net unrealized gains (losses) on equity securities still held at reporting date	217	129
Allowance for credit losses:		
Investments related	(4)	(8)
Underwriting related	(3)	(2)
Derivative instruments (1)	(76)	163
Other (2)	(142)	(85)
Net realized gains (losses)	<u>\$ (17)</u>	<u>\$ 229</u>
Six Months Ended		
Available for sale securities:		
Gross gains on investment sales	\$ 115	\$ 120
Gross losses on investment sales	(146)	(169)
Change in fair value of assets and liabilities accounted for using the fair value option:		
Fixed maturities	(18)	22
Other investments	14	2
Short-term investments	—	3
Equity securities, at fair value:		
Net realized gains (losses) on sales during the period	44	54
Net unrealized gains (losses) on equity securities still held at reporting date	116	34
Allowance for credit losses:		
Investments related	1	(8)
Underwriting related	3	(1)
Derivative instruments (1)	(94)	262
Other (2)	(139)	(87)
Net realized gains (losses)	<u>\$ (104)</u>	<u>\$ 232</u>

(1) See [note 10](#) for information on the Company's derivative instruments.

(2) Amounts in the 2026 periods primarily reflect a litigation-related loss contingency recorded pursuant to ASC 450, while amounts recorded in the 2025 periods primarily relate to losses arising from the sale of certain alternative investments accounted for under the equity method.

Investments Accounted For Using the Equity Method

The following table summarizes the Company's investments accounted for using the equity method, by strategy:

	June 30, 2026	December 31, 2025
Private equity	\$ 2,485	\$ 2,397
Credit related funds	1,643	1,616
Real estate	818	767
Lending	649	558
Fixed income	534	501
Infrastructure	349	346
Equities	324	231
Energy	50	37
Total	<u>\$ 6,852</u>	<u>\$ 6,453</u>

Certain of the Company's other investments are in investment funds for which the Company has the option to redeem at agreed upon values as described in each investment fund's subscription agreement. Depending on the terms of the various subscription agreements, investments in investment funds may be redeemed daily, monthly, quarterly or on other terms. Two common redemption restrictions that may impact the Company's ability to redeem these investment funds are gates and lockups. A gate is a suspension of redemptions that may be implemented by the general partner or investment manager of the fund in order to defer, in whole or in part, the redemption request in the event the aggregate amount of redemption requests exceeds a predetermined percentage of the investment fund's net assets and which may otherwise hinder the general partner or investment manager's ability to liquidate holdings in an orderly fashion in order to generate the cash necessary to fund extraordinarily large redemption payouts. A lockup period is the initial amount of time an investor is contractually required to hold the security before having the ability to redeem. If the investment funds are eligible to be redeemed, the time to redeem such fund can take weeks or months following the notification.

Limited Partnership Interests

In the normal course of its activities, the Company invests in limited partnerships as part of its overall investment strategy. Such amounts are included in 'investments accounted for using the equity method' and 'investments accounted for using the fair value option.' The Company has determined that it is not required to consolidate these investments because it is not the primary beneficiary of the funds. The Company's maximum exposure to loss with respect to these investments is limited to the investment carrying amounts reported in the Company's consolidated balance sheet and any unfunded commitment.

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The following table summarizes investments in limited partnership interests where the Company has a variable interest by balance sheet line item:

	June 30, 2026	December 31, 2025
Investments accounted for using the equity method (1)	\$ 6,852	\$ 6,453
Investments accounted for using the fair value option (2)	16	—
Total	\$ 6,868	\$ 6,453

- (1) Aggregate unfunded commitments were \$4.1 billion at June 30, 2026, compared to \$3.6 billion at December 31, 2025.
- (2) Aggregate unfunded commitments were \$245 million at June 30, 2026, compared to \$65 million at December 31, 2025.

Equity in Net Income (Loss) of Investments Accounted for Using the Equity Method

Income from investment funds accounted for using the equity method for the 2026 second quarter was \$196 million, compared to \$162 million for the 2025 second quarter and an income of \$356 million for the six months ended June 30, 2026, compared to income of \$215 million for the six months ended June 30, 2025. In applying the equity method, investments are initially recorded at cost and are subsequently adjusted based on the Company's proportionate share of the net income or loss of the funds (which include changes in the market value of the underlying securities in the funds). Such investments are generally recorded on a one to three month lag based on the availability of reports from the investment funds.

Investments in Operating Affiliates

Investments in which the Company has significant influence over the operating and financial policies are classified as 'investments in operating affiliates' on the Company's balance sheets and are accounted for under the equity method. Such investments primarily include the Company's investment in Coface SA ("Coface"), Greysbridge Holdings Ltd. ("Greysbridge"), and Premia Holdings Ltd. Investments in Coface and Premia Holdings Ltd. are generally recorded on a three month lag, while the Company's investment in Greysbridge is not recorded on a lag.

As of June 30, 2026, the Company owned approximately 29.9% of the issued shares of Coface, or 30% excluding treasury shares, with a carrying value of \$664 million, compared to \$707 million at December 31, 2025.

As of June 30, 2026, the Company owned 31.75% of Greysbridge with a carrying value of \$554 million, compared to a 30% ownership interest with a carrying value of \$486 million at December 31, 2025. The increase in share ownership is a result of the settlement of certain put options during the second quarter of 2026.

Income from operating affiliates for the 2026 second quarter was \$46 million, compared to \$40 million for the 2025 second quarter and income of \$82 million for the six months ended June 30, 2026, compared to income of \$57 million for six months ended June 30, 2025.

See [note 16](#) for information on Company's transactions with related parties.

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Allowance for Expected Credit Losses

The following table provides a roll forward of the allowance for expected credit losses of the Company's securities classified as available for sale:

	Structured Securities (1)	Corporate Bonds	Non-U.S. Government Securities	Total
Three Months Ended June 30, 2026				
Balance at beginning of period	\$ 6	\$ 6	\$ 1	\$ 13
Additions for current-period provision for expected credit losses	—	—	—	—
Additions (reductions) for previously recognized expected credit losses	3	1	—	4
Reductions due to disposals	—	(1)	—	(1)
Balance at end of period	<u>\$ 9</u>	<u>\$ 6</u>	<u>\$ 1</u>	<u>\$ 16</u>
Three Months Ended June 30, 2025				
Balance at beginning of period	\$ 8	\$ 12	\$ 1	\$ 21
Additions for current-period provision for expected credit losses	—	2	—	2
Additions (reductions) for previously recognized expected credit losses	2	4	1	7
Reductions due to disposals	—	(2)	—	(2)
Balance at end of period	<u>\$ 10</u>	<u>\$ 16</u>	<u>\$ 2</u>	<u>\$ 28</u>
Six Months Ended June 30, 2026				
Balance at beginning of year	\$ 9	\$ 10	\$ 1	\$ 20
Additions for current-period provision for expected credit losses	1	1	—	2
Additions (reductions) for previously recognized expected credit losses	(1)	(2)	—	(3)
Reductions due to disposals	—	(3)	—	(3)
Balance at end of period	<u>\$ 9</u>	<u>\$ 6</u>	<u>\$ 1</u>	<u>\$ 16</u>
Six Months Ended June 30, 2025				
Balance at beginning of year	\$ 9	\$ 12	\$ 1	\$ 22
Additions for current-period provision for expected credit losses	3	2	—	5
Additions (reductions) for previously recognized expected credit losses	(2)	5	1	4
Reductions due to disposals	—	(3)	—	(3)
Balance at end of period	<u>\$ 10</u>	<u>\$ 16</u>	<u>\$ 2</u>	<u>\$ 28</u>

(1) Includes asset backed securities, residential mortgage backed securities and commercial mortgage backed securities.

Restricted Assets

The Company is required to maintain assets on deposit, which primarily consist of fixed maturities, with various regulatory authorities to support its underwriting operations. The Company's subsidiaries maintain assets in trust accounts as collateral for transactions with affiliated companies and also have investments in segregated portfolios primarily to provide collateral or guarantees for letters of credit to third parties. See note 18, "Commitments and Contingencies," of the notes to consolidated financial statements in the Company's 2025 Form 10-K.

The following table details the value of the Company's restricted assets:

	June 30, 2026	December 31, 2025
Assets used for collateral or guarantees:		
Affiliated transactions	\$ 5,584	\$ 5,323
Third party agreements	6,437	6,784
Deposits with U.S. regulatory authorities	939	948
Other (1)	1,678	1,898
Total restricted assets	<u>\$ 14,638</u>	<u>\$ 14,953</u>

(1) Primarily includes Funds at Lloyds, deposits with non-U.S. regulatory authorities and other restricted assets.

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Reconciliation of Cash and Restricted Cash

The following table details reconciliation of cash and restricted cash within the Consolidated Balance Sheets:

	June 30, 2026	December 31, 2025
Cash	\$ 1,109	\$ 993
Restricted cash (included in 'other assets')	897	1,074
Cash and restricted cash	<u>\$ 2,006</u>	<u>\$ 2,067</u>

9. Fair Value

Accounting guidance regarding fair value measurements addresses how companies should measure fair value when they are required to use a fair value measure for recognition or disclosure purposes under GAAP and provides a common definition of fair value to be used throughout GAAP. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants at the measurement date. In addition, it establishes a three-level valuation hierarchy for the disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The level in the hierarchy within which a given fair value measurement falls is determined based on the lowest level input that is significant to the measurement (Level 1 being the highest priority and Level 3 being the lowest priority).

The levels in the hierarchy are defined as follows:

- Level 1: Inputs to the valuation methodology are observable inputs that reflect quoted prices (unadjusted) for *identical* assets or liabilities in *active markets*
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The following is a description of the valuation methodologies used for securities measured at fair value, as well as the general classification of such securities pursuant to the valuation hierarchy. The Company reviews its securities measured at fair value and discusses the proper classification of such investments with investment advisers and others.

The Company determines the existence of an active market based on its judgment as to whether transactions for the financial instrument occur in such market with sufficient frequency and volume to provide reliable pricing information. The independent pricing sources obtain market quotations and actual transaction prices for securities that have quoted prices in active markets. The Company uses quoted values and other data provided by nationally recognized independent pricing sources as inputs into its process for determining fair values of its fixed maturity investments. To validate the techniques or models used by pricing sources, the Company's review process includes, but is not limited to: (i) quantitative analysis (*e.g.*, comparing the quarterly return for each managed portfolio to its target benchmark, with significant differences identified and investigated); (ii) a review of the average number of prices obtained in the pricing process and the range of resulting fair values; (iii) initial and ongoing evaluation of methodologies used by outside parties to calculate fair value; (iv) a comparison of the fair value estimates to the Company's knowledge of the current market; (v) a comparison of the pricing services' fair values to other pricing services' fair values for the same investments; and (vi) periodic back-testing, which includes randomly selecting purchased or sold securities and comparing the executed prices to the fair value estimates from the pricing service. A price source hierarchy was maintained in order to determine which price source would be used (*i.e.*, a price obtained from a pricing service with more seniority in the hierarchy will be used over a less senior one in all cases). The hierarchy prioritizes pricing services based on availability and reliability and assigns the highest priority to index providers. Based on the above review, the Company will challenge any prices for a security or portfolio which are considered not to be representative of fair value. The Company did not adjust any of the prices obtained from the independent pricing sources at June 30, 2026.

In certain circumstances, when fair values are unavailable from these independent pricing sources, quotes are obtained directly from broker-dealers who are active in the corresponding markets. Such quotes are subject to the validation procedures noted above. Where quotes are unavailable, fair value is determined by the investment manager using quantitative and qualitative assessments such as internally modeled values. Of the \$42.5 billion of financial assets and liabilities measured at fair value at June 30, 2026, approximately \$363 million, or 0.9%, were priced using non-binding broker-dealer quotes or modeled valuations. Of the \$40.3 billion of financial assets and liabilities measured at fair value at December 31, 2025, approximately \$278 million, or 0.7%, were priced using non-binding broker-dealer quotes or modeled valuations.

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Fixed maturities

The Company uses the market approach valuation technique to estimate the fair value of its fixed maturity securities, when possible. The market approach includes obtaining prices from independent pricing services, such as index providers and pricing vendors, as well as to a lesser extent quotes from broker-dealers. The independent pricing sources obtain market quotations and actual transaction prices for securities that have quoted prices in active markets. Each source has its own proprietary method for determining the fair value of securities that are not actively traded. In general, these methods involve the use of “matrix pricing” in which the independent pricing source uses observable market inputs including, but not limited to, investment yields, credit risks and spreads, benchmarking of like securities, broker-dealer quotes, reported trades and sector groupings to determine a reasonable fair value.

The following describes the significant inputs generally used to determine the fair value of the Company’s fixed maturity securities by asset class:

U.S. government and government agencies – valuations provided by independent pricing services, with all prices provided through index providers and pricing vendors. The Company determined that all U.S. Treasuries would be classified as Level 1 securities due to observed levels of trading activity, the high number of strongly correlated pricing quotes received on U.S. Treasuries and other factors. The fair values of U.S. government agency securities are generally determined using the spread above the risk-free yield curve. As the yields for the risk-free yield curve and the spreads for these securities are observable market inputs, the fair values of U.S. government agency securities are classified within Level 2.

Corporate bonds – valuations provided by independent pricing services, substantially all through index providers and pricing vendors with a small amount through broker-dealers. The fair values of these securities are generally determined using the spread above the risk-free yield curve. These spreads are generally obtained from the new issue market, secondary trading and from broker-dealers who trade in the relevant security market. As the significant inputs used in the pricing process for corporate bonds are observable market inputs, the fair value of these securities are classified within Level 2. A small number of securities are included in Level 3 due to a low level of transparency on the inputs used in the pricing process.

Municipal bonds – valuations provided by independent pricing services, with all prices provided through index providers and pricing vendors. The fair values of these securities are generally determined using spreads obtained from broker-dealers who trade in the relevant security market, trade prices and the new issue market. As the

significant inputs used in the pricing process for municipal bonds are observable market inputs, the fair value of these securities are classified within Level 2.

Residential mortgage-backed securities – valuations provided by independent pricing services, substantially all through pricing vendors and index providers with a small amount through broker-dealers. The fair values of these securities are generally determined through the use of pricing models (including Option Adjusted Spread) which use spreads to determine the expected average life of the securities. These spreads are generally obtained from the new issue market, secondary trading and from broker-dealers who trade in the relevant security market. The pricing services also review prepayment speeds and other indicators, when applicable. As the significant inputs used in the pricing process for mortgage-backed securities are observable market inputs, the fair value of these securities are classified within Level 2. A small number of securities are included in Level 3 due to a low level of transparency on the inputs used in the pricing process.

Commercial mortgage-backed securities – valuations provided by independent pricing services, substantially all through index providers and pricing vendors with a small amount through broker-dealers. The fair values of these securities are generally determined through the use of pricing models which use spreads to determine the appropriate average life of the securities. These spreads are generally obtained from the new issue market, secondary trading and from broker-dealers who trade in the relevant security market. The pricing services also review prepayment speeds and other indicators, when applicable. As the significant inputs used in the pricing process for commercial mortgage-backed securities are observable market inputs, the fair value of these securities are classified within Level 2.

Non-U.S. government securities – valuations provided by independent pricing services, with all prices provided through index providers and pricing vendors. The fair values of these securities are generally based on international indices or valuation models which include daily observed yield curves, cross-currency basis index spreads and country credit spreads. As the significant inputs used in the pricing process for non-U.S. government securities are observable market inputs, the fair value of these securities are classified within Level 2.

Asset-backed securities – valuations provided by independent pricing services, substantially all through index providers and pricing vendors with a small amount through broker-dealers. The fair values of these securities are generally determined through the use of pricing models (including Option Adjusted Spread) which use spreads to determine the appropriate average life of the securities. These spreads are generally obtained from the new issue

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market, secondary trading and from broker-dealers who trade in the relevant security market. The pricing services also review prepayment speeds and other indicators, when applicable. As the significant inputs used in the pricing process for asset-backed securities are observable market inputs, the fair value of these securities are classified within Level 2.

Equity securities

The Company determined that exchange-traded equity securities would be included in Level 1 as their fair values are based on quoted market prices in active markets. Certain equity securities are included in Level 2 of the valuation hierarchy as the significant inputs used in the pricing process for such securities are observable market inputs. Other equity securities are included in Level 3 due to the lack of an available independent price source for such securities. As the significant inputs used to price these securities are unobservable, the fair value of such securities are classified as Level 3.

Other investments

The Company's other investments include term loan investments for which fair values are estimated by using quoted prices of term loan investments with similar characteristics, pricing models or matrix pricing. Such investments are generally classified within Level 2. The fair values for certain of the Company's other investments are determined using net asset values as advised by external fund managers. The net asset value is based on the fund manager's valuation of the underlying holdings in accordance with the fund's governing documents. In accordance with applicable accounting guidance, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. A small number of securities are included in Level 3 due to the lack of an available independent price source for such securities.

Derivative instruments

The Company's futures contracts, foreign currency forward contracts, interest rate swaps and other derivatives trade in the over-the-counter derivative market. The Company uses the market approach valuation technique to estimate the fair value for these derivatives based on significant observable market inputs from third party pricing vendors, non-binding broker-dealer quotes and/or recent trading activity. As the significant inputs used in the pricing process for these derivative instruments are observable market inputs, the fair value of these securities are classified within Level 2.

Short-term investments

The Company determined that certain of its short-term investments held in highly liquid money market-type funds, U.S. Treasury bills and commercial paper would be included in Level 1 as their fair values are based on quoted market prices in active markets. The fair values of certain short-term investments are generally determined using the spread above the risk-free yield curve and are classified within Level 2. Other short-term investments are included in Level 3 due to the lack of an available independent price source for such securities. As the significant inputs used to price these short-term securities are unobservable, the fair value of such securities are classified as Level 3.

Residential mortgage loans

The Company's residential mortgage loans (included in 'other assets' in the consolidated balance sheets) include amounts related to the Company's whole mortgage loan purchase and sell program. Fair values of residential mortgage loans are generally determined based on market prices. As significant inputs used in the pricing process for these residential mortgage loans are observable market inputs, the fair value of these securities are classified within Level 2.

Other liabilities

The Company's other liabilities include contingent and deferred consideration liabilities related to the Company's acquisitions. Contingent consideration liabilities are remeasured at fair value at each balance sheet date with changes in fair value recognized in 'net realized gains (losses)'. To determine the fair value of contingent consideration liabilities, the Company estimates the future payments using an income approach based on modeled inputs which include a weighted average cost of capital. Deferred consideration liabilities are measured at fair value on the transaction date. The Company determined that contingent and deferred consideration liabilities would be included within Level 3.

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The following table presents the Company's financial assets and liabilities measured at fair value by level at June 30, 2026:

		Estimated Fair Value Measurements Using:		
	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:				
Available for sale securities:				
Fixed maturities:				
Corporate bonds	\$ 14,231	\$ —	\$ 14,117	\$ 114
U.S. government and government agencies	8,060	8,060	—	—
Asset backed securities	3,677	—	3,651	26
Non-U.S. government securities	2,876	—	2,876	—
Residential mortgage backed securities	2,643	—	2,639	4
Commercial mortgage backed securities	1,549	—	1,549	—
Municipal bonds	119	—	119	—
Total	33,155	8,060	24,951	144
Short-term investments	3,298	2,874	424	—
Equity securities, at fair value	2,280	2,256	14	10
Derivative instruments (2)	227	—	227	—
Residential mortgage loans	54	—	54	—
Fair value option:				
Corporate bonds	1,168	—	1,168	—
Non-U.S. government securities	3	—	3	—
U.S. government and government agencies	4	4	—	—
Short-term investments	57	—	13	44
Equity securities	4	—	—	4
Other investments	429	—	157	272
Other investments measured at net asset value (1)	1,715			
Total	3,380	4	1,341	320
Total assets measured at fair value	\$ 42,394	\$ 13,194	\$ 27,011	\$ 474
Liabilities measured at fair value:				
Other liabilities	\$ (14)	\$ —	\$ —	\$ (14)
Derivative instruments (2)	(108)	—	(108)	—
Total liabilities measured at fair value	\$ (122)	\$ —	\$ (108)	\$ (14)

(1) In accordance with applicable accounting guidance, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

(2) See [note 10](#).

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following table presents the Company's financial assets and liabilities measured at fair value by level at December 31, 2025:

		Estimated Fair Value Measurements Using:		
	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Assets measured at fair value:</u>				
Available for sale securities:				
Fixed maturities:				
Corporate bonds	\$ 14,058	\$ —	\$ 13,930	\$ 128
U.S. government and government agencies	7,445	7,445	—	—
Asset backed securities	3,574	—	3,557	17
Non-U.S. government securities	3,270	—	3,270	—
Residential mortgage backed securities	2,705	—	2,705	—
Commercial mortgage backed securities	1,212	—	1,212	—
Municipal bonds	162	—	162	—
Total	32,426	7,445	24,836	145
Short-term investments	2,625	2,326	299	—
Equity securities, at fair value	1,864	1,829	26	9
Derivative instruments (2)	180	—	180	—
Residential mortgage loans	24	—	24	—
Fair value option:				
Corporate bonds	1,102	—	1,102	—
Non-U.S. government securities	3	—	3	—
Asset backed securities	—	—	—	—
U.S. government and government agencies	5	5	—	—
Short-term investments	64	2	22	40
Equity securities	5	—	—	5
Other investments	398	—	166	232
Other investments measured at net asset value (1)	1,559			
Total	3,136	7	1,293	277
Total assets measured at fair value	\$ 40,255	\$ 11,607	\$ 26,658	\$ 431
<u>Liabilities measured at fair value:</u>				
Other liabilities	\$ (18)	\$ —	\$ —	\$ (18)
Derivative instruments (2)	(72)	—	(72)	—
Total liabilities measured at fair value	\$ (90)	\$ —	\$ (72)	\$ (18)

(1) In accordance with applicable accounting guidance, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

(2) See [note 10](#).

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following table presents a reconciliation of the beginning and ending balances for all financial assets and liabilities measured at fair value on a recurring basis using Level 3 inputs:

	Assets						Liabilities							
	Available For Sale		Fair Value Option			Fair Value	Other Liabilities							
	Structured Securities (1)	Corporate Bonds	Other Investments	Short-term Investments	Equity Securities	Equity Securities								
Three Months Ended June 30, 2026														
Balance at beginning of period	\$	29	\$	116	\$	249	\$	46	\$	4	\$	9	\$	(14)
Total gains or (losses) (realized/unrealized)														
Included in earnings (2)		—		—		—		—		—		—		—
Included in other comprehensive income		—		(2)		—		—		—		—		—
Purchases, issuances, sales and settlements														
Purchases		5		1		64		25		—		1		—
Issuances		—		—		—		—		—		—		—
Sales		—		—		(3)		—		—		—		—
Settlements		(4)		(1)		(41)		(27)		—		—		—
Transfers in and/or out of Level 3		—		—		3		—		—		—		—
Balance at end of period	\$	30	\$	114	\$	272	\$	44	\$	4	\$	10	\$	(14)
Three Months Ended June 30, 2025														
Balance at beginning of period	\$	—	\$	150	\$	206	\$	29	\$	4	\$	7	\$	(34)
Total gains or (losses) (realized/unrealized)														
Included in earnings (2)		—		—		—		—		1		—		—
Included in other comprehensive income		—		—		—		—		—		—		(2)
Purchases, issuances, sales and settlements														
Purchases		14		—		44		18		—		1		—
Issuances		—		—		—		—		—		—		—
Sales		—		—		(3)		—		—		—		—
Settlements		(2)		(5)		(39)		(2)		—		—		16
Transfers in and/or out of Level 3		5		—		—		—		—		—		—
Balance at end of period	\$	17	\$	145	\$	208	\$	45	\$	5	\$	8	\$	(20)
Six Months Ended June 30, 2026														
Balance at beginning of year	\$	17	\$	128	\$	232	\$	40	\$	5	\$	9	\$	(18)
Total gains or (losses) (realized/unrealized)														
Included in earnings (2)		—		—		—		—		(1)		(1)		1
Included in other comprehensive income		—		(2)		—		—		—		—		—
Purchases, issuances, sales and settlements														
Purchases		9		1		90		46		—		2		—
Issuances		—		—		—		—		—		—		—
Sales		—		—		(3)		—		—		—		—
Settlements		(5)		(42)		(60)		(43)		—		—		3
Transfers in and/or out of Level 3		9		29		13		1		—		—		—
Balance at end of period	\$	30	\$	114	\$	272	\$	44	\$	4	\$	10	\$	(14)
Six Months Ended June 30, 2025														
Balance at beginning of year	\$	—	\$	97	\$	189	\$	33	\$	4	\$	7	\$	(73)
Total gains or (losses) (realized/unrealized)														
Included in earnings (2)		—		—		—		—		1		—		2
Included in other comprehensive income		—		—		—		—		—		—		(2)
Purchases, issuances, sales and settlements														
Purchases		14		—		96		24		—		1		—
Issuances		—		—		—		—		—		—		—
Sales		—		—		(3)		—		—		—		—
Settlements		(2)		(22)		(74)		(12)		—		—		53
Transfers in and/or out of Level 3		5		70		—		—		—		—		—
Balance at end of period	\$	17	\$	145	\$	208	\$	45	\$	5	\$	8	\$	(20)

(1) Includes asset backed securities, mortgage backed securities and commercial mortgage backed securities.

(2) Gains or losses were included in net realized gains (losses).

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Financial Instruments Disclosed, But Not Carried, At Fair Value

The Company uses various financial instruments in the normal course of its business. The carrying values of cash, accrued investment income, receivable for securities sold, certain other assets, payable for securities purchased and certain other liabilities approximated their fair values at June 30, 2026, due to their respective short maturities. As these financial instruments are not actively traded, their respective fair values are classified within Level 2.

At June 30, 2026, the Company's senior notes were carried at their cost, net of debt issuance costs, of \$4.3 billion and had a fair value of \$4.1 billion. At December 31, 2025, the Company's senior notes were carried at their cost, net of debt issuance costs, of \$2.7 billion and had a fair value of \$2.5 billion. The fair values of the senior notes were obtained from a third party pricing service and are based on observable market inputs. As such, the fair values of the senior notes are classified within Level 2.

10. Derivative Instruments

The Company's investment strategy allows for the use of derivative instruments. The Company's derivative instruments are recorded on its consolidated balance sheets at fair value. The Company utilizes exchange traded U.S. Treasury notes, Eurodollar and other futures contracts and commodity futures to manage portfolio duration or replicate investment positions in its portfolios and the Company routinely utilizes foreign currency forward contracts, currency options, index futures contracts and other derivatives as part of its total return objective. In addition, certain of the Company's investments are managed in portfolios which incorporate the use of foreign currency forward contracts which are intended to provide an economic hedge against foreign currency movements.

From time to time, the Company purchases to-be-announced mortgage backed securities ("TBAs") as part of its investment strategy. TBAs represent commitments to purchase a future issuance of agency mortgage backed securities. For the period between purchase of a TBA and issuance of the underlying security, the Company's position is accounted for as a derivative. The Company purchases TBAs in both long and short positions to enhance investment performance and as part of its overall investment strategy.

The following table summarizes information on the fair values and notional values of the Company's derivative instruments:

	Estimated Fair Value		Notional Value (2)
	Asset Derivatives (1)	Liability Derivatives (1)	
June 30, 2026			
Futures contracts	\$ 100	\$ (31)	\$ 10,699
Foreign currency forward contracts	63	(36)	2,273
Other (3)	64	(41)	375
Total	<u>\$ 227</u>	<u>\$ (108)</u>	
December 31, 2025			
Futures contracts	\$ 81	\$ (19)	\$ 8,022
Foreign currency forward contracts	75	(38)	2,458
Other (3)	24	(15)	161
Total	<u>\$ 180</u>	<u>\$ (72)</u>	

- (1) The fair value of asset derivatives are included in 'other assets' and the fair value of liability derivatives are included in 'other liabilities.'
- (2) Represents the absolute notional value of all outstanding contracts, consisting of long and short positions.
- (3) Includes swaps, options and other derivatives contracts.

The Company did not hold any derivatives that were designated as hedging instruments at June 30, 2026 or December 31, 2025.

The Company's derivative instruments can be traded under master netting agreements, which establish terms that apply to all derivative transactions with a counterparty. In the event of a bankruptcy or other stipulated event of default, such agreements provide that the non-defaulting party may elect to terminate all outstanding derivative transactions, in which case all individual derivative positions (loss or gain) with a counterparty are closed out and netted and replaced with a single amount, usually referred to as the termination amount, which is expressed in a single currency. The resulting single net amount, where positive, is payable to the party "in-the-money" regardless of whether or not it is the defaulting party, unless the parties have agreed that only the non-defaulting party is entitled to receive a termination payment where the net amount is positive and is in its favor. Contractual close-out netting reduces derivative credit exposure from gross to net exposure.

At June 30, 2026, asset derivatives and liability derivatives of \$227 million and \$108 million, respectively, were subject to a master netting agreement, compared to \$180 million and \$72 million, respectively, at December 31, 2025.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Realized and unrealized contract gains or losses on the Company's derivative instruments are reflected in 'net realized gains (losses)' in the consolidated statements of income, as summarized in the following table:

Derivatives not designated as hedging instruments:	June 30,	
	2026	2025
Three Months Ended		
Net realized gains (losses):		
Futures contracts	\$ (27)	\$ 93
Foreign currency forward contracts	(5)	53
Other (1)	(44)	17
Total	<u>\$ (76)</u>	<u>\$ 163</u>
Six Months Ended		
Net realized gains (losses):		
Futures contracts	\$ (90)	\$ 139
Foreign currency forward contracts	(11)	83
Other (1)	7	40
Total	<u>\$ (94)</u>	<u>\$ 262</u>

(1) Includes realized gains or losses on swaps, options and other derivatives contracts.

11. Commitments and Contingencies

Senior Notes

On June 9, 2026, Arch Capital completed a public offering of \$600 million aggregate principal amount of 5.250% senior notes due 2036 (the "2036 Notes") and \$1.4 billion aggregate principal amount of 5.950% senior notes due 2056, (the "2056 Notes" and, together with the 2036 Notes, the "Notes"). The Notes are senior unsecured obligations of Arch Capital and rank equally with all of its existing and future senior unsecured indebtedness. Interest payments on the Notes are due semi-annually in arrears on June 15 and December 15, beginning on December 15, 2026, to holders of record on the preceding June 1 and December 1, as the case may be. Subject to conditions of redemption, Arch Capital may redeem all or any portion of the 2036 Notes and 2056 Notes at any time and from time to time (i) prior to March 15, 2036 and December 15, 2055, respectively, at a redemption price equal to the "make-whole" redemption price for the notes to be redeemed, plus accrued and unpaid interest thereon to, but excluding, the redemption date; and (ii) on or after March 15, 2036 and December 15, 2055, respectively, at a redemption price for the notes to be redeemed equal to 100% of the principal amount of such notes, plus accrued and unpaid interest to, but excluding, the redemption date.

Arch Capital used a portion of the net proceeds of the Notes to purchase the Tender Offer notes validly tendered (and not withdrawn), as described below, and intends to use the remaining net proceeds to redeem, repurchase, repay or otherwise retire the existing 4.011% Senior Notes due in 2026 and use the balance for general corporate purposes.

Tender Offers

On June 2, 2026, Arch Capital announced the commencement of cash tender offers (the "Tender Offers") by Arch Capital Group (U.S.) Inc. ("Arch-U.S.") of its outstanding 5.144% Senior Notes due 2043 (the "2043 Notes") and Arch Capital Finance LLC ("Arch Finance") of its outstanding 5.031% Senior Notes due 2046 (the "2046 Notes"). Upon expiration of the Tender Offers, Arch-U.S. repurchased \$218.7 million aggregate principal amount of the 2043 Notes and Arch Finance repurchased \$199.1 million aggregate principal amount of the 2046 Notes, which resulted in a pre-tax gain of \$16 million.

Interest Paid

Interest paid on the Company's senior notes and other borrowings was \$65 million for the six months ended June 30, 2026, compared to \$64 million for the 2025 period.

Investment Commitments

The Company's investment commitments, which are primarily related to agreements entered into by the Company to invest in funds and separately managed accounts when called upon, were approximately \$4.4 billion at June 30, 2026, compared to \$3.7 billion at December 31, 2025.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

12. Variable Interest Entities

Bellemeade Re

The Company has entered into aggregate excess of loss mortgage reinsurance agreements with various special purpose reinsurance companies domiciled in Bermuda (the “Bellemeade Agreements”). At the time the Bellemeade Agreements were entered into, the applicability of the accounting guidance that addresses VIEs was evaluated. As a result of the evaluation of the Bellemeade Agreements, the Company concluded that these entities are VIEs. However, given that the ceding insurers do not have the unilateral power to direct those activities that are significant to their economic performance, the Company does not consolidate such entities in its consolidated financial statements. The reinsurance premium paid in regard to the Bellemeade Agreements is calculated by multiplying the outstanding reinsurance coverage amount at the beginning of the period by the coupon rate, which is the SOFR plus a contractual risk margin, less the actual investment income collected during the preceding month on the assets included in the underlying reinsurance trusts. In the event the assets included in the underlying reinsurance trusts became severely impaired or worthless and the special purpose reinsurance companies were unable to meet their future obligations, the Company’s mortgage insurance subsidiaries would be liable to fulfill claim payments to policyholders. The Company’s maximum exposure to loss associated with these VIEs is determined as the amount of mortgage insurance claim payments on the insured policies, net of aggregate reinsurance payments previously received, up to the full aggregate excess of loss reinsurance coverage amounts.

The following table summarizes the total assets of the Bellemeade entities:

Bellemeade Entities (Issue Date)	June 30, 2026	December 31, 2025
	Total VIE Assets	Coverage Remaining from Reinsurers (1) Total VIE Assets
2021-3 Ltd. (Sep-21)	20	9
2022-1 Ltd. (Jan-22)	42	10
2022-2 Ltd. (Sep-22)	43	81
2023-1 Ltd. (Oct-23)	122	31
2024-1 Ltd. (Aug-24)	94	24
2025-1 Ltd. (Nov-25)	172	43
Total	\$ 493	\$ 198

(1) Coverage from a separate panel of reinsurers remaining at June 30, 2026.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

13. Other Comprehensive Income (Loss)

The following tables present details about amounts reclassified from accumulated other comprehensive income and the tax effects allocated to each component of other comprehensive income (loss):

		Amounts Reclassified from AOCI			
Details About AOCI Components	Consolidated Statement of Income Line Item That Includes Reclassification	Three Months Ended		Six Months Ended	
		June 30,		June 30,	
		2026	2025	2026	2025
Unrealized appreciation (decline) on available-for-sale investments					
	Net realized gains (losses)	\$ (48)	\$ 14	\$ (31)	\$ (49)
	Provision for credit losses	(4)	(8)	1	(8)
	Total before tax	(52)	6	(30)	(57)
	Income tax (expense) benefit	10	1	6	12
	Net of tax	<u>\$ (42)</u>	<u>\$ 7</u>	<u>\$ (24)</u>	<u>\$ (45)</u>
			Before Tax Amount	Tax Expense (Benefit)	Net of Tax Amount
Three Months Ended June 30, 2026					
Unrealized appreciation (decline) in value of investments:					
	Unrealized holding gains (losses) arising during period	\$ (63)	\$ 50	\$ (113)	
	Less reclassification of net realized gains (losses) included in net income	(52)	(10)	(42)	
	Foreign currency translation adjustments	(7)	2	(9)	
	Other comprehensive income (loss)	<u>\$ (18)</u>	<u>\$ 62</u>	<u>\$ (80)</u>	
Three Months Ended June 30, 2025					
Unrealized appreciation (decline) in value of investments:					
	Unrealized holding gains (losses) arising during period	\$ 304	\$ 1	\$ 303	
	Less reclassification of net realized gains (losses) included in net income	6	(1)	7	
	Foreign currency translation adjustments	62	(2)	64	
	Other comprehensive income (loss)	<u>\$ 360</u>	<u>\$ —</u>	<u>\$ 360</u>	
Six Months Ended June 30, 2026					
Unrealized appreciation (decline) in value of investments:					
	Unrealized holding gains (losses) arising during period	\$ (430)	\$ 3	\$ (433)	
	Less reclassification of net realized gains (losses) included in net income	(30)	(6)	(24)	
	Foreign currency translation adjustments	(7)	2	(9)	
	Other comprehensive income (loss)	<u>\$ (407)</u>	<u>\$ 11</u>	<u>\$ (418)</u>	
Six Months Ended June 30, 2025					
Unrealized appreciation (decline) in value of investments:					
	Unrealized holding gains (losses) arising during period	\$ 549	\$ 12	\$ 537	
	Less reclassification of net realized gains (losses) included in net income	(57)	(12)	(45)	
	Foreign currency translation adjustments	88	(2)	90	
	Other comprehensive income (loss)	<u>\$ 694</u>	<u>\$ 22</u>	<u>\$ 672</u>	

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

14. Income Taxes

The Company's income tax provision on income before income taxes, including income (loss) from operating affiliates, resulted in an effective tax rate of 11.1% for the six months ended June 30, 2026, compared to 15.6% for the six months ended June 30, 2025. The decrease in the effective tax rate was primarily driven by tax law changes in Bermuda and the United Kingdom. The Company's effective tax rate, which is based upon the expected annual effective tax rate, may fluctuate from period to period based on the relative mix of income or loss reported by jurisdiction and the varying tax rates in each jurisdiction.

The Company had a net deferred tax asset of \$1.3 billion at June 30, 2026, compared to a net deferred tax asset of \$1.4 billion at December 31, 2025. In addition, the Company paid \$191 million of income taxes for the six months ended June 30, 2026, compared to \$149 million of income taxes paid for the six months ended June 30, 2025.

15. Legal Proceedings

The Company, in common with the insurance industry in general, is subject to litigation and arbitration in the normal course of its business. As of June 30, 2026, the Company was not a party to any litigation or arbitration which is expected by management to have a material adverse effect on the Company's results of operations and financial condition and liquidity.

16. Transactions with Related Parties

Premia Reinsurance Ltd. is a multi-line Bermuda reinsurance company (and its affiliates together with Premia Holdings Ltd., "Premia"). The Company has entered into certain reinsurance transactions with Premia. During the six months ended June 30, 2026 and 2025, the Company did not enter into any new reinsurance transactions with Premia. At June 30, 2026, the Company recorded a funds held asset from Premia of \$28 million, compared to \$124 million at December 31, 2025.

Somers Group Holdings Ltd. and its wholly owned subsidiaries (collectively, "Somers") are wholly owned by Greysbridge. For the six months ended June 30, 2026, the Company's net premiums written was reduced by \$308 million as a result of certain reinsurance transactions with Somers, compared to a reduction of \$419 million for the six months ended June 30, 2025. In addition, Somers paid certain acquisition costs and administrative fees to the Company. At June 30, 2026, the Company recorded a reinsurance recoverable on unpaid and paid losses from Somers of \$2.0 billion and a reinsurance balance payable to Somers of \$580 million, compared to \$2.0 billion and \$550 million, respectively, at December 31, 2025.

Pursuant to the terms of the Greysbridge shareholder agreement, as amended, following the expiration of a specified period, Arch Capital has a call right (but not the obligation) and certain third party investors have put rights (but not the obligation) to purchase or sell, as applicable, a specified amount of each such investor's initial common shares on an annual basis at Greysbridge's year-end book value per share. Obligations under put/call option notices are recognized on the Company's balance sheet in both other assets and other liabilities. At June 30, 2026, the Company's balance sheet included \$163 million in both other assets and other liabilities for such put notices. Transactions related to the put shares are expected to close in the 2026 calendar year, subject to any regulatory approval.

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

The following is a discussion and analysis of our financial condition and results of operations. This should be read in conjunction with our consolidated financial statements included in Item 1 of this report and also our Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2025 (“2025 Form 10-K”). In addition, readers should review “Risk Factors” set forth in Item 1A of Part I of our 2025 Form 10-K and [“ITEM 1A—Risk Factors”](#) of this Form 10-Q. All amounts are in millions, except per share amounts, unless otherwise noted.

Arch Capital Group Ltd. (“Arch Capital” and, together with its subsidiaries, “Arch”, “the Company”, “we”, “our” or “us”) is a publicly listed Bermuda exempted company with approximately \$28.3 billion in capital at June 30, 2026 and, through operations in Bermuda, the United States, Europe, Canada and Australia, writes insurance, reinsurance and mortgage insurance on a worldwide basis.

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CURRENT OUTLOOK

We delivered a strong 2026 second quarter, with attractive underwriting margins reflecting the disciplined execution of our underwriting and capital management strategies. For the quarter, we generated an annualized net income return on average common equity and an annualized operating return on average common equity of 18.0% and 15.3%, respectively. See [“Comment on Non-GAAP Financial Measures.”](#) Critical to our cycle management is emphasizing risk selection, as we continue to leverage our diversified specialty platform and the expertise of our underwriting teams. We invest and use data and analytics to sharpen insights, enhance risk selection and deliver a differentiated customer experience while fostering a culture that attracts the best-in-class talent. We believe our balance sheet is in excellent health, giving us optionality as we remain prudent stewards of the capital entrusted to us by our shareholders. Our strong balance sheet permits us to both invest in our business and return capital to investors. During the 2026 second quarter, we repurchased 12.4 million common shares for an aggregate \$1.2 billion. Through the first half of the year, we have repurchased approximately 94% of our net income in our own shares.

Although competitive conditions have increased across portions of the insurance and reinsurance markets, we believe the market remains constructive. While there is softening in certain lines, others continue to benefit from favorable pricing and underwriting conditions. We believe in this environment, our diversified specialty platform, underwriting expertise and disciplined approach to cycle management, position us to continue to generate attractive risk-adjusted returns while delivering long-term solutions for our clients. We remain focused on allocating capital to the opportunities that best meet our return objectives while maintaining the flexibility to adapt as market conditions evolve and remaining a reliable business partner throughout the insurance cycle.

Our insurance segment reported \$27 million of underwriting income for the 2026 second quarter. Growth opportunities remained across most casualty-focused lines of business, including E&S casualty, construction and national accounts in the U.S., as well as select lines of our London market business, including war and terrorism. As a market leader in specialty insurance, we look to support our clients with underwriting expertise, claims capabilities and risk solutions while maintaining disciplined underwriting standards. Our diversified platform provides us with the flexibility to grow in areas where pricing supports our return objectives. These opportunities were partially offset by our decision not to renew certain middle market commercial program business which we acquired from Allianz in 2024 (the “MCE

Acquisition”) along with a reduction in E&S property business due to competitive rate pressure.

Our reinsurance segment contributed \$410 million of underwriting income in the 2026 second quarter, benefiting from relatively light catastrophe losses. Net premiums written were \$1.8 billion, down roughly 10% when compared to the 2025 second quarter, reflecting pricing pressures and higher retentions by cedants in certain property and short-tail lines along with targeted increased retrocessions. As increased capacity has contributed to competitive conditions across portions of the reinsurance market, our underwriting teams are actively managing the cycle by selectively writing new business where returns are attractive and adjusting participation where pricing does not meet our minimum return thresholds. At the same time, our scale, market position and access to traditional reinsurance and third party capital allow us to continue providing meaningful solutions to brokers and cedants while managing our net risk profile.

Our mortgage segment continued to deliver a steady level of earnings, generating \$220 million of underwriting income in the 2026 second quarter. New originations remained modest due to affordability challenges tied to mortgage rates and home prices, which continued to constrain demand. We believe the underlying fundamentals of our mortgage portfolio remain strong, and our U.S. market share was stable. The persistency of our in-force U.S. primary mortgage insurance portfolio remained a healthy 79.9%, and our delinquency rate remained low. We continue to expect the mortgage segment to serve as a steady diversifying contributor to our overall earnings and generate attractive underwriting income given the high credit quality and embedded equity of our in-force portfolio.

FINANCIAL MEASURES

Management uses the following three key financial indicators in evaluating our performance and measuring the overall growth in value generated for Arch Capital's common shareholders:

Book Value per Share

Book value per share represents total common shareholders' equity available to Arch divided by the number of common shares outstanding. Management uses growth in book value per share as a key measure of the value generated for our common shareholders each period and believes that book value per share is the key driver of Arch Capital's share price over time. Book value per share is impacted by, among other factors, our underwriting results, investment returns and share repurchase activity, which has an accretive or dilutive impact on book value per share depending on the purchase price. Book value per share was \$68.04 at June 30, 2026, compared to \$66.19 at March 31, 2026, and \$59.17 at June 30, 2025. The 2.8% increase in book value per share for the 2026 second quarter primarily reflected strong underwriting and investment returns, partially offset by \$1.2 billion of shares purchased at an average price higher than the book value per share.

Operating Return on Average Common Equity

Operating return on average common equity ("Operating ROAE") represents annualized after-tax operating income available to Arch common shareholders divided by the average of beginning and ending common shareholders' equity available to Arch during the period. After-tax operating income available to Arch common shareholders, a non-GAAP financial measure as defined in Regulation G, represents net income available to Arch common shareholders, excluding net realized gains or losses (which include, but are not limited to, realized and unrealized changes in the fair value of equity securities and assets accounted for using the fair value option, realized and unrealized gains or losses on derivative instruments, changes in the allowance for credit losses on financial assets and gains or losses realized from the acquisition or disposition of subsidiaries), equity in net income or loss of investments accounted for using the equity method, net foreign exchange gains or losses, transaction costs and other and income taxes. Management uses Operating ROAE as a key measure of the return generated to common shareholders. See ["Comment on Non-GAAP Financial Measures."](#)

Our annualized net income return on average common equity was 18.0% for the 2026 second quarter, compared to 22.9% for the 2025 second quarter, and 17.9% for the six months ended June 30, 2026, compared to 17.0% for the 2025 period. Our Operating ROAE was 15.3% for the 2026 second quarter, compared to 18.2% for the 2025 second quarter and 15.4% for the six months ended June 30, 2026, compared to 14.8% for the 2025 period. Returns for the 2026 periods reflected strong underwriting and investment returns.

Total Return on Investments

Total return on investments, a non-GAAP financial measure as defined in Regulation G, includes investment income, equity in net income or loss of investments accounted for using the equity method, net realized gains or losses attributable to the investment portfolio and the change in unrealized gains or losses generated by Arch's investment portfolio. Total return is calculated on a pre-tax basis and before investment expenses and reflects the effect of financial market conditions along with foreign currency fluctuations. In addition, total return incorporates the timing of investment returns during the periods. The following table summarizes our total return compared to the benchmark return against which we measured our portfolio during the periods. See ["Comment on Non-GAAP Financial Measures."](#)

	Arch Portfolio	Benchmark Return
Pre-tax total return (before investment expenses):		
2026 Second Quarter	1.62 %	1.76 %
2025 Second Quarter	3.09 %	3.26 %
Six Months Ended June 30, 2026	1.72 %	1.76 %
Six Months Ended June 30, 2025	5.17 %	5.37 %

Total return for the 2026 periods reflected interest income and gains on risk assets outweighing the impact of rising US Treasury yields. The portfolio slightly underperformed their benchmark returns, primarily due to a small underweight to alternatives. We continue to maintain a relatively short duration on our fixed income portfolio of 3.50 years at June 30, 2026, in line with our asset allocation targets.

The benchmark return index is a customized combination of indices intended to approximate a target portfolio by asset mix and average credit quality with a fixed income component matching the approximate estimated duration and currency mix of our insurance and reinsurance liabilities. It is recalibrated annually. Although the estimated fixed income duration and average credit quality of this index will move as the duration and rating of its constituent securities change, generally we do not adjust the composition of the benchmark return index during the year except to incorporate changes to the mix of liability currencies and

durations noted above. The benchmark return index should not be interpreted as expressing a preference for or aversion to any particular sector or sector weight. At June 30, 2026, the fixed income portion of the benchmark had an average credit quality of “A1” by Moody’s and an estimated fixed income duration of 3.34 years.

The benchmark return index included weightings to the following indices:

	%
ICE BofA 1-10 Year U.S. Corporate Index	24.80
Yield on 3-5 Year U.S. Treasury Index plus 5.5%	16.00
ICE BofA 1-10 Year U.S. Treasury Index	15.00
ICE BofA 0-3 Month U.S. Treasury Index	3.00
ICE BofA BB-B U.S. High Yield Constrained Index	5.50
JPM CLOIE Investment Grade	5.00
ICE BofA 3-5 Year U.S. Agency CMO Excluding IO & PO Index	5.00
ICE BofA U.S. Fixed Rate CMBS Index	4.00
ICE BofA U.S. Fixed & Floating Rate Asset Backed Securities Index	2.50
S&P 500 Total Return Index	4.25
ICE BofA 1-5 Year U.K. Gilt Index	5.90
ICE BofA German Government 1-5 Year Index	3.00
ICE BofA German Government 5-7 Year Index	1.00
ICE BofA 1-5 Year Canada Government Index	2.75
ICE BofA 15+ Year Canada Government Index	0.25
ICE BofA 1-5 Year Australia Government Index	1.50
ICE BofA 5-10 Year Australia Government Index	0.40
ICE BofA 1-5 Year Japan Government Index	0.15
Total	<u>100.00%</u>

COMMENT ON NON-GAAP FINANCIAL MEASURES

Throughout this filing, we present our operations in the way we believe will be the most meaningful and useful to investors, analysts, rating agencies and others who use our financial information in evaluating the performance of our company. This presentation includes the use of after-tax operating income available to Arch common shareholders, which is defined as net income available to Arch common shareholders, excluding net realized gains or losses (which include, but are not limited to, realized and unrealized changes in the fair value of equity securities and assets accounted for using the fair value option, realized and unrealized gains or losses on derivative instruments, changes in the allowance for credit losses on financial assets and gains or losses realized from the acquisition or disposition of subsidiaries), equity in net income or loss of investments accounted for using the equity method, net foreign exchange gains or losses, transaction costs and other, income taxes, and the use of annualized operating return on average common equity. The presentation of after-tax operating income available to Arch common shareholders and annualized operating return on average

common equity are non-GAAP financial measures as defined in Regulation G. The reconciliation of such measures to net income available to Arch common shareholders and annualized net income return on average common equity (the most directly comparable GAAP financial measures) in accordance with Regulation G is included under “Results of Operations” below.

We believe that net realized gains or losses, equity in net income or loss of investments accounted for using the equity method, net foreign exchange gains or losses and transaction costs and other in any particular period are not indicative of the performance of, or trends in, our business. Although net realized gains or losses, equity in net income or loss of investments accounted for using the equity method and net foreign exchange gains or losses are an integral part of our operations, the decision to realize these items, are independent of the insurance underwriting process and result, in large part, from general economic and financial market conditions. Furthermore, certain users of our financial information believe that, for many companies, the timing of the realization of investment gains or losses is largely opportunistic. In addition, changes in the allowance for credit losses and net impairment losses recognized in earnings on our investments represent other-than-temporary declines in expected recovery values on securities without actual realization. Furthermore, we exclude net realized gains or losses from the acquisition or disposition of subsidiaries, due to their non-recurring nature, such items are not indicative of the performance of, or trends in, our business performance.

The use of the equity method on certain of our investments funds that invest in fixed maturity securities is driven by the ownership structure of such funds (either limited partnerships or limited liability companies). In applying the equity method, these investments are initially recorded at cost and are subsequently adjusted based on our proportionate share of the net income or loss of the funds (which include changes in the market value of the underlying securities in the funds). This method of accounting is different from the way in which we account for our other investments; and, the timing of the recognition of equity in net income or loss of investments accounted for using the equity method may differ from gains or losses in the future upon sale or maturity of such investments.

Transaction costs and other include integration, advisory, financing, legal, severance, incentive compensation and all other transaction costs directly related to acquisitions. We believe that transaction costs and other, due to their nonrecurring nature, are not indicative of the performance of, or trends in, our business performance.

We believe that showing net income available to Arch common shareholders exclusive of the items referred to above reflects the underlying fundamentals of our business since we evaluate the performance of and manage our business to produce an underwriting profit. In addition to presenting the net income available to Arch common shareholders, we believe that this presentation enables investors and other users of our financial information to analyze our performance in a manner similar to how management analyzes performance. We also believe that this measure follows industry practice and, therefore, allows the users of financial information to compare our performance with our industry peer group. We believe that the equity analysts and certain rating agencies that follow us and the insurance industry as a whole generally exclude these items from their analyses for the same reasons.

Our segment information includes the presentation of consolidated underwriting income or loss. Such measures represent the pre-tax profitability of our underwriting operations and include net premiums earned plus other underwriting income, less losses and loss adjustment expenses, acquisition expenses and other operating expenses. Other operating expenses include those operating expenses that are incremental and/or directly attributable to our individual underwriting operations. Underwriting income or loss does not incorporate certain income and expense items which are included in corporate. While these measures are presented in [note 5, "Segment Information,"](#) to our consolidated financial statements, they are considered non-GAAP financial measures when presented elsewhere on a consolidated basis. The reconciliations of underwriting income or loss to income before income taxes (the most directly comparable GAAP financial measure) on a consolidated basis, in accordance with Regulation G, is shown in [note 5, "Segment Information"](#) to our consolidated financial statements.

We measure segment performance for our three underwriting segments based on underwriting income or loss. We do not manage our assets by underwriting segment, with the exception of goodwill and intangible assets, and, accordingly, investment income, income from operating affiliates and other non-underwriting related items are not allocated to each underwriting segment.

Our presentation of segment information includes the use of a current year loss ratio which excludes favorable or adverse development in prior year loss reserves. This ratio is a non-GAAP financial measure as defined in Regulation G. The reconciliation of such measure to the loss ratio (the most directly comparable GAAP financial measure) in accordance with Regulation G is shown on the individual segment pages. Management utilizes the current year loss ratio in its analysis of the underwriting performance of each of our underwriting segments. The 'Other operating expense ratio' includes 'Other underwriting income.'

Total return on investments includes investment income, equity in net income or loss of investments accounted for using the equity method, net realized gains or losses (excluding net realized gains or losses on non-investment related financial assets) and the change in unrealized gains or losses generated by Arch's investment portfolio. Total return is calculated on a pre-tax basis and before investment expenses, and reflects the effect of financial market conditions along with foreign currency fluctuations. In addition, total return incorporates the timing of investment returns during the periods. There is no directly comparable GAAP financial measure for total return. Management uses total return on investments as a key measure of the return generated to Arch common shareholders on the capital held in the business, and compares the return generated by our investment portfolio against benchmark returns which we measured our portfolio against during the periods.

RESULTS OF OPERATIONS

The following table summarizes our consolidated financial data, including a reconciliation of net income or loss available to Arch common shareholders to after-tax operating income or loss available to Arch common shareholders. See [“Comment on Non-GAAP Financial Measures.”](#)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income available to Arch common shareholders	\$ 1,047	\$ 1,227	\$ 2,084	\$ 1,791
Net realized (gains) losses (1)	17	(229)	104	(232)
Equity in net (income) loss of investments accounted for using the equity method	(196)	(162)	(356)	(215)
Net foreign exchange (gains) losses	(10)	88	(31)	115
Transaction costs and other	32	18	50	28
Income tax expense (benefit) (2)	3	37	(57)	79
After-tax operating income available to Arch common shareholders	\$ 893	\$ 979	\$ 1,794	\$ 1,566
Beginning common shareholders' equity	\$ 23,358	\$ 20,715	\$ 23,376	\$ 19,990
Ending common shareholders' equity	23,200	22,211	23,200	22,211
Average common shareholders' equity	\$ 23,279	\$ 21,463	\$ 23,288	\$ 21,101
Annualized net income return on average common equity %	18.0	22.9	17.9	17.0
Annualized operating return on average common equity %	15.3	18.2	15.4	14.8

- (1) Net realized gains or losses include, but are not limited to, realized and unrealized changes in the fair value of equity securities and assets accounted for using the fair value option, realized and unrealized gains or losses on derivative instruments, changes in the allowance for credit losses on financial assets and gains or losses realized from the acquisition or disposition of subsidiaries.
- (2) Income tax expense on net realized gains or losses, equity in net income or loss of investments accounted for using the equity method, net foreign exchange gains or losses and transaction costs and other reflects the relative mix reported by jurisdiction and the varying tax rates in each jurisdiction.

Segment Information

We classify our businesses into three underwriting segments: insurance, reinsurance and mortgage. Our insurance, reinsurance and mortgage segments each have managers who are responsible for the overall profitability of their respective segments and who are directly accountable to our chief operating decision makers (“CODMs”), the Chief Executive Officer of Arch Capital and the Chief Financial Officer and Treasurer of Arch Capital. The CODMs do not assess performance, measure return on equity or make resource allocation decisions on a line of business basis. Management measures segment performance for our three underwriting segments based on underwriting income or loss. We do not manage our assets by underwriting segment, with the exception of goodwill and intangible assets and accordingly investment income is not allocated to each underwriting segment.

We determined our reportable segments using the management approach described in accounting guidance regarding disclosures about segments of an enterprise and related information. The accounting policies of the segments are the same as those used for the preparation of our consolidated financial statements. Intersegment business is allocated to the segment accountable for the underwriting results.

Insurance Segment

The Company’s insurance segment primarily consists of commercial insurance lines of business, with a focus on specialty insurance products. These products are mainly offered in North America, Bermuda, the United Kingdom, continental Europe and Australia. Products offered in North America include: commercial automobile; commercial multi-peril; other liability-claims made, which includes financial and professional lines; other liability-occurrence, which includes admitted and excess and surplus casualty lines; property and short-tail specialty; workers compensation; and other. Products offered across the Company’s International units include: property and short-tail specialty; and casualty and other.

The following tables set forth our insurance segment's underwriting results:

	Three Months Ended June 30,		
	2026	2025	% Change
Gross premiums written	\$ 2,603	\$ 2,681	(2.9)
Premiums ceded	(670)	(645)	
Net premiums written	1,933	2,036	(5.1)
Change in unearned premiums	(53)	(67)	
Net premiums earned	1,880	1,969	(4.5)
Other underwriting income (1)	15	13	
Losses and loss adjustment expenses	(1,185)	(1,178)	
Acquisition expenses	(375)	(387)	
Other operating expenses	(308)	(288)	
Underwriting income (loss)	\$ 27	\$ 129	(79.1)

Underwriting Ratios		% Point Change	
Loss ratio	63.0 %	59.8 %	3.2
Acquisition expense ratio	19.9 %	19.6 %	0.3
Other operating expense ratio (2)	15.6 %	14.0 %	1.6
Combined ratio	98.5 %	93.4 %	5.1

- (1) 'Other underwriting income' includes revenue earned from underwriting-related activities covered under existing service contracts.
- (2) The 'Other operating expense ratio' includes 'Other underwriting income.' See 'Comments on Non-GAAP Financial Measures' for further details.

	Six Months Ended June 30,		
	2026	2025	% Change
Gross premiums written	\$ 5,300	\$ 5,326	(0.5)
Premiums ceded	(1,461)	(1,357)	
Net premiums written	3,839	3,969	(3.3)
Change in unearned premiums	(88)	(140)	
Net premiums earned	3,751	3,829	(2.0)
Other underwriting income (1)	26	16	
Losses and loss adjustment expenses	(2,311)	(2,406)	
Acquisition expenses	(750)	(730)	
Other operating expenses	(623)	(582)	
Underwriting income (loss)	\$ 93	\$ 127	(26.8)

Underwriting Ratios		% Point Change	
Loss ratio	61.6 %	62.8 %	(1.2)
Acquisition expense ratio	20.0 %	19.1 %	0.9
Other operating expense ratio (2)	15.9 %	14.8 %	1.1
Combined ratio	97.5 %	96.7 %	0.8

- (1) 'Other underwriting income' includes revenue earned from underwriting-related activities covered under existing service contracts.
- (2) The 'Other operating expense ratio' includes 'Other underwriting income.' See 'Comments on Non-GAAP Financial Measures' for further details.

Premiums Written.

The following tables set forth our insurance segment's net premiums written by major line of business:

	Three Months Ended June 30,			
	2026		2025	
	Amount	%	Amount	%
North America				
Other liability - occurrence	\$ 364	18.8	\$ 366	18.0
Property and short-tail specialty	362	18.7	369	18.1
Other liability - claims made	212	11.0	206	10.1
Commercial automobile	158	8.2	165	8.1
Commercial multi-peril	130	6.7	205	10.1
Workers compensation	121	6.3	130	6.4
Other	87	4.5	89	4.4
Total North America	1,434	74.2	1,530	75.1

International				
Property and short-tail specialty	\$ 280	14.5	\$ 296	14.5
Casualty and other	219	11.3	210	10.3
Total International	499	25.8	506	24.9
Total	\$ 1,933	100.0	\$ 2,036	100.0

2026 Second Quarter versus 2025 Period. Gross premiums written by the insurance segment in the 2026 second quarter were 2.9% lower than in the 2025 second quarter, while net premiums written were 5.1% lower than in the 2025 second quarter. Adjusting for the non-renewal of certain programs related to the MCE Acquisition, net premiums written would have decreased by 1.8% compared to the same quarter one year ago.

	Six Months Ended June 30,			
	2026		2025	
	Amount	%	Amount	%
North America				
Other liability - occurrence	\$ 679	17.7	\$ 696	17.5
Property and short-tail specialty	684	17.8	717	18.1
Other liability - claims made	387	10.1	355	8.9
Commercial automobile	307	8.0	326	8.2
Commercial multi-peril	303	7.9	403	10.2
Workers compensation	278	7.2	283	7.1
Other	161	4.2	165	4.2
Total North America	2,799	72.9	2,945	74.2

International				
Property and short-tail specialty	\$ 562	14.6	\$ 567	14.3
Casualty and other	478	12.5	457	11.5
Total International	1,040	27.1	1,024	25.8
Total	\$ 3,839	100.0	\$ 3,969	100.0

Six Months Ended June 30, 2026 versus 2025 period. Gross premiums written by the insurance segment for the six months ended June 30, 2026 were 0.5% lower than in the 2025 period, while net premiums written were 3.3% lower than in the 2025 period. Adjusting for the non-renewal of

certain programs related to the MCE Acquisition, net premiums written would have decreased by 0.4% compared to a year ago.

Net Premiums Earned.

The following tables set forth our insurance segment's net premiums earned by major line of business:

	Three Months Ended June 30,			
	2026		2025	
	Amount	%	Amount	%
North America				
Other liability - occurrence	\$ 289	15.4	\$ 338	17.2
Property and short-tail specialty	334	17.8	363	18.4
Other liability - claims made	199	10.6	186	9.4
Commercial automobile	148	7.9	147	7.5
Commercial multi-peril	185	9.8	203	10.3
Workers compensation	135	7.2	147	7.5
Other	76	4.0	71	3.6
Total North America	1,366	72.7	1,455	73.9

International				
Property and short-tail specialty	\$ 277	14.7	\$ 278	14.1
Casualty and other	237	12.6	236	12.0
Total International	514	27.3	514	26.1
Total	\$ 1,880	100.0	\$ 1,969	100.0

	Six Months Ended June 30,			
	2026		2025	
	Amount	%	Amount	%
North America				
Other liability - occurrence	\$ 589	15.7	\$ 667	17.4
Property and short-tail specialty	649	17.3	696	18.2
Other liability - claims made	399	10.6	378	9.9
Commercial automobile	294	7.8	292	7.6
Commercial multi-peril	380	10.1	404	10.6
Workers compensation	270	7.2	278	7.3
Other	145	3.9	143	3.7
Total North America	2,726	72.7	2,858	74.6

International				
Property and short-tail specialty	\$ 556	14.8	\$ 524	13.7
Casualty and other	469	12.5	447	11.7
Total International	1,025	27.3	971	25.4
Total	\$ 3,751	100.0	\$ 3,829	100.0

Net premiums written are primarily earned on a pro rata basis over the terms of the policies for all products, usually 12 months. Net premiums earned reflect changes in net premiums written over the previous five quarters. Net premiums earned for the 2026 second quarter were 4.5% lower than in the 2025 second quarter, while net premiums earned for the six months ended June 30, 2026 were 2.0% lower than in the 2025 period.

Other Underwriting Income.

Other underwriting income, which includes revenue earned from underwriting-related activities covered under existing service contracts, was \$15 million for the 2026 second quarter, compared to \$13 million for the 2025 second quarter, and \$26 million for the six months ended June 30, 2026, compared to \$16 million for the 2025 period.

Losses and Loss Adjustment Expenses.

The table below shows the components of the insurance segment's loss ratio:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Current year	64.4 %	60.2 %	62.7 %	63.4 %
Prior period reserve development	(1.4)%	(0.4)%	(1.1)%	(0.6)%
Loss ratio	63.0 %	59.8 %	61.6 %	62.8 %

Current Year Loss Ratio.

2026 Second Quarter versus 2025 Period. The insurance segment's current year loss ratio in the 2026 second quarter was 4.2 points higher than in the 2025 second quarter. The 2026 second quarter loss ratio reflected 7.6 points of current year catastrophic activity, primarily related to the Iran conflict and severe conductive storms in the U.S., compared to 2.9 points of current year catastrophic activity in the 2025 second quarter. The balance of the change in the loss ratio resulted, in part, from changes in mix of business.

Six Months Ended June 30, 2026 versus 2025 Period. The insurance segment's current year loss ratio for the six months ended June 30, 2026 was 0.7 points lower than in the 2025 period and reflected 5.9 points of current year catastrophic activity, primarily related to the Iran conflict and severe conductive storms in the U.S., compared to 6.1 points in the 2025 period, primarily related to the California wildfires. The balance of the change in the loss ratio resulted, in part, from changes in mix of business.

Prior Period Reserve Development.

The insurance segment's net favorable development was \$27 million, or 1.4 points, for the 2026 second quarter, compared to \$8 million, or 0.4 points, for the 2025 second quarter, and \$41 million, or 1.1 points, for the six months ended June 30, 2026, compared to \$25 million, or 0.6 points, for the 2025 period. See [note 6, "Reserve for Losses and Loss Adjustment Expenses,"](#) to our consolidated financial statements for information about the insurance segment's prior year reserve development.

Underwriting Expenses.

2026 Second Quarter versus 2025 Period. The insurance segment's underwriting expense ratio was 35.5% in the 2026 second quarter, compared to 33.6% in the 2025 second quarter. The 2026 second quarter ratio reflected transitional expenses associated with the MCE Acquisition, and a lower level of net premiums earned compared to the 2025 second quarter. In the 2025 second quarter, the impact of the MCE Acquisition lowered the underwriting expense ratio by approximately 0.6 points, primarily due to the effects of the fair value estimation of the assets acquired at closing, including the non-recognition of deferred acquisition costs.

Six Months Ended June 30, 2026 versus 2025 period. The insurance segment's underwriting expense ratio was 35.9% for the six months ended June 30, 2026, compared to 33.9% for the 2025 period. The 2026 ratio reflected transitional expenses associated with the MCE Acquisition, and a lower level of net premiums earned compared to the 2025 period.

Reinsurance Segment

The Company's reinsurance segment offers reinsurance products on a worldwide basis. Lines of business include: casualty; marine and aviation; specialty; property catastrophe; property excluding property catastrophe; and other.

The following tables set forth our reinsurance segment's underwriting results:

	Three Months Ended June 30,		
	2026	2025	% Change
Gross premiums written	\$ 3,202	\$ 3,196	0.2
Premiums ceded	(1,358)	(1,137)	
Net premiums written	1,844	2,059	(10.4)
Change in unearned premiums	(24)	28	
Net premiums earned	1,820	2,087	(12.8)
Other underwriting income (1)	37	46	
Losses and loss adjustment expenses	(992)	(1,128)	
Acquisition expenses	(341)	(436)	
Other operating expenses	(114)	(118)	
Underwriting income	\$ 410	\$ 451	(9.1)
			% Point Change
Loss ratio	54.6 %	54.1 %	0.5
Acquisition expense ratio	18.7 %	20.9 %	(2.2)
Other operating expense ratio (2)	4.2 %	3.5 %	0.7
Combined ratio	77.5 %	78.5 %	(1.0)

(1) 'Other underwriting income' includes revenue earned from underwriting-related activities covered under existing service contracts.

(2) The 'Other operating expense ratio' includes 'Other underwriting income.' See 'Comments on Non-GAAP Financial Measures' for further details.

	Six Months Ended June 30,		
	2026	2025	% Change
Gross premiums written	\$ 6,616	\$ 6,690	(1.1)
Premiums ceded	(2,596)	(2,315)	
Net premiums written	4,020	4,375	(8.1)
Change in unearned premiums	(369)	(260)	
Net premiums earned	3,651	4,115	(11.3)
Other underwriting income (1)	74	85	
Losses and loss adjustment expenses	(1,940)	(2,484)	
Acquisition expenses	(688)	(853)	
Other operating expenses	(246)	(245)	
Underwriting income (loss)	\$ 851	\$ 618	37.7
			% Point Change
Loss ratio	53.1 %	60.4 %	(7.3)
Acquisition expense ratio	18.8 %	20.7 %	(1.9)
Other operating expense ratio (2)	4.7 %	3.9 %	0.8
Combined ratio	76.6 %	85.0 %	(8.4)

(1) 'Other underwriting income' includes revenue earned from underwriting-related activities covered under existing service contracts.

(2) The 'Other operating expense ratio' includes 'Other underwriting income.' See 'Comments on Non-GAAP Financial Measures' for further details.

Premiums Written.

The following tables set forth our reinsurance segment's net premiums written by major line of business:

	Three Months Ended June 30,			
	2026		2025	
	Amount	%	Amount	%
Specialty	\$ 563	30.5	\$ 729	35.4
Property excluding property catastrophe	451	24.5	430	20.9
Property catastrophe	392	21.3	484	23.5
Casualty	312	16.9	308	15.0
Marine and aviation	58	3.1	68	3.3
Other	68	3.7	40	1.9
Total	\$ 1,844	100.0	\$ 2,059	100.0

2026 Second Quarter versus 2025 Period. Gross premiums written by the reinsurance segment in the 2026 second quarter were 0.2% higher than in the 2025 second quarter, while net premiums written were 10.4% lower than in the 2025 second quarter. Reductions in net premiums written this quarter were due, in part, to non-renewals, share reductions as well as targeted increased retrocessions.

	Six Months Ended June 30,			
	2026		2025	
	Amount	%	Amount	%
Specialty	\$ 1,250	31.1	\$ 1,323	30.2
Property excluding property catastrophe	999	24.9	1,011	23.1
Property catastrophe	699	17.4	961	22.0
Casualty	790	19.7	807	18.4
Marine and aviation	136	3.4	189	4.3
Other	146	3.6	84	1.9
Total	\$ 4,020	100.0	\$ 4,375	100.0

Six Months Ended June 30, 2026 versus 2025 period. Gross premiums written by the reinsurance segment for the six months ended June 30, 2026 were 1.1% lower than in the 2025 period, while net premiums written were 8.1% lower than in the 2025 period. Reductions in net premiums written in the 2026 period were due, in part, to non-renewals, share reductions as well as targeted increased retrocessions.

Net Premiums Earned.

The following tables set forth our reinsurance segment's net premiums earned by major line of business:

	Three Months Ended June 30,			
	2026		2025	
	Amount	%	Amount	%
Specialty	\$ 617	33.9	\$ 760	36.4
Property excluding property catastrophe	489	26.9	587	28.1
Property catastrophe	208	11.4	260	12.5
Casualty	367	20.2	355	17.0
Marine and aviation	71	3.9	82	3.9
Other	68	3.7	43	2.1
Total	\$ 1,820	100.0	\$ 2,087	100.0

	Six Months Ended June 30,			
	2026		2025	
	Amount	%	Amount	%
Specialty	\$ 1,203	32.9	\$ 1,487	36.1
Property excluding property catastrophe	1,008	27.6	1,135	27.6
Property catastrophe	434	11.9	566	13.8
Casualty	720	19.7	680	16.5
Marine and aviation	141	3.9	162	3.9
Other	145	4.0	85	2.1
Total	\$ 3,651	100.0	\$ 4,115	100.0

Net premiums written, irrespective of the class of business, are generally earned on a pro rata basis over the terms of the underlying policies or reinsurance contracts. Net premiums earned reflect changes in net premiums written over the previous five quarters. Net premiums earned for the 2026 second quarter were 12.8% lower than in the 2025 second quarter, while net premiums earned for the six months ended June 30, 2026 were 11.3% lower than in the 2025 period.

Other Underwriting Income.

Other underwriting income, which includes revenue earned from underwriting-related activities covered under existing service contracts, was \$37 million for the 2026 second quarter, compared to \$46 million for the 2025 second quarter, and \$74 million for the six months ended June 30, 2026, compared to \$85 million for the 2025 period.

Losses and Loss Adjustment Expenses.

The table below shows the components of the reinsurance segment's loss ratio:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Current year	59.9 %	58.0 %	59.9 %	65.3 %
Prior period reserve development	(5.3)%	(3.9)%	(6.8)%	(4.9)%
Loss ratio	54.6 %	54.1 %	53.1 %	60.4 %

Current Year Loss Ratio.

2026 Second Quarter versus 2025 Period. The reinsurance segment's current year loss ratio in the 2026 second quarter was 1.9 points higher than in the 2025 second quarter. The 2026 second quarter loss ratio reflected 3.0 points of current year catastrophic activity, compared to 5.5 points of current year catastrophic activity in the 2025 second quarter. The balance of the change in the loss ratio primarily resulted from changes in the mix of business, due in part to increased retrocessions on short-tailed lines.

Six Months Ended June 30, 2026 versus 2025 Period. The reinsurance segment's current year loss ratio for the six months ended June 30, 2026 was 5.4 points lower than in the 2025 period and reflected 4.2 points of current year catastrophic activity, compared to 13.5 points in the 2025 period, primarily related to the California wildfires. The balance of the change in the loss ratio resulted, in part, from changes in mix of business.

Prior Period Reserve Development.

The reinsurance segment's net favorable development was \$97 million, or 5.3 points, for the 2026 second quarter, compared to \$81 million, or 3.9 points, for the 2025 second quarter, and \$249 million, or 6.8 points, for the six months ended June 30, 2026, compared to \$200 million, or 4.9 points, for the 2025 period. See [note 6, "Reserve for Losses and Loss Adjustment Expenses,"](#) to our consolidated financial statements for information about the reinsurance segment's prior year reserve development.

Underwriting Expenses.

2026 Second Quarter versus 2025 Period. The underwriting expense ratio for the reinsurance segment was 22.9% in the 2026 second quarter, compared to 24.4% in the 2025 second quarter, with the decrease primarily reflecting the impact of higher profit commissions on retrocessions.

Six Months Ended June 30, 2026 versus 2025 period. The underwriting expense ratio for the reinsurance segment was 23.5% for the six months ended June 30, 2026, compared to 24.6% for the 2025 period.

Mortgage Segment

The Company's mortgage segment consists of U.S. primary mortgage insurance business written predominantly on loans sold to the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"), each a government sponsored entity ("GSE") and also through non GSE approved entities (combined "Arch MI U.S."); reinsurance and underwriting services related to U.S. credit-risk transfer ("CRT") business which are predominately with the GSEs and other U.S. mortgage reinsurance transactions; and international mortgage insurance and reinsurance business covering loans primarily in Australia and Europe.

The following tables set forth our mortgage segment's underwriting results:

	Three Months Ended June 30,		
	2026	2025	% Change
Gross premiums written	\$ 324	\$ 323	0.3
Premiums ceded	(52)	(70)	
Net premiums written	272	253	7.5
Change in unearned premiums	13	28	
Net premiums earned	285	281	1.4
Other underwriting income (1)	5	3	
Losses and loss adjustment expenses	(19)	3	
Acquisition expenses	(2)	(1)	
Other operating expenses	(49)	(48)	
Underwriting income	\$ 220	\$ 238	(7.6)
Underwriting Ratios			
			% Point Change
Loss ratio	6.5 %	(1.2)%	7.7
Acquisition expense ratio	0.9 %	0.4 %	0.5
Other operating expense ratio (2)	15.4 %	16.0 %	(0.6)
Combined ratio	22.8 %	15.2 %	7.6

- (1) 'Other underwriting income' includes revenue earned from underwriting-related activities covered under existing service contracts.
- (2) The 'Other operating expense ratio' includes 'Other underwriting income.' See 'Comments on Non-GAAP Financial Measures' for further details.

	Six Months Ended June 30,		
	2026	2025	% Change
Gross premiums written	\$ 640	\$ 649	(1.4)
Premiums ceded	(102)	(130)	
Net premiums written	538	519	3.7
Change in unearned premiums	31	62	
Net premiums earned	569	581	(2.1)
Other underwriting income (1)	16	14	
Losses and loss adjustment expenses	(34)	—	
Acquisition expenses	(10)	(5)	
Other operating expenses	(100)	(100)	
Underwriting income	\$ 441	\$ 490	(10.0)

Underwriting Ratios			% Point Change
Loss ratio	5.9 %	— %	5.9
Acquisition expense ratio	1.9 %	0.9 %	1.0
Other operating expense ratio (2)	14.8 %	14.9 %	(0.1)
Combined ratio	22.6 %	15.8 %	6.8

- (1) 'Other underwriting income' includes revenue earned from underwriting-related activities covered under existing service contracts.
- (2) The 'Other operating expense ratio' includes 'Other underwriting income.' See 'Comments on Non-GAAP Financial Measures' for further details.

Premiums Written.

The following tables set forth our mortgage segment's net premiums written by major line of business:

	Three Months Ended June 30,			
	2026		2025	
	Amount	%	Amount	%
U.S. primary mortgage insurance	\$ 202	74.3	\$ 184	72.7
U.S. credit risk transfer (CRT) and other	35	12.9	51	20.2
International mortgage insurance/reinsurance	35	12.9	18	7.1
Total	\$ 272	100.0	\$ 253	100.0

2026 Second Quarter versus 2025 Period. Gross premiums written by the mortgage segment in the 2026 second quarter were 0.3% higher than in the 2025 second quarter, with growth in international business offset by a reduction in U.S. monthly premium volume. Net premiums written were 7.5% higher than in the 2025 second quarter, reflecting the termination of certain Bellemeade Re and quota share agreements on U.S. primary business.

	Six Months Ended June 30,			
	2026		2025	
	Amount	%	Amount	%
U.S. primary mortgage insurance	\$ 406	75.5	\$ 387	74.6
U.S. credit risk transfer (CRT) and other	72	13.4	101	19.5
International mortgage insurance/reinsurance	60	11.2	31	6.0
Total	\$ 538	100.0	\$ 519	100.0

Six Months Ended June 30, 2026 versus 2025 Period. Gross premiums written by the mortgage segment for the six months ended June 30, 2026 were 1.4% lower than in the 2025 period, while net premiums written for the six months ended June 30, 2026 were 3.7% higher than in the 2025 period, reflecting reduced cessions on U.S. primary business.

The persistency rate was 79.9% for the Arch MI U.S. portfolio of primary mortgage insurance policies at June 30, 2026, compared to 81.9% at June 30, 2025. The persistency rate represents the percentage of mortgage insurance in force at the beginning of a 12 month period that remains in force at the end of such period.

The following tables provide details on the new insurance written (“NIW”) generated by Arch MI U.S. NIW represents the original principal balance of all loans that received coverage during the period.

	Three Months Ended June 30,			
	2026		2025	
	Amount	%	Amount	%
Total new insurance written (NIW)	\$ 15,624		\$ 12,254	
<u>Credit quality:</u>				
>=740	\$ 12,637	80.9	\$ 9,411	76.8
680-739	2,619	16.8	2,527	20.6
620-679	357	2.3	313	2.6
<620	11	0.1	3	0.0
Total	\$ 15,624	100.0	\$ 12,254	100.0
<u>Loan-to-value (LTV):</u>				
95.01% and above	\$ 1,108	7.1	\$ 814	6.6
90.01% to 95.00%	6,560	42.0	5,632	46.0
85.01% to 90.00%	5,359	34.3	3,945	32.2
85.00% and below	2,597	16.6	1,863	15.2
Total	\$ 15,624	100.0	\$ 12,254	100.0
<u>Monthly vs. single:</u>				
Monthly	\$ 14,941	95.6	\$ 11,779	96.1
Single	683	4.4	475	3.9
Total	\$ 15,624	100.0	\$ 12,254	100.0
<u>Purchase vs. refinance:</u>				
Purchase	\$ 13,854	88.7	\$ 11,633	94.9
Refinance	1,770	11.3	621	5.1
Total	\$ 15,624	100.0	\$ 12,254	100.0

	Six Months Ended June 30,			
	2026		2025	
	Amount	%	Amount	%
Total new insurance written (NIW)	\$ 30,436		\$ 21,444	
<u>Credit quality:</u>				
>=740	\$ 24,357	80.0	\$ 16,246	75.8
680-739	5,317	17.5	4,630	21.6
620-679	728	2.4	562	2.6
<620	34	0.1	6	0.0
Total	\$ 30,436	100.0	\$ 21,444	100.0
<u>Loan-to-value (LTV):</u>				
95.01% and above	\$ 3,172	10.4	\$ 1,570	7.3
90.01% to 95.00%	12,364	40.6	10,006	46.7
85.01% to 90.00%	10,049	33.0	6,865	32.0
85.01% and below	4,851	15.9	3,003	14.0
Total	\$ 30,436	100.0	\$ 21,444	100.0
<u>Monthly vs. single:</u>				
Monthly	\$ 29,214	96.0	\$ 20,276	94.6
Single	1,222	4.0	1,168	5.4
Total	\$ 30,436	100.0	\$ 21,444	100.0
<u>Purchase vs. refinance:</u>				
Purchase	\$ 25,608	84.1	\$ 20,428	95.3
Refinance	4,828	15.9	1,016	4.7
Total	\$ 30,436	100.0	\$ 21,444	100.0

Net Premiums Earned.

The following tables set forth our mortgage segment’s net premiums earned by major line of business:

	Three Months Ended June 30,			
	2026		2025	
	Amount	%	Amount	%
U.S. primary mortgage insurance	\$ 206	72.3	\$ 188	66.9
U.S. credit risk transfer (CRT) and other	35	12.3	51	18.1
International mortgage insurance/reinsurance	44	15.4	42	14.9
Total	\$ 285	100.0	\$ 281	100.0

2026 Second Quarter versus 2025 Period. Net premiums earned for the 2026 second quarter were 1.4% higher than in the 2025 second quarter, reflecting changes in net premiums written over the previous five quarters.

	Six Months Ended June 30,			
	2026		2025	
	Amount	%	Amount	%
U.S. primary mortgage insurance	\$ 415	72.9	\$ 397	68.3
U.S. credit risk transfer (CRT) and other	72	12.7	101	17.4
International mortgage insurance/reinsurance	82	14.4	83	14.3
Total	\$ 569	100.0	\$ 581	100.0

Six Months Ended June 30, 2026 versus 2025 Period. For the six months ended June 30, 2026, net premiums earned were 2.1% lower than in the 2025 period.

Other Underwriting Income.

Other underwriting income, which is primarily related to GSE credit risk-sharing transactions, was \$5 million for the 2026 second quarter, consistent with \$3 million for the 2025 second quarter, and \$16 million for the six months ended June 30, 2026, compared to \$14 million for the 2025 period.

Losses and Loss Adjustment Expenses.

The table below shows the components of the mortgage segment's loss ratio:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Current year	22.2 %	21.6 %	23.3 %	21.6 %
Prior period reserve development	(15.7)%	(22.8)%	(17.4)%	(21.6)%
Loss ratio	6.5 %	(1.2)%	5.9 %	— %

Current Year Loss Ratio.

2026 Second Quarter versus 2025 Period. The mortgage segment's current year loss ratio was 0.6 points higher in the 2026 second quarter than in the 2025 second quarter. The current year loss ratio for the 2026 second quarter was relatively flat compared to the 2025 second quarter.

Six Months Ended June 30, 2026 versus 2025 Period. The mortgage segment's current year loss ratio was 1.7 points higher for the six months ended June 30, 2026 than for the 2025 period. The higher current year loss ratio for the 2026 period reflected slightly higher new delinquencies.

Prior Period Reserve Development.

The mortgage segment's net favorable development was \$45 million, or 15.7 points, for the 2026 second quarter, compared to \$64 million, or 22.8 points, for the 2025 second quarter, and \$99 million, or 17.4 points, for the six months ended June 30, 2026, compared to \$125 million, or 21.6 points, for the 2025 period. See [note 6, "Reserve for Losses and Loss Adjustment Expenses,"](#) to our consolidated financial statements for information about the mortgage segment's prior year reserve development.

Underwriting Expenses.

2026 Second Quarter versus 2025 Period. The underwriting expense ratio for the mortgage segment was 16.3% in the 2026 second quarter, compared to 16.4% in the 2025 second quarter.

Six Months Ended June 30, 2026 versus 2025 period. The underwriting expense ratio for the mortgage segment was 16.7% for the six months ended June 30, 2026, compared to 15.8% for the 2025 period.

Corporate

The Company's corporate results include net investment income, net realized gains or losses (which include, but are not limited to, realized and unrealized changes in the fair value of equity securities and assets accounted for using the fair value option, realized and unrealized gains or losses on derivative instruments, changes in the allowance for credit losses on financial assets and gains or losses realized from the acquisition or disposition of subsidiaries), equity in net income or loss of investments accounted for using the equity method, other income or loss, corporate expenses, transaction costs and other, amortization of intangible assets, interest expense, net foreign exchange gains or losses, income taxes, income from operating affiliates and items related to our non-cumulative preferred shares.

Net Investment Income.

The components of net investment income were derived from the following sources:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Fixed maturities	\$ 386	\$ 360	\$ 770	\$ 702
Short-term investments	26	24	50	50
Equity securities (dividends)	9	10	17	21
Other (1)	21	35	42	63
Gross investment income	442	429	879	836
Investment expenses (2)	(25)	(24)	(54)	(53)
Net investment income	\$ 417	\$ 405	\$ 825	\$ 783

- (1) Amounts include dividends and other distributions on investment funds, term loan investments, funds held balances, cash balances and other items.
- (2) Investment expenses were approximately 0.24% of average invested assets for the 2026 second quarter, compared to 0.25% for the 2025 second quarter, and 0.26% for the six months ended June 30, 2026, consistent with 0.28% for the 2025 period.

The higher level of net investment income for the 2026 periods primarily reflected growth in average invested assets, due in part to strong operating cash flows. Net cash flow from operating activities contributed \$2.5 billion for the six months ended June 30, 2026. The pre-tax investment income yield, calculated based on amortized cost and on an annualized basis, was 3.91% for the 2026 second quarter, compared to 4.25% for the 2025 second quarter, and 3.98% for the six months ended June 30, 2026, compared to 4.19% for the 2025 period.

Corporate Expenses.

Corporate expenses were \$12 million for the 2026 second quarter, compared to \$29 million for the 2025 second quarter, and \$43 million for the six months ended June 30, 2026, compared to \$79 million for the 2025 period. Such amounts primarily represent certain holding company costs necessary to support our worldwide operations and costs associated with operating as a publicly traded company. The decline in the 2026 periods primarily reflected the benefit of Bermuda qualified refundable tax credits.

Transaction Costs and Other.

Transaction costs and other for the 2026 second quarter was \$32 million, compared to \$18 million for the 2025 second quarter, and \$50 million for the six months ended June 30, 2026, compared to \$28 million for the 2025 period. Amounts in both periods primarily includes direct costs related to the MCE Acquisition.

Other Income or Losses.

Other income for the 2026 second quarter was \$30 million, compared to \$18 million for the 2025 second quarter, and \$25 million for the six months ended June 30, 2026, compared to \$16 million for the 2025 period. Amounts in both periods primarily reflect changes in the cash surrender value of our investment in corporate-owned life insurance.

Amortization of Intangible Assets.

Amortization of intangible assets for the 2026 second quarter was \$30 million, compared to \$48 million for the 2025 second quarter, and \$60 million for the six months ended June 30, 2026, compared to \$97 million for the 2025 period. Amounts in both periods primarily related to the MCE Acquisition.

Interest Expense.

Interest expense was \$44 million for the 2026 second quarter, compared to \$38 million for the 2025 second quarter, and \$81 million for the six months ended June 30, 2026, compared to \$73 million for the 2025 period. Interest expense primarily reflects amounts related to our outstanding senior notes. See [note 11, "Commitments and Contingencies,"](#) to our consolidated financial statements for additional information.

Net Realized Gains or Losses.

Net realized losses for the 2026 second quarter were \$17 million, compared to net realized gains of \$229 million for the 2025 second quarter. Net realized losses were \$104 million for the six months ended June 30, 2026, compared to net realized gains of \$232 million for the 2025 period. Amounts in both periods reflected sales of investments as well as net unrealized gains or losses related to financial market movements on the Company's equity securities and investments accounted for under the fair value option method. Amounts in the 2026 periods also include a litigation-related loss contingency recorded pursuant to ASC 450, while amounts in the 2025 periods include losses related to the sale of certain alternative investments accounted for under the equity method.

Currently, our portfolio is actively managed to maximize total return within certain guidelines. The effect of financial market movements on the investment portfolio will directly impact net realized gains or losses as the portfolio is adjusted and rebalanced. Net realized gains or losses from the sale of fixed maturities primarily results from our decisions to reduce credit exposure, to change duration targets, to rebalance our portfolios or due to relative value determinations.

Net realized gains or losses also include realized and unrealized changes in the fair value of equity securities and assets accounted for using the fair value option, realized and unrealized gains or losses on derivative instruments, changes in the allowance for credit losses on financial assets and gains or losses realized from the acquisition or disposition of subsidiaries. See [note 8, "Investment Information—Net Realized Gains \(Losses\)"](#) and [note 8, "Investment Information—Allowance for Expected Credit Losses,"](#) to our consolidated financial statements for additional information.

Equity in Net Income or Losses of Investments Accounted for Using the Equity Method.

Equity in net income of investments accounted for using the equity method was \$196 million in the 2026 second quarter, compared to \$162 million for the 2025 second quarter, and \$356 million for the six months ended June 30, 2026, compared to \$215 million for the 2025 period. Such investments are generally recorded on a one to three month lag based on the availability of reports from the investment funds. Investment funds accounted for using the equity method totaled \$6.9 billion at June 30, 2026, compared to \$6.5 billion at December 31, 2025. See [note 8, "Investment Information—Investments Accounted For Using the Equity Method,"](#) to our consolidated financial statements for additional information.

Net Foreign Exchange Gains or Losses.

Net foreign exchange gains for the 2026 second quarter were \$10 million, compared to losses of \$88 million for the 2025 second quarter. Net foreign exchange gains for the six months ended June 30, 2026 were \$31 million, compared to losses of \$115 million for the 2025 period. Amounts in both periods were primarily unrealized and resulted from the effects of revaluing our net insurance liabilities required to be settled in foreign currencies at each balance sheet date.

Income Tax Expense.

Our income tax provision on income or loss before income taxes, including income or loss from operating affiliates, resulted in an expense of 13.4% for the 2026 second quarter, compared to an expense of 14.7% for the 2025 second quarter, and an expense of 11.1% for the six months ended June 30, 2026, compared to an expense of 15.6% for the 2025 period. See [note 14, "Income Taxes"](#) to our consolidated financial statements for additional information.

Income or Losses from Operating Affiliates.

Income from operating affiliates for the 2026 second quarter was \$46 million, compared to income of \$40 million for the 2025 second quarter, and income of \$82 million for the six months ended June 30, 2026, compared to income of \$57 million for the 2025 period. Such amounts primarily related to the Company's investment in Somers Group Holdings Ltd. and Coface SA. See [note 8, "Investment Information—Investments in Operating Affiliates,"](#) to our consolidated financial statements for additional information.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND RECENT ACCOUNTING PRONOUNCEMENTS

Critical accounting policies, estimates and recent accounting pronouncements are discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our 2025 Form 10-K, updated where applicable in the notes accompanying our consolidated financial statements, including [note 1, "Basis of Presentation and Recent Accounting Pronouncements."](#)

FINANCIAL CONDITION

Investable Assets Held by Arch

At June 30, 2026, approximately \$30.5 billion, or 61.6%, of total investable assets held by Arch were internally managed, compared to \$29.5 billion, or 62.2%, at December 31, 2025. See [note 8, "Investment Information"](#) to our consolidated financial statements for additional information.

The following table summarizes the duration and average credit quality of fixed income assets held by Arch:

	June 30, 2026	December 31, 2025
Average effective fixed maturities duration (in years)	3.50	3.34
Average S&P/Moody's credit ratings (1)	AA-/Aa3	AA-/Aa3

(1) Average credit ratings on our investment portfolio on securities with ratings assigned by S&P and Moody's.

The following table provides the credit quality distribution of our fixed maturities. For individual fixed maturities, S&P ratings are used. In the absence of an S&P rating, ratings from Moody's are used, followed by ratings from Fitch Ratings.

	Estimated Fair Value	% of Total
June 30, 2026		
U.S. government and gov't agencies (1)	\$ 10,011	29.2
AAA	5,580	16.3
AA	2,638	7.7
A	6,526	19.0
BBB	6,698	19.5
BB	1,391	4.1
B	818	2.4
Lower than B	42	0.1
Not rated	626	1.8
Total	\$ 34,330	100.0
December 31, 2025		
U.S. government and gov't agencies (1)	\$ 9,561	28.5
AAA	5,667	16.9
AA	2,564	7.6
A	6,448	19.2
BBB	6,533	19.5
BB	1,330	4.0
B	734	2.2
Lower than B	35	0.1
Not rated	664	2.0
Total	\$ 33,536	100.0

(1) Includes U.S. government-sponsored agency residential mortgage-backed securities and agency commercial mortgage-backed securities.

The following table provides information on the severity of the unrealized loss position as a percentage of amortized cost for all fixed maturities which were in an unrealized loss position:

Severity of gross unrealized losses:	Estimated Fair Value	Gross Unrealized Losses	% of Total Gross Unrealized Losses
June 30, 2026			
0-10%	\$ 22,504	\$ (327)	79.0
10-20%	558	(81)	19.6
20-30%	13	(5)	1.2
Greater than 30%	2	(1)	0.2
Total	\$ 23,077	\$ (414)	100.0
December 31, 2025			
0-10%	\$ 11,702	\$ (202)	69.9
10-20%	556	(80)	27.7
20-30%	20	(6)	2.1
Greater than 30%	1	(1)	0.3
Total	\$ 12,279	\$ (289)	100.0

The following table summarizes our top ten exposures to fixed income corporate issuers by fair value at June 30, 2026, excluding guaranteed amounts and covered bonds:

	Estimated Fair Value	Credit Rating (1)
Morgan Stanley	\$ 482	A/A1
The Goldman Sachs Group, Inc.	293	BBB+/A2
JPMorgan Chase & Co.	261	A/A1
Citigroup Inc.	256	A-/A2
Bank of America Corporation	255	A-/A1
Amazon.com, Inc.	221	AA/A1
The Toronto-Dominion Bank	213	A-/A2
UBS Group AG	175	A/A1
Hyundai Motor Company	155	A-/A3
Oracle Corporation	146	BBB/Baa2
Total	\$ 2,457	

(1) Average credit ratings as assigned by S&P and Moody's, respectively.

The following table provides information on our structured securities, which includes residential mortgage-backed securities ("RMBS"), commercial mortgage-backed securities ("CMBS") and asset-backed securities ("ABS"):

	Agencies	Investment Grade	Below Investment Grade	Total
June 30, 2026				
RMBS	\$ 1,942	\$ 697	\$ 4	\$ 2,643
CMBS	6	1,431	112	1,549
ABS	—	3,376	301	3,677
Total	\$ 1,948	\$ 5,504	\$ 417	\$ 7,869
December 31, 2025				
RMBS	\$ 2,105	\$ 600	\$ —	\$ 2,705
CMBS	6	1,129	77	1,212
ABS	—	3,368	206	3,574
Total	\$ 2,111	\$ 5,097	\$ 283	\$ 7,491

The following table summarizes our equity securities, which include investments in exchange traded funds:

	June 30, 2026	December 31, 2025
Equities (1)	\$ 1,540	\$ 1,296
Exchange traded funds		
Fixed income (2)	538	316
Equity and other (3)	207	257
Total	\$ 2,285	\$ 1,869

- (1) Primarily in technology, communications, financial, consumer non-cyclical and industrial sectors at June 30, 2026.
- (2) Primarily in structured, corporate and government exposures at June 30, 2026.
- (3) Primarily in technology, financials, communications, consumer cyclical and healthcare sectors at June 30, 2026.

For details on our other investments and other investable assets, see [note 8, "Investment Information—Other Investments"](#) to our consolidated financial statements.

For details on our investments accounted for using the equity method, see [note 8, "Investment Information—Investments Accounted For Using the Equity Method,"](#) to our consolidated financial statements.

Our investment strategy allows for the use of derivative instruments. We utilize various derivative instruments such as futures contracts to enhance investment performance, replicate investment positions or manage market exposures and duration risk that would be allowed under our investment guidelines if implemented in other ways. See [note 10, "Derivative Instruments,"](#) to our consolidated financial statements for additional disclosures related to derivatives.

Accounting guidance regarding fair value measurements addresses how companies should measure fair value when they are required to use a fair value measure for recognition or disclosure purposes under GAAP and provides a common definition of fair value to be used throughout GAAP. See [note 9, “Fair Value,”](#) to our consolidated financial statements for a summary of our financial assets and liabilities measured at fair value, segregated by level in the fair value hierarchy.

Reinsurance

The effects of reinsurance on written and earned premiums and losses and loss adjustment expenses (“LAE”) with unaffiliated reinsurers were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Premiums written:				
Direct	\$ 2,622	\$ 2,581	\$ 5,348	\$ 5,173
Assumed	3,504	3,615	7,203	7,486
Ceded	(2,077)	(1,848)	(4,154)	(3,796)
Net	<u>\$ 4,049</u>	<u>\$ 4,348</u>	<u>\$ 8,397</u>	<u>\$ 8,863</u>
Premiums earned:				
Direct	\$ 2,587	\$ 2,560	\$ 5,139	\$ 5,020
Assumed	2,989	3,332	5,965	6,559
Ceded	(1,591)	(1,555)	(3,133)	(3,054)
Net	<u>\$ 3,985</u>	<u>\$ 4,337</u>	<u>\$ 7,971</u>	<u>\$ 8,525</u>
Losses and LAE:				
Direct	\$ 1,596	\$ 1,464	\$ 3,075	\$ 2,741
Assumed	1,426	1,624	2,778	4,195
Ceded	(826)	(785)	(1,568)	(2,046)
Net	<u>\$ 2,196</u>	<u>\$ 2,303</u>	<u>\$ 4,285</u>	<u>\$ 4,890</u>

See [note 7, “Allowance for Expected Credit Losses,”](#) to our consolidated financial statements for information about our reinsurance recoverables and related allowance for credit losses.

Bellemeade Re

We have entered into aggregate excess of loss mortgage reinsurance agreements with various special purpose reinsurance companies domiciled in Bermuda (the “Bellemeade Agreements”). For the respective coverage periods, we will retain the first layer of the respective aggregate losses and the special purpose reinsurance companies will provide second layer coverage up to the outstanding coverage amount. We will then retain losses in excess of the outstanding coverage limit. The aggregate excess of loss reinsurance coverage generally decreases over a ten-year period as the underlying covered mortgages amortize, unless provisional call options embedded within certain of the Bellemeade Agreements are executed or if pre-defined delinquency triggering events occur.

The following table summarizes the respective coverages and retentions at June 30, 2026:

Bellemeade Entities (Issue Date)	Initial Coverage at Issuance	Current Coverage	Remaining Retention, Net
2021-3 Ltd. (1)	\$ 639	\$ 29	\$ 128
2022-1 Ltd. (2)	317	52	132
2022-2 Ltd. (3)	327	124	181
2023-1 Ltd. (4)	233	153	152
2024-1 Ltd. (5)	204	118	161
2025-1 Ltd. (6)	249	215	161
Total	<u>\$ 1,969</u>	<u>\$ 691</u>	<u>\$ 915</u>

- (1) Issued in September 2021, covering in-force policies issued between April 1, 2021 and June 30, 2021. \$508 million was directly funded by Bellemeade Re 2021-3 Ltd. via insurance-linked notes, with an additional \$131 million capacity provided directly to Arch MI U.S. by a separate panel of reinsurers.
- (2) Issued in January 2022, covering in-force policies issued between July 1, 2021 and November 30, 2021. \$284 million was directly funded by Bellemeade Re 2022-1 Ltd. via insurance-linked notes, with an additional \$33 million capacity provided directly to Arch MI U.S. by a separate panel of reinsurers.
- (3) Issued in September 2022, covering in-force policies issued between November 1, 2021 and June 30, 2022. \$201 million was directly funded by Bellemeade Re 2022-2 Ltd. via insurance-linked notes, with an additional \$126 million capacity provided directly to Arch MI U.S. by a separate panel of reinsurers.
- (4) Issued in October 2023, covering in-force policies issued between January 1, 2023 and September 30, 2023. \$186 million was directly funded by Bellemeade Re 2023-1 Ltd. via insurance-linked notes, with an additional \$47 million capacity provided directly to Arch MI U.S. by a separate panel of reinsurers.
- (5) Issued in August 2024, covering in-force policies issued between September 1, 2023 and July 31, 2024. \$163 million was directly funded by Bellemeade Re 2024-1 Ltd. via insurance-linked notes, with an additional \$41 million capacity provided directly to Arch MI U.S. by a separate panel of reinsurers.
- (6) Issued in November 2025, covering in-force policies issued between July 1, 2024 and September 30, 2025. \$199 million was directly funded by Bellemeade Re 2025-1 Ltd. via insurance-linked notes, with an additional \$50 million capacity provided directly to Arch MI U.S. by a separate panel of reinsurers.

Reserve for Losses and Loss Adjustment Expenses

We establish reserve for losses and loss adjustment expenses (“Loss Reserves”) which represent estimates involving actuarial and statistical projections, at a given point in time, of our expectations of the ultimate settlement and administration costs of losses incurred. Estimating Loss Reserves is inherently difficult. We utilize actuarial models as well as available historical insurance industry loss ratio experience and loss development patterns to assist in the establishment of Loss Reserves. Actual losses and loss adjustment expenses paid will deviate, perhaps substantially, from the reserve estimates reflected in our financial statements.

At June 30, 2026 and December 31, 2025, our Loss Reserves, net of unpaid losses and loss adjustment expenses recoverable, by type and by operating segment were as follows:

	June 30, 2026	December 31, 2025
Insurance segment:		
Case reserves	\$ 3,549	\$ 3,489
IBNR reserves	9,630	9,251
Total net reserves	13,179	12,740
Reinsurance segment:		
Case reserves	2,947	2,929
Additional case reserves	941	1,034
IBNR reserves	7,937	7,349
Total net reserves	11,825	11,312
Mortgage segment:		
Case reserves	341	324
IBNR reserves	119	117
Total net reserves	460	441
Total:		
Case reserves	6,837	6,742
Additional case reserves	941	1,034
IBNR reserves	17,686	16,717
Total net reserves	\$ 25,464	\$ 24,493

At June 30, 2026 and December 31, 2025, the insurance segment's Loss Reserves by major line of business, net of unpaid losses and loss adjustment expenses recoverable, were as follows:

	June 30, 2026	December 31, 2025
Insurance segment:		
Third party occurrence business	\$ 4,777	\$ 4,610
Multi-line and other specialty	4,360	4,345
Third party claims-made business	2,946	2,861
Property, energy, marine and aviation	1,096	924
Total net reserves	\$ 13,179	\$ 12,740

At June 30, 2026 and December 31, 2025, the reinsurance segment's Loss Reserves by major line of business, net of unpaid losses and loss adjustment expenses recoverable, were as follows:

	June 30, 2026	December 31, 2025
Reinsurance segment:		
Casualty	\$ 4,131	\$ 3,823
Specialty	3,840	3,658
Property excluding property catastrophe	2,191	2,107
Property catastrophe	886	953
Marine and aviation	572	582
Other	205	189
Total net reserves	\$ 11,825	\$ 11,312

At June 30, 2026 and December 31, 2025, the mortgage segment's Loss Reserves by major line of business, net of unpaid losses and loss adjustment expenses recoverable, were as follows:

	June 30, 2026	December 31, 2025
Mortgage segment:		
U.S. primary mortgage insurance	\$ 341	\$ 321
U.S. credit risk transfer (CRT) and other	58	64
International mortgage insurance/reinsurance	61	56
Total net reserves	\$ 460	\$ 441

Mortgage Operations Supplemental Information

The mortgage segment's insurance in force ("IIF") and risk in force ("RIF") were as follows at June 30, 2026 and December 31, 2025:

	June 30, 2026		December 31, 2025	
	Amount	%	Amount	%
Insurance In Force (IIF) (1):				
U.S. primary mortgage insurance	\$ 286,399	59.8	\$ 286,318	59.1
U.S. credit risk transfer (CRT) and other	128,228	26.8	132,205	27.3
International mortgage insurance/reinsurance	64,254	13.4	66,084	13.6
Total	\$ 478,881	100.0	\$ 484,607	100.0

Risk In Force (RIF) (2):				
U.S. primary mortgage insurance	\$ 73,978	84.3	\$ 74,679	85.0
U.S. credit risk transfer (CRT) and other	5,194	5.9	5,358	6.1
International mortgage insurance/reinsurance	8,599	9.8	7,864	8.9
Total	\$ 87,771	100.0	\$ 87,901	100.0

- (1) Represents the aggregate dollar amount of each insured mortgage loan's current principal balance. Such amounts are shown before external reinsurance.
- (2) The aggregate dollar amount of each insured mortgage loan's current principal balance multiplied by the insurance coverage percentage specified in the policy for insurance policies issued and after contract limits and/or loss ratio caps for risk-sharing or reinsurance. Such amounts are shown before external reinsurance.

The IIF and RIF for our U.S. primary mortgage insurance business by policy year were as follows at June 30, 2026:

	IIF		RIF		Delinquency
	Amount	%	Amount	%	Rate (1)
Policy year:					
2016 and prior	\$ 18,210	6.4	\$ 4,632	6.3	4.72 %
2017	3,188	1.1	825	1.1	4.48 %
2018	4,956	1.7	1,293	1.7	4.46 %
2019	9,003	3.1	2,374	3.2	2.97 %
2020	26,603	9.3	7,338	9.9	1.88 %
2021	45,079	15.7	12,454	16.8	1.92 %
2022	45,532	15.9	12,290	16.6	1.94 %
2023	27,590	9.6	7,125	9.6	2.09 %
2024	35,074	12.2	8,807	11.9	1.45 %
2025	41,632	14.5	10,106	13.7	0.45 %
2026	29,532	10.3	6,734	9.1	0.06 %
Total	<u>\$ 286,399</u>	<u>100.0</u>	<u>\$ 73,978</u>	<u>100.0</u>	<u>2.07 %</u>

(1) Represents the ending percentage of loans in default.

The IIF and RIF for our U.S. primary mortgage insurance business by policy year were as follows at December 31, 2025:

	IIF		RIF		Delinquency
	Amount	%	Amount	%	Rate (1)
Policy year:					
2016 and prior	\$ 19,384	6.8	\$ 4,923	6.6	5.08 %
2017	4,250	1.5	1,127	1.5	3.87 %
2018	5,673	2.0	1,479	2.0	4.48 %
2019	10,553	3.7	2,770	3.7	3.08 %
2020	30,968	10.8	8,487	11.4	1.85 %
2021	50,141	17.5	13,767	18.4	1.88 %
2022	49,492	17.3	13,236	17.7	1.87 %
2023	31,049	10.8	8,006	10.7	1.93 %
2024	39,306	13.7	9,840	13.2	1.17 %
2025	45,502	15.9	11,044	14.8	0.20 %
Total	<u>\$ 286,318</u>	<u>100.0</u>	<u>\$ 74,679</u>	<u>100.0</u>	<u>2.17 %</u>

(1) Represents the ending percentage of loans in default.

The following tables provide supplemental disclosures on risk in force for our U.S. primary mortgage insurance business at June 30, 2026 and December 31, 2025:

	June 30, 2026		December 31, 2025	
	Amount	%	Amount	%
Credit quality:				
>=740	\$ 48,123	65.1	\$ 47,757	63.9
680-739	22,351	30.2	23,271	31.2
620-679	3,208	4.3	3,340	4.5
<620	296	0.4	311	0.4
Total	<u>\$ 73,978</u>	<u>100.0</u>	<u>\$ 74,679</u>	<u>100.0</u>
Weighted average credit score	751		749	
Loan-to-value (LTV):				
95.01% and above	\$ 7,417	10.0	\$ 7,314	9.8
90.01% to 95.00%	43,944	59.4	44,494	59.6
85.01% to 90.00%	19,727	26.7	20,195	27.0
85.00% and below	2,890	3.9	2,676	3.6
Total	<u>\$ 73,978</u>	<u>100.0</u>	<u>\$ 74,679</u>	<u>100.0</u>
Weighted average LTV	93.2 %		93.2 %	
Total RIF, net of external reinsurance	\$ 61,982		\$ 60,259	

	June 30, 2026		December 31, 2025	
	Amount	%	Amount	%
Total RIF by State:				
California	\$ 5,945	8.0	\$ 5,901	7.9
Texas	5,385	7.3	5,382	7.2
North Carolina	3,266	4.4	3,343	4.5
Minnesota	3,099	4.2	3,129	4.2
Illinois	3,067	4.1	3,042	4.1
Georgia	2,927	4.0	3,005	4.0
Michigan	2,766	3.7	2,816	3.8
Florida	2,678	3.6	2,672	3.6
Ohio	2,648	3.6	2,666	3.6
Massachusetts	2,635	3.6	2,780	3.7
Other	39,562	53.5	39,943	53.5
Total	<u>\$ 73,978</u>	<u>100.0</u>	<u>\$ 74,679</u>	<u>100.0</u>

The following table provides supplemental disclosures for our U.S. primary mortgage insurance business related to insured loans and loss metrics:

(U.S. Dollars in thousands, except policy, loan and claim count)	Six Months Ended June 30,	
	2026	2025
<u>Roll-forward of insured loans in default:</u>		
Beginning delinquent number of loans	22,985	22,982
New notices	23,060	22,385
Cures	(23,793)	(24,005)
Paid claims	(733)	(600)
Ending delinquent number of loans (1)	21,519	20,762
Ending number of policies in force (1)	1,039,751	1,073,477
Ending percentage of loans in default (1)	2.07 %	1.93 %
<u>Losses:</u>		
Number of claims paid	733	600
Total paid claims	\$ 34,648	\$ 24,653
Average per claim	\$ 47.3	\$ 41.1
Severity (2)	78.4 %	76.0 %
Average case reserve per default (1)	\$ 16.9	\$ 16.8

(1) Includes first lien primary and pool policies.

(2) Represents total direct first lien paid claims divided by RIF of loans for which claims were paid, excluding paid claim settlements.

The risk to capital ratio, which represents total current (non-delinquent) risk in force, net of reinsurance, divided by total statutory capital, for Arch MI U.S. was approximately 8.8 to 1 at June 30, 2026, compared to 8.2 to 1 at December 31, 2025.

Shareholders' Equity and Book Value per Share

The following table presents the calculation of book value per share:

	June 30, 2026	December 31, 2025
Total shareholders' equity available to Arch	\$ 24,030	\$ 24,206
Less preferred shareholders' equity	830	830
Common shareholders' equity available to Arch	\$ 23,200	\$ 23,376
Common shares and common share equivalents outstanding, net of treasury shares (1)	341.0	359.0
Book value per share	\$ 68.04	\$ 65.11

(1) Excludes the effects of 8.5 million and 10.2 million stock options and 0.4 million and 0.3 million restricted and performance share units outstanding at June 30, 2026 and December 31, 2025, respectively.

LIQUIDITY

Liquidity is a measure of our ability to access sufficient cash flows to meet the short-term and long-term cash requirements of our business operations.

Arch Capital is a holding company whose assets primarily consist of shares in its subsidiaries. Generally, Arch Capital depends on its available cash resources, liquid investments and dividends or other distributions from its subsidiaries to make payments, including the payment of debt service obligations and operating expenses it may incur and any dividends or liquidation amounts with respect to our preferred and common shares.

For the six months ended June 30, 2026, Arch Capital received dividends of \$1.9 billion from Arch Reinsurance Ltd. ("Arch Re Bermuda"), our Bermuda based reinsurer and insurer, which can pay approximately \$4.5 billion to Arch Capital during the remainder of 2026 without providing an affidavit to the Bermuda Monetary Authority.

We expect that our liquidity needs, including our anticipated (re)insurance obligations and operating and capital expenditure needs, for the next 12 months and for the foreseeable future thereafter, will be met by funds generated from underwriting activities and investment income, as well as by our balance of cash, short-term investments, proceeds on the sale or maturity of our investments, and our credit facilities.

Cash Flows

The following table summarizes our cash flows from operating, investing and financing activities:

	Six Months Ended June 30,	
	2026	2025
Total cash provided by (used for):		
Operating activities	\$ 2,510	\$ 2,582
Investing activities	(2,174)	(2,236)
Financing activities	(398)	(369)
Effects of exchange rate changes on foreign currency cash and restricted cash	1	71
Increase (decrease) in cash and restricted cash	\$ (61)	\$ 48

Cash provided by operating activities for the six months ended June 30, 2026 was lower than in the 2025 period. Activity for the six months ended June 30, 2026 primarily reflected a lower level of premium collected than in the 2025 period.

Cash used for investing activities for the six months ended June 30, 2026 was lower than in the 2025 period. Activity for the six months ended June 30, 2026 reflected higher purchases and sales of investments than in the 2025 period.

Cash used for financing activities for the six months ended June 30, 2026 was higher than in the 2025 period and reflected the issuance of \$2.0 billion of senior notes, partially offset by tender offer activity of \$398 million. In addition, we repurchased approximately \$1.9 billion of our common shares in the 2026 period, compared to \$359.7 million in the 2025 period.

CAPITAL RESOURCES

The following table provides an analysis of our capital structure:

	June 30, 2026	December 31, 2025
Senior notes	\$ 4,286	\$ 2,729
Shareholders' equity available to Arch:		
Series F non-cumulative preferred shares	\$ 330	\$ 330
Series G non-cumulative preferred shares	500	500
Common shareholders' equity	23,200	23,376
Total	\$ 24,030	\$ 24,206
Total capital available to Arch	\$ 28,316	\$ 26,935
Debt to total capital (%)	15.1	10.1
Preferred to total capital (%)	2.9	3.1
Debt and preferred to total capital (%)	18.1	13.2

On June 9, 2026, Arch Capital completed a public offering of \$2.0 billion of senior notes, consisting of \$600 million of 5.250% senior notes due in 2036 and \$1.4 billion of 5.950% senior notes due in 2056. Arch Capital used a portion of the net proceeds to pay the tender price for the cash tender offers described below and expects to use the remaining net proceeds from this offering to redeem, repurchase, repay or otherwise retire its 4.011% senior notes due in 2026 and the balance for general corporate purposes. On June 16, 2026, the Company completed the cash tender offers for certain outstanding senior notes, with Arch Capital Group (U.S.) Inc. ("Arch-U.S.") repurchasing \$218.7 million of its 5.144% senior notes due in 2043, and Arch Capital Finance LLC ("Arch Finance") repurchasing \$199.1 million of its 5.031% senior notes due in 2046. See [note 11, "Commitments and Contingencies,"](#) to our consolidated financial statements for additional information.

Arch MI U.S. is required to maintain compliance with the GSEs requirements, known as the Private Mortgage Insurer Eligibility Requirements or "PMIERS." The financial requirements require an eligible mortgage insurer's available assets, which generally include only the most liquid assets of an insurer, to meet or exceed "minimum required assets" as of each quarter end. Minimum required assets are calculated from PMIERS tables with several risk dimensions (including origination year, original loan-to-value and original credit score of performing loans, and the delinquency status of non-performing loans) and are subject

to a minimum amount. Arch MI U.S. satisfied the PMIERS' financial requirements with an estimated PMIERS sufficiency ratio of 165% at June 30, 2026, compared to 179% at December 31, 2025. On August 21, 2024, Fannie Mae and Freddie Mac each updated their PMIERS to incorporate new deductions to available assets for investment risk. This update became effective on March 31, 2025, but the impact will be phased in through September 30, 2026. If the GSEs had fully implemented this update to PMIERS as of June 30, 2026, the changes would have reduced the available assets by 3% and resulted in a pro-forma PMIERS sufficiency ratio of 162%.

As part of our capital management program, we may seek to raise additional capital or may seek to return capital to our shareholders through share repurchases, cash dividends or other methods (or a combination of such methods). We may also seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity or debt, in open-market purchases, privately negotiated transactions or otherwise. Any such determination will be at the discretion of the Board and will be dependent upon our profits, financial requirements and other factors, including legal restrictions, rating agency requirements, prevailing market conditions and such other factors as our Board deems relevant. The amounts involved may be material.

Arch Capital, through its subsidiaries, provides financial support to certain of its insurance subsidiaries and affiliates, through certain reinsurance arrangements beneficial to the ratings of such subsidiaries. Historically, our insurance, reinsurance and mortgage insurance subsidiaries have entered into separate reinsurance arrangements with Arch Re Bermuda covering individual lines of business.

GUARANTOR INFORMATION

The below table provides a description of our senior notes payable at June 30, 2026:

Issuer/Due	Interest (Fixed)	Principal Amount	Carrying Amount
Arch Capital:			
May 1, 2034	7.350 %	\$ 300	\$ 298
June 15, 2036	5.250 %	600	591
June 30, 2050	3.635 %	1,000	990
June 15, 2056	5.950 %	1,400	1,379
Arch-U.S.:			
Nov. 1, 2043 (1)	5.144 %	281	279
Arch Finance:			
Dec. 15, 2026 (1)	4.011 %	500	500
Dec. 15, 2046 (1)	5.031 %	251	249
Total		\$ 4,332	\$ 4,286

(1) Fully and unconditionally guaranteed by Arch Capital.

Our senior notes were issued by Arch Capital, Arch-U.S. and Arch Finance. Arch-U.S. is a wholly-owned subsidiary of Arch Capital and Arch Finance is a wholly-owned finance subsidiary of Arch-U.S. Our 2034 senior notes, 2036 senior notes, 2050 senior notes and 2056 senior notes issued by Arch Capital are unsecured and unsubordinated obligations of Arch Capital and ranked equally with all of its existing and future unsecured and unsubordinated indebtedness. The 2043 senior notes issued by Arch-U.S. are unsecured and unsubordinated obligations of Arch-U.S. and Arch Capital and rank equally and ratably with the other unsecured and unsubordinated indebtedness of Arch-U.S. and Arch Capital. The 2026 senior notes and 2046 senior notes issued by Arch Finance are unsecured and unsubordinated obligations of Arch Finance and Arch Capital and rank equally and ratably with the other unsecured and unsubordinated indebtedness of Arch Finance and Arch Capital.

Arch-U.S. and Arch Finance depend on their available cash resources, liquid investments and dividends or other distributions from their subsidiaries or affiliates to make payments, including the payment of debt service obligations and operating expenses they may incur.

The following tables present condensed financial information for Arch Capital (parent guarantor) and Arch-U.S. (subsidiary issuer):

	June 30, 2026		December 31, 2025	
	Arch Capital	Arch-U.S.	Arch Capital	Arch-U.S.
Assets				
Total investments	\$ 27	\$ 662	\$ 40	\$ 442
Cash	30	3	13	4
Investment in operating affiliates	2	—	3	—
Due from subsidiaries and affiliates	13	25	16	14
Other assets	253	136	194	129
Total assets	<u>\$ 325</u>	<u>\$ 826</u>	<u>\$ 266</u>	<u>\$ 589</u>
Liabilities				
Senior notes	3,258	279	1,288	496
Due to subsidiaries and affiliates	6	1,009	6	993
Other liabilities	66	61	41	58
Total liabilities	<u>\$ 3,330</u>	<u>\$ 1,349</u>	<u>\$ 1,335</u>	<u>\$ 1,547</u>
Non-cumulative preferred shares				
	\$ 830	—	\$ 830	—

	Six Months Ended June 30, 2026	
	Arch Capital	Arch-U.S.
Revenues		
Net investment income	\$ 1	\$ 12
Net realized gains (losses)	—	5
Equity in net income (loss) of investments accounted for using the equity method	—	(5)
Total revenues	<u>1</u>	<u>12</u>
Expenses		
Corporate expenses	43	3
Interest expense	36	12
Interest expense (intercompany)	—	29
Total expenses	<u>79</u>	<u>44</u>
Income (loss) before income taxes and income (loss) from operating affiliates	(78)	(32)
Income tax (expense) benefit	24	1
Net income available to Arch	<u>(54)</u>	<u>(31)</u>
Preferred dividends	(20)	—
Net income (loss) available to Arch common shareholders	<u>\$ (74)</u>	<u>\$ (31)</u>

CATASTROPHIC AND SEVERE ECONOMIC EVENTS

We have large aggregate exposures to natural and man-made catastrophic events, pandemic events and severe economic events. Natural catastrophes can be caused by various events, including hurricanes, floods, windstorms, earthquakes, hailstorms, tornadoes, explosions, severe winter weather, fires, droughts and other natural disasters. Man-made catastrophic events may include acts of war, acts of terrorism and political instability. Catastrophes can also cause losses in non-property business such as mortgage insurance, workers' compensation or general liability. In addition to the nature of property business, we believe that economic and geographic trends affecting insured property, including inflation, property value appreciation and geographic concentration, tend to generally increase the size of losses from catastrophic events over time.

Our models employ both proprietary and vendor-based systems and include cross-line correlations for property, marine, offshore energy, aviation, workers compensation and personal accident. We seek to limit the probable maximum pre-tax loss to a specific level for severe catastrophic events. Currently, we seek to limit our 1-in-250 year return period net probable maximum loss from a severe catastrophic event in any geographic zone to approximately 25% of tangible shareholders' equity available to Arch (total shareholders' equity available to Arch less goodwill and intangible assets). We reserve the right to change this threshold at any time.

Based on in-force exposure estimated as of July 1, 2026, our modeled peak zone catastrophe exposure was a windstorm affecting the Florida Tri-County regions, with a net probable maximum pre-tax loss of \$1.8 billion, or 8.0% of tangible shareholders' equity available to Arch, followed by windstorms affecting the Northeastern U.S. and the Gulf of Mexico regions with net probable maximum pre-tax losses of \$1.5 billion and \$1.4 billion, respectively. Our exposures to other perils, such as U.S. earthquake and international events, were less than the exposures arising from U.S. windstorms and hurricanes. As of July 1, 2026, our modeled peak zone earthquake exposure (San Francisco earthquake) represented approximately 50% of our peak zone catastrophe exposure, and our modeled peak zone international exposure (Australia earthquake) was substantially less than both our peak zone windstorm and earthquake exposures.

We also have significant exposure to losses due to mortgage defaults resulting from severe economic events in the future. For our U.S. and Australian mortgage insurance business, we have developed a proprietary risk model ("Realistic Disaster Scenario" or "RDS") that simulates the maximum loss resulting from a severe economic downturn impacting the housing market. The RDS models the collective impact of adverse conditions for key economic indicators, the most significant of which is a decline in home prices. The RDS model projects paths of future home prices, unemployment rates, income levels and interest rates and assumes correlation across states and geographic regions. The resulting future performance of our in-force portfolio is then estimated under the economic stress scenario, reflecting loan and borrower information.

Currently, we seek to limit our modeled RDS loss from a severe economic event to approximately 25% of tangible shareholders' equity available to Arch. We reserve the right to change this threshold at any time. Based on in-force exposure estimated as of July 1, 2026, our modeled RDS loss was approximately \$955 million, or 4.2% of tangible shareholders' equity available to Arch.

Net probable maximum loss estimates are net of expected reinsurance recoveries, before income tax and before excess reinsurance reinstatement premiums. RDS loss estimates are net of expected reinsurance recoveries and before income tax. Catastrophe loss estimates are reflective of the zone indicated and not the entire portfolio. Since hurricanes and windstorms can affect more than one zone and make multiple landfalls, our catastrophe loss estimates include clash estimates from other zones. Our catastrophe loss estimates and RDS loss estimates do not represent our maximum exposures and it is highly likely that our actual incurred losses would vary materially from the modeled estimates. There can be no assurances that we will not suffer pre-tax losses greater than 25% of our tangible

shareholders' equity from one or more catastrophic events or severe economic events due to several factors. These factors include the inherent uncertainties in estimating the frequency and severity of such events and the margin of error in making such determinations resulting from potential inaccuracies and inadequacies in the data provided by clients and brokers, the modeling techniques and the application of such techniques or as a result of a decision to change the percentage of shareholders' equity exposed to a single catastrophic event or severe economic event. In addition, actual losses may increase if our reinsurers fail to meet their obligations to us or the reinsurance protections purchased by us are exhausted or are otherwise unavailable. See "Risk Factors—Risks Relating to Our Industry" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Catastrophic Events and Severe Economic Events" in our 2025 Form 10-K.

MARKET SENSITIVE INSTRUMENTS AND RISK MANAGEMENT

In accordance with the SEC's Financial Reporting Release No. 48, we performed a sensitivity analysis to determine the effects that market risk exposures could have on the future earnings, fair values or cash flows of our financial instruments as of June 30, 2026. Market risk represents the risk of changes in the fair value of a financial instrument and is comprised of several components, including liquidity, basis and price risks.

An analysis of material changes in market risk exposures at June 30, 2026 that affect the quantitative and qualitative disclosures presented in our 2025 Form 10-K (see section captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations—Market Sensitive Instruments and Risk Management") were as follows:

Investment Market Risk

Fixed Income Securities. We invest in interest rate sensitive securities, which are primarily debt securities. We consider the effect of interest rate movements on the fair value of our fixed maturities, short-term investments and certain of our other investments, equity securities and investments accounted for using the equity method which invest in fixed income securities (collectively, "Fixed Income Securities") and the corresponding change in unrealized appreciation. As interest rates rise, the fair value of our Fixed Income Securities falls, and the converse is also true. Based on historical observations, there is a low probability that all interest rate yield curves would shift in the same direction at the same time. Furthermore, at times interest rate movements in certain credit sectors exhibit a much lower correlation to changes in U.S. Treasury yields. Accordingly, the actual effect of interest rate movements may differ

materially from the amounts set forth in the following tables.

The following table summarizes the effect that an immediate, parallel shift in the interest rate yield curve would have had on our Fixed Income Securities:

(U.S. dollars in billions)	Interest Rate Shift in Basis Points				
	-100	-50	—	+50	+100
June 30, 2026					
Total fair value	\$ 47.7	\$ 47.0	\$ 46.3	\$ 45.6	\$ 45.0
Change from base	3.0 %	1.5 %		(1.5)%	(2.9)%
Change in unrealized value	\$ 1.4	\$ 0.7		\$ (0.7)	\$ (1.3)
December 31, 2025					
Total fair value	\$ 45.8	\$ 45.2	\$ 44.6	\$ 44.0	\$ 43.3
Change from base	2.8 %	1.4 %		(1.4)%	(2.8)%
Change in unrealized value	\$ 1.2	\$ 0.6		\$ (0.6)	\$ (1.2)

In addition, we consider the effect of credit spread movements on the market value of our Fixed Income Securities and the corresponding change in unrealized value. As credit spreads widen, the fair value of our Fixed Income Securities falls, and the converse is also true. In periods where the spreads on our Fixed Income Securities are much higher than their historical average due to short-term market dislocations, a parallel shift in credit spread levels would result in a much more pronounced change in unrealized value.

The following table summarizes the effect that an immediate, parallel shift in credit spreads in a static interest rate environment would have had on our Fixed Income Securities:

(U.S. dollars in billions)	Credit Spread Shift in Percentage Points				
	-100	-50	—	+50	+100
June 30, 2026					
Total fair value	\$ 47.5	\$ 46.9	\$ 46.3	\$ 45.7	\$ 45.1
Change from base	2.6 %	1.3 %		(1.3)%	(2.6)%
Change in unrealized value	\$ 1.2	\$ 0.6		\$ (0.6)	\$ (1.2)
December 31, 2025					
Total fair value	\$ 45.8	\$ 45.2	\$ 44.6	\$ 44.0	\$ 43.3
Change from base	2.8 %	1.4 %		(1.4)%	(2.8)%
Change in unrealized value	\$ 1.2	\$ 0.6		\$ (0.6)	\$ (1.2)

Another method that attempts to measure portfolio risk is Value-at-Risk (“VaR”). VaR measures the worst expected loss under normal market conditions over a specific time interval at a given confidence level. The 1-year 95th percentile parametric VaR reported herein estimates that 95% of the time, the portfolio loss in a one-year horizon would be less than or equal to the calculated number, stated as a percentage of the measured portfolio’s initial value. The VaR is a variance-covariance based estimate, based on linear

sensitivities of a portfolio to a broad set of systematic market risk factors and idiosyncratic risk factors mapped to the portfolio exposures. The relationships between the risk factors are estimated using historical data, and the most recent data points are generally given more weight. As of June 30, 2026, our portfolio’s 95th percentile VaR was estimated to be 6.4%, compared to an estimated 6.5% at December 31, 2025. In periods where the volatility of the risk factors mapped to our portfolio’s exposures is higher due to market conditions, the resulting VaR is higher than in other periods.

Equity Securities. At June 30, 2026 and December 31, 2025, the fair value of our investments in equity securities and certain investments accounted for using the equity method with underlying equity strategies totaled \$2.1 billion and \$1.8 billion, respectively. These investments are exposed to price risk, which is the potential loss arising from decreases in fair value. An immediate hypothetical 10% decline in the value of each position would reduce the fair value of such investments by approximately \$209 million and \$178 million at June 30, 2026 and December 31, 2025, respectively, and would have decreased book value per share by approximately \$0.61 and \$0.50, respectively. An immediate hypothetical 10% increase in the value of each position would increase the fair value of such investments by approximately \$209 million and \$178 million at June 30, 2026 and December 31, 2025, respectively, and would have increased book value per share by approximately \$0.61 and \$0.50, respectively.

Investment-Related Derivatives. At June 30, 2026, the notional value of all derivative instruments (excluding foreign currency forward contracts which are included in the foreign currency exchange risk analysis below) was \$10.9 billion, compared to \$8.0 billion at December 31, 2025. If the underlying exposure of each investment-related derivative held at June 30, 2026 depreciated by 100 basis points, it would have resulted in a reduction in net income of approximately \$109 million, and a decrease in book value per share of approximately \$0.32 per share, compared to \$80 million and \$0.22 per share, respectively, on investment-related derivatives held at December 31, 2025. If the underlying exposure of each investment-related derivative held at June 30, 2026 appreciated by 100 basis points, it would have resulted in an increase in net income of approximately \$109 million, and an increase in book value per share of approximately \$0.32 per share, compared to \$80 million and \$0.22 per share, respectively, on investment-related derivatives held at December 31, 2025. See [note 10, “Derivative Instruments,”](#) to our consolidated financial statements for additional disclosures concerning derivatives.

For further discussion on investment activity, please refer to “Financial Condition—Investable Assets.”

Foreign Currency Exchange Risk

Foreign currency rate risk is the potential change in value, income and cash flow arising from adverse changes in foreign currency exchange rates. Through our subsidiaries and branches located in various foreign countries, we conduct our insurance and reinsurance operations in a variety of local currencies other than the U.S. Dollar. We generally hold investments in foreign currencies which are intended to mitigate our exposure to foreign currency fluctuations in our net insurance liabilities. We may also utilize foreign currency forward contracts and currency options as part of our investment strategy. See [note 10, “Derivative Instruments,”](#) to our consolidated financial statements for additional information.

The following table provides a summary of our net foreign currency exchange exposures, as well as foreign currency derivatives in place to manage these exposures:

	June 30, 2026	December 31, 2025
Net assets (liabilities), denominated in foreign currencies, excluding shareholders' equity and derivatives	\$ (601)	\$ (498)
Shareholders' equity denominated in foreign currencies (1)	1,209	1,220
Net foreign currency forward contracts outstanding (2)	1,067	478
Net exposures denominated in foreign currencies	\$ 1,675	\$ 1,200
Pre-tax impact of a hypothetical 10% appreciation of the U.S. Dollar against foreign currencies:		
Shareholders' equity	\$ (168)	\$ (120)
Book value per share	\$ (0.49)	\$ (0.33)
Pre-tax impact of a hypothetical 10% decline of the U.S. Dollar against foreign currencies:		
Shareholders' equity	\$ 168	\$ 120
Book value per share	\$ 0.49	\$ 0.33

(1) Represents capital contributions held in the foreign currencies of our operating units.

(2) Represents the net notional value of outstanding foreign currency forward contracts.

Although we generally attempt to match the currency of our projected liabilities with investments in the same currencies, from time to time we may elect to over or underweight one or more currencies, which could increase our exposure to foreign currency fluctuations and increase the volatility of our shareholders' equity. Historical observations indicate a low probability that all foreign currency exchange rates would shift against the U.S. Dollar in the same direction and at the same time and, accordingly, the actual effect of foreign currency rate movements may differ materially from the amounts set forth above. For further discussion on foreign exchange activity, please refer to “Results of Operations.”

Effects of Inflation

General economic inflation has increased in recent quarters and may continue to remain at elevated levels for an extended period of time. The potential also exists, after a catastrophe loss or pandemic events, for the development of inflationary pressures in a local economy. This risk may be heightened from time to time by geopolitical tensions, global supply chain disruptions, tariffs, and other contributing factors. This may have a material effect on the adequacy of our reserves for losses and loss adjustment expenses, especially in longer-tailed lines of business, and on the market value of our investment portfolio through rising interest rates. The anticipated effects of inflation are considered in our pricing models, reserving processes and exposure management, across all lines of business and types of loss including natural catastrophe events. The actual effects of inflation on our results cannot be accurately known until claims are ultimately settled and will vary by the specific type of inflation affecting each line of business.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Reference is made to the information appearing above under the subheading “Market Sensitive Instruments and Risk Management” under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” which information is hereby incorporated by reference.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

In connection with the filing of this Form 10-Q, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the Company's disclosure controls and procedures, as of the end of the period covered by this report, for the purposes set forth in the applicable rules under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on that evaluation and subject to the below, our Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report. Disclosure controls and procedures are the controls and other procedures designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There have been no changes in internal control over financial reporting that occurred during the quarter ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We, in common with the insurance industry in general, are subject to litigation and arbitration in the normal course of our business. As of June 30, 2026, we were not a party to any litigation or arbitration which is expected by management to have a material adverse effect on our results of operations and financial condition and liquidity.

ITEM 1A. RISK FACTORS

There were no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer's Repurchases of Equity Securities

The following table summarizes our purchases of common shares for the 2026 second quarter:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plan or Programs (\$000's) (2)
4/1/2026-4/30/2026	3,341,283	\$ 96.66	3,341,283	\$ 3,001,084
5/1/2026-5/31/2026	7,174,840	\$ 94.40	7,174,840	\$ 2,323,929
6/1/2026-6/30/2026	1,843,834	\$ 90.29	1,836,003	\$ 2,158,166
Total	12,359,957	\$ 94.40	12,352,126	

- (1) This column represents (in whole shares) open market share repurchases, including an aggregate of 0 shares, 0 shares and 7,831 shares repurchased by Arch Capital during April, May and June, respectively, other than through publicly announced plans or programs. We repurchased these shares from employees in order to facilitate the payment of withholding taxes on restricted and performance shares granted and the exercise of stock appreciation rights, in each case at their fair value as determined by reference to the closing price of our common shares on the day the restricted shares vested or the stock appreciation rights were exercised.
- (2) This column represents the remaining approximate dollar amount available at the end of each applicable period under Arch Capital's repurchase authorization. On April 19, 2026, the Company increased its authorization for its existing share repurchase program by \$3.0 billion, and having no expiration date. Repurchases may be effected from time to time in open market or privately negotiated transactions.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended June 30, 2026, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933).

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Original Number	Date Filed	
4.1	Third Supplemental Indenture, dated as of June 9, 2026, by and between Arch Capital Group Ltd. and The Bank of New York Mellon as trustee.	8-K	4.2	June 9, 2026	
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
101.INS	XBRL Instance Document				
101.SCH	XBRL Taxonomy Extension Schema Document				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)				

SIGNATURES

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

ARCH CAPITAL GROUP LTD.

(REGISTRANT)

Date: August 4, 2026

/s/ Nicolas Papadopoulos

Nicolas Papadopoulos

Chief Executive Officer (Principal Executive Officer)

Date: August 4, 2026

/s/ François Morin

François Morin

Executive Vice President, Chief Financial Officer (Principal Financial and Accounting Officer) and Treasurer