

**Syncora Guarantee Inc.
Syncora Capital Assurance Inc.**

**1st QUARTER 2016
OPERATING SUPPLEMENT**



Syncora Guarantee Inc. Syncora Capital Assurance Inc.

Index

| | Page Number |
|--|-------------|
| Certain Definitions | 2 |
| Syncora Legal Entity Structure | 3 |
| Assets, Liabilities, Surplus/(Deficit) and Other Funds | 4 |
| Statement of Income | 5 |
| Claims Paying Resources & Leverage Ratio | 6 |
| Insured Portfolio - Net Par Outstanding | 7 |
| Insured Portfolio - Debt Service Amortization | 8 |
| Insured Portfolio - Composition & Loss Reserves | 9 |
| Insured Portfolio - Watch List | 10 |
| Insured Portfolio - Distribution by Rating | 11 |
| Insured Portfolio - Distribution By Internal Rating | 12 |
| Insured Portfolio - Summary of Below Investment Grade (BIG) Exposures | 13 |
| Insured Portfolio - Summary of Below Investment Grade (BIG) Exposures by Internal Rating | 14 |
| Insured Portfolio - 20 Largest Public Finance Credits | 15 |
| Insured Portfolio - Puerto Rico Net Principal and Interest Amortization | 16 |
| Insured Portfolio - Top 10 Structured Finance Servicer/Manager Exposures | 17 |
| Insured Portfolio - Profile by Geographic Distribution | 18 |
| Investment Portfolio | 19 |

Notes:

All information herein is presented on a statutory basis unless otherwise specified.

Numbers throughout the document may not add due to rounding.

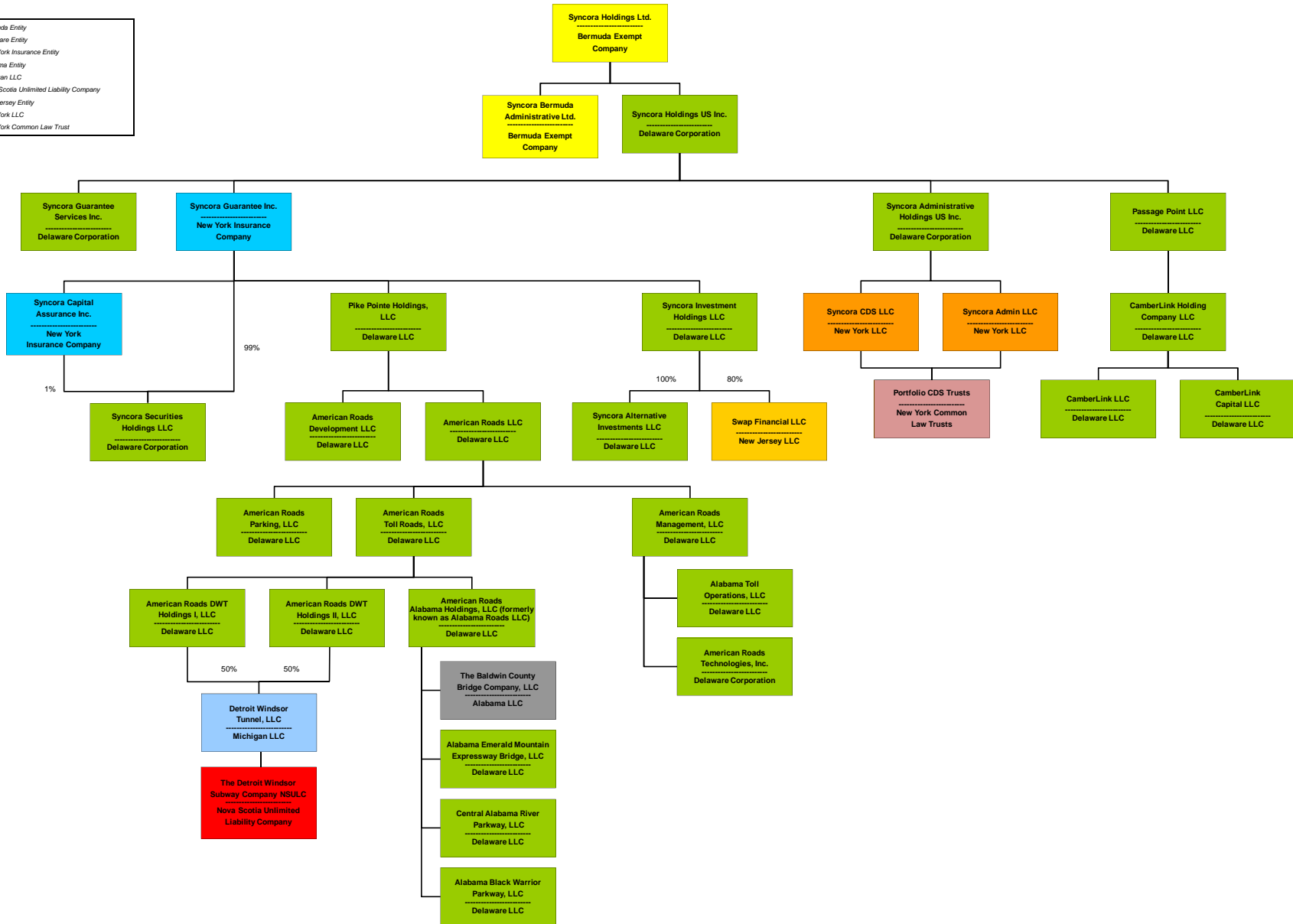
Syncora Guarantee Inc. Syncora Capital Assurance Inc. Certain Definitions

| | |
|--|--|
| Leverage ratio¹ | Net par outstanding divided by total claims paying resources. |
| Net par outstanding | Aggregate principal value of insurance policies and credit derivative contracts insured at the end of the reporting period, reduced by cessions to reinsurers. |
| Net premiums written | Direct premiums written plus assumed reinsurance premiums less ceded reinsurance premiums. |
| Net present value of future installment premiums on insurance policies and credit derivative contracts (NPVFIP)¹ | Estimated installment premiums written on insurance policies and credit derivative contracts anticipated to be earned in future periods on policies in force, reduced by planned cessions to reinsurers, plus associated ceding commissions received from reinsurers, discounted at 7%. NPVFIP is a management estimate which can be negatively affected by prepayments, early terminations, credit losses or other factors. |
| Net principal and interest outstanding | Aggregate principal value of insurance policies and credit derivative contracts insured at the end of the reporting period including all future interest payable on obligations, reduced by cessions to reinsurers. |

Note:

¹Includes certain management estimates.

Syncora Legal Entity Structure



Notes:
There are no voting rights preferences between the two members who share ownership of Detroit Windsor Tunnel LLC.

Assets, Liabilities, Surplus and Other Funds (U.S. dollars in thousands)

Syncora Guarantee Inc.

| | As of | | |
|---|---------------------|---------------------|---------------------|
| | 3/31/2016 | 12/31/2015 | 9/30/2015 |
| Assets | | | |
| Cash, cash equivalents and short-term investments | \$ 78,640 | \$ 138,547 | \$ 146,772 |
| Bonds | 880,566 | 818,094 | 808,924 |
| Uninsured cash flow certificates | 59,004 | 54,156 | 62,862 |
| Interest rate derivatives | 96 | 521 | 504 |
| Investment in subsidiary - Syncora Guarantee (UK) | - | - | - |
| Other invested assets | 225,048 | 229,094 | 207,265 |
| Receivables for securities | - | - | - |
| Subtotal, cash and invested assets | 1,243,355 | 1,240,412 | 1,226,328 |
| Investment income due and accrued | 3,151 | 2,930 | 3,225 |
| Uncollected premiums and reinsurance assets | 844 | 1,461 | 1,013 |
| Other assets | 4,290 | 4,643 | 5,479 |
| Total Assets | \$ 1,251,641 | \$ 1,249,446 | \$ 1,236,044 |
| Liabilities, Surplus and Other Funds | | | |
| Losses and loss adjustment expenses | \$ (48,441) | \$ (45,406) | \$ 97,726 |
| Unearned premiums | 110,342 | 111,061 | 132,631 |
| Payable to parent, subsidiaries and affiliates | 4,561 | 7,485 | 5,191 |
| Mandatory contingency reserve | 86,776 | 85,147 | 100,569 |
| Other liabilities | 9,859 | 4,203 | 5,837 |
| Total Liabilities | 163,097 | 162,489 | 341,954 |
| Surplus notes | 584,334 | 584,334 | 584,334 |
| Preferred capital stock | 200,000 | 200,000 | 200,000 |
| Common capital stock | 15,000 | 15,000 | 15,000 |
| Gross paid in and contributed surplus | 2,046,972 | 2,046,972 | 2,046,972 |
| Unassigned funds (surplus) | (1,757,763) | (1,759,349) | (1,952,216) |
| Surplus as regards policyholders | 1,088,544 | 1,086,957 | 894,090 |
| Total Liabilities, Surplus and Other Funds | \$ 1,251,641 | \$ 1,249,446 | \$ 1,236,044 |

Syncora Capital Assurance Inc.

| | As of | | |
|---|-------------------|-------------------|-------------------|
| | 3/31/2016 | 12/31/2015 | 9/30/2015 |
| Assets | | | |
| Cash, cash equivalents and short-term investments | \$ 71,986 | \$ 72,960 | \$ 54,653 |
| Preferred stocks | 2,629 | 2,599 | 3,564 |
| Common stocks | 21,388 | 18,390 | 18,239 |
| Bonds | 299,359 | 305,936 | 332,082 |
| Uninsured cash flow certificates | 55,266 | 57,405 | 53,620 |
| Other invested assets | 6,386 | 5,449 | 5,060 |
| Receivables for securities | 2,301 | - | - |
| Subtotal, cash and invested assets | 459,314 | 462,738 | 467,217 |
| Investment income due and accrued | 2,523 | 2,190 | 2,524 |
| Uncollected premiums | 995 | 1,134 | 1,238 |
| Net deferred tax asset | 2,692 | 2,793 | 2,769 |
| Receivable from parent, subsidiaries and affiliates | - | - | - |
| Other assets | 64 | 50 | 52 |
| Total Assets | \$ 465,588 | \$ 468,905 | \$ 473,800 |
| Liabilities, Surplus and Other Funds | | | |
| Losses and loss adjustment expenses | \$ 52,785 | \$ 40,334 | \$ 42,663 |
| Unearned premiums | 155,983 | 163,483 | 183,909 |
| Payable to parent, subsidiaries and affiliates | 9,443 | 10,155 | 8,547 |
| Mandatory contingency reserve | 57,612 | 62,253 | 71,841 |
| Payable for securities | 4,825 | 41 | - |
| Other liabilities | 428 | 532 | 494 |
| Total Liabilities | 281,075 | 276,798 | 307,454 |
| Surplus notes | 200,000 | 200,000 | 200,000 |
| Common capital stock | 2,500 | 2,500 | 2,500 |
| Gross paid in and contributed surplus | 219,000 | 219,000 | 219,000 |
| Unassigned funds (surplus) | (236,986) | (229,392) | (255,154) |
| Surplus as regards policyholders | 184,514 | 192,108 | 166,346 |
| Total Liabilities, Surplus and Other Funds | \$ 465,588 | \$ 468,905 | \$ 473,800 |

Statement of Income

(U.S. dollars in thousands)

Syncora Guarantee Inc.

| | Three Months Ended | | |
|---|--------------------|------------|-----------|
| | 3/31/2016 | 12/31/2015 | 9/30/2015 |
| Net premiums written | \$ 2,526 | \$ 958 | \$ 4,649 |
| Underwriting Income | | | |
| Net premiums earned | \$ 3,246 | \$ 22,528 | \$ 4,611 |
| Net losses/(releases) incurred | (2,796) | (132,531) | (29,569) |
| Loss adjustment expenses (benefit) incurred | 2,044 | (3,629) | 4,586 |
| Other underwriting expenses incurred | 6,233 | 12,616 | 8,480 |
| Net underwriting gain/(loss) | (2,236) | 146,072 | 21,115 |
| Investment Income | | | |
| Net investment income earned | 7,032 | 13,105 | 7,188 |
| Net realized gains/(losses) | 732 | (3,339) | 17,055 |
| Total net investment gain/(loss) | 7,764 | 9,766 | 24,243 |
| Other Income | | | |
| Other income | 11 | - | 343 |
| Net income/(loss) before taxes | 5,539 | 155,838 | 45,701 |
| Federal and foreign income taxes incurred/(benefit) | (2,887) | (4,963) | (2,388) |
| Net income/(loss) | \$ 8,426 | \$ 160,802 | \$ 48,088 |

Syncora Capital Assurance Inc.

| | Three Months Ended | | |
|---|--------------------|------------|-----------|
| | 3/31/2016 | 12/31/2015 | 9/30/2015 |
| Net premiums written | \$ 3,712 | \$ 1,570 | \$ 4,184 |
| Underwriting Income | | | |
| Net premiums earned | \$ 11,212 | \$ 21,997 | \$ 19,044 |
| Net losses/(releases) incurred | 13,585 | (1,638) | 830 |
| Loss adjustment expenses incurred | 78 | 100 | 4,808 |
| Other underwriting expenses incurred | 6,528 | 5,497 | 6,539 |
| Net underwriting gain/(loss) | (8,979) | 18,037 | 6,867 |
| Investment Income | | | |
| Net investment income (expense) earned | 4,182 | (1,541) | 4,196 |
| Net realized capital gains/(losses) | (4,098) | 3,937 | (1,417) |
| Total net investment gain/(loss) | 83 | 2,395 | 2,779 |
| Other Income | | | |
| Other income | 7 | 17 | 87 |
| Net income/(loss) before taxes | (8,889) | 20,450 | 9,733 |
| Federal and foreign income taxes incurred/(benefit) | 2,950 | 4,699 | 3,217 |
| Net income/(loss) | \$ (11,839) | \$ 15,751 | \$ 6,516 |

Claims Paying Resources & Leverage Ratio (U.S. dollars in millions)

Syncora Guarantee Inc.

| | As of | | |
|--|-----------|------------|-----------|
| | 3/31/2016 | 12/31/2015 | 9/30/2015 |
| Claims paying resources | | | |
| Policyholders' surplus | \$ 1,089 | \$ 1,087 | \$ 894 |
| Contingency reserve | 87 | 85 | 101 |
| Qualified statutory capital | 1,175 | 1,172 | 995 |
| Unearned premium revenue | 110 | 111 | 133 |
| Loss & loss adjustment expense reserves ^{1,2,3} | 160 | 157 | 275 |
| Total policyholders' surplus & reserves | 1,445 | 1,440 | 1,402 |
| NPVFIP | 41 | 41 | 60 |
| Total claims paying resources | \$ 1,487 | \$ 1,481 | \$ 1,462 |
| Net par outstanding | \$ 6,577 | \$ 6,634 | \$ 9,050 |
| Leverage ratio (Net par outstanding/Total claims paying resources) | 4.4 | 4.5 | 6.2 |

Notes:

¹ For the three months ended 3/31/2016, the reported loss and loss adjustment expenses excludes the recoverable benefit of six structured single risk credits (\$208.2 million).

² For the three months ended 12/31/2015, the reported loss and loss adjustment expenses excludes the recoverable benefit of five structured single risk credits (\$202.7 million).

³ For the three months ended 9/30/2015, the reported loss and loss adjustment expenses excludes the recoverable benefit of six structured single risk credits (\$177.1 million).

Syncora Capital Assurance Inc.

| | As of | | |
|--|-----------|------------|-----------|
| | 3/31/2016 | 12/31/2015 | 9/30/2015 |
| Claims paying resources | | | |
| Policyholders' surplus | \$ 185 | \$ 192 | \$ 166 |
| Contingency reserve | 58 | 62 | 72 |
| Qualified statutory capital | 242 | 254 | 238 |
| Unearned premium revenue | 156 | 163 | 184 |
| Loss & loss adjustment expense reserves ^{1,2,3} | 101 | 88 | 87 |
| Total policyholders' surplus & reserves | 499 | 506 | 509 |
| NPVFIP | 89 | 93 | 94 |
| Total claims paying resources | \$ 588 | \$ 599 | \$ 603 |
| Net par outstanding | \$ 20,599 | \$ 21,735 | \$ 24,481 |
| Leverage ratio (Net par outstanding/Total claims paying resources) | 35.0 | 36.3 | 40.6 |

Notes:

¹ For the three months ended 3/31/2016, the reported loss and loss adjustment expenses excludes the recoverable benefit of a public finance credit (\$48.1 million).

² For the three months ended 12/31/2015, the reported loss and loss adjustment expenses excludes the recoverable benefit of a public finance credit (\$47.7 million).

³ For the three months ended 9/30/2015, the reported loss and loss adjustment expenses excludes the recoverable benefit of a public finance credit (\$44.6 million).

Insured Portfolio - Net Par Outstanding (U.S. dollars in millions)

Syncora Guarantee Inc.

| | Q1 2016 | | Q4 2015 | | Q3 2015 | |
|---------------------------------------|----------|--------|----------|--------|----------|--------|
| | NPO | % NPO | NPO | % NPO | NPO | % NPO |
| Public Finance | | | | | | |
| General Obligation | \$ 157 | | \$ 161 | | \$ 199 | |
| Special Revenue | 76 | | 107 | | 108 | |
| Utility | 61 | | 61 | | 62 | |
| Appropriation | 11 | | 12 | | 17 | |
| Other | 4 | | 4 | | 4 | |
| Non Ad Valorem | - | | - | | 17 | |
| Total Public Finance | \$ 311 | 4.7% | \$ 346 | 5.2% | \$ 407 | 4.5% |
| Asset-Backed Securities | | | | | | |
| RMBS | \$ 526 | | \$ 552 | | \$ 866 | |
| Total Asset-Backed Securities | \$ 526 | 8.0% | \$ 552 | 8.3% | \$ 866 | 9.6% |
| Collateralized Debt Obligations | | | | | | |
| Cashflow CDO | \$ 41 | | \$ 42 | | \$ 257 | |
| Total Collateralized Debt Obligations | \$ 41 | 0.6% | \$ 42 | 0.6% | \$ 257 | 2.8% |
| Structured Single Risk | | | | | | |
| Global Infrastructure | \$ 2,783 | | \$ 2,710 | | \$ 4,082 | |
| Power & Utilities | 2,503 | | 2,560 | | 2,841 | |
| Specialized Risk | 412 | | 424 | | 596 | |
| Total Structured Single Risk | \$ 5,699 | 86.7% | \$ 5,694 | 85.8% | \$ 7,519 | 83.1% |
| Total Net Par Outstanding | \$ 6,577 | 100.0% | \$ 6,634 | 100.0% | \$ 9,050 | 100.0% |

Notes:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

| | Q1 2016 | | Q4 2015 | | Q3 2015 | |
|---------------------------------------|-----------|--------|-----------|--------|-----------|--------|
| | NPO | % NPO | NPO | % NPO | NPO | % NPO |
| Public Finance | | | | | | |
| Special Revenue | \$ 5,652 | | \$ 5,816 | | \$ 6,580 | |
| General Obligation | 3,859 | | 4,218 | | 5,224 | |
| Utility | 2,497 | | 2,598 | | 2,857 | |
| Non Ad Valorem | 1,604 | | 1,721 | | 1,928 | |
| Appropriation | 805 | | 849 | | 979 | |
| Total Public Finance | \$ 14,418 | 70.0% | \$ 15,202 | 69.9% | \$ 17,568 | 71.8% |
| Asset-Backed Securities | | | | | | |
| Commercial ABS | \$ 54 | | \$ 72 | | \$ 111 | |
| Total Asset-Backed Securities | \$ 54 | 0.3% | \$ 72 | 0.3% | \$ 111 | 0.5% |
| Collateralized Debt Obligations | | | | | | |
| Synthetic CDO | \$ 724 | | \$ 897 | | \$ 968 | |
| Cashflow CDO | 617 | | 729 | | 928 | |
| Total Collateralized Debt Obligations | \$ 1,341 | 6.5% | \$ 1,626 | 7.5% | \$ 1,896 | 7.7% |
| Structured Single Risk | | | | | | |
| Power & Utilities | \$ 3,199 | | \$ 3,220 | | \$ 3,252 | |
| Global Infrastructure | 1,537 | | 1,565 | | 1,604 | |
| Specialized Risk | 50 | | 50 | | 50 | |
| Total Structured Single Risk | \$ 4,785 | 23.2% | \$ 4,835 | 22.2% | \$ 4,906 | 20.0% |
| Total Net Par Outstanding | \$ 20,599 | 100.0% | \$ 21,735 | 100.0% | \$ 24,481 | 100.0% |

Notes:

Categories include domestic and international credits.

Insured Portfolio - Debt Service Amortization

(U.S. dollars in millions)

Syncora Guarantee Inc.

| Q1 2016 | | | Q4 2015 | | | Q3 2015 | | |
|-----------------------|-----------|-----------|-----------------------|-----------|-----------|-----------------------|-----------|-----------|
| Scheduled Net | | NPIO | Scheduled Net | | NPIO | Scheduled Net | | NPIO |
| Debt Service | | | Debt Service | | | Debt Service | | |
| | | | 2015 Q4 | \$ - | \$ 10,585 | 2015 Q3 | \$ - | \$ 13,945 |
| 2016 Q1 | \$ - | \$ 10,353 | 2016 Q1 | 216 | 10,369 | 2015 Q4 | 333 | 13,611 |
| 2016 Q2 | 334 | 10,019 | 2016 Q2 | 320 | 10,049 | 2016 Q1 | 238 | 13,374 |
| 2016 Q3 | 87 | 9,933 | 2016 Q3 | 87 | 9,962 | 2016 Q2 | 335 | 13,039 |
| 2016 Q4 | 140 | 9,793 | 2016 Q4 | 283 | 9,679 | 2016 Q3 | 124 | 12,914 |
| Total 2016 | \$ 560 | | Total 2016 | \$ 906 | | 2016 Q4 | 329 | 12,586 |
| | | | | | | Total | \$ 1,359 | |
| 2017 | \$ 405 | \$ 9,388 | 2017 | \$ 400 | \$ 9,279 | 2017 | \$ 772 | \$ 11,813 |
| 2018 | 608 | 8,780 | 2018 | 574 | 8,704 | 2018 | 812 | 11,002 |
| 2019 | 384 | 8,396 | 2019 | 222 | 8,482 | 2019 | 499 | 10,502 |
| 2020 | 406 | 7,990 | 2020 | 368 | 8,114 | 2020 | 497 | 10,006 |
| Total 2017-2020 | \$ 1,802 | | Total 2017-2020 | \$ 1,565 | | Total 2017-2020 | \$ 2,580 | |
| 2021-2025 | \$ 1,867 | \$ 6,123 | 2021-2025 | \$ 1,748 | \$ 6,366 | 2021-2025 | \$ 2,276 | \$ 7,730 |
| 2026-2030 | 644 | 5,479 | 2026-2030 | 639 | 5,728 | 2026-2030 | 944 | 6,785 |
| 2031-2035 | 1,152 | 4,327 | 2031-2035 | 1,179 | 4,549 | 2031-2035 | 1,578 | 5,207 |
| 2036 and thereafter | 4,327 | - | 2036 and thereafter | 4,549 | - | 2036 and thereafter | 5,207 | - |
| Total 2021-thereafter | \$ 7,990 | | Total 2021-thereafter | \$ 8,114 | | Total 2021-thereafter | \$ 10,006 | |
| Total | \$ 10,353 | | Total | \$ 10,585 | | Total | \$ 13,945 | |

Notes:

NPIO represents Net Principal and Interest Outstanding.

Syncora Capital Assurance Inc.

| Q1 2016 | | | Q4 2015 | | | Q3 2015 | | |
|-----------------------|-----------|-----------|-----------------------|-----------|-----------|-----------------------|-----------|-----------|
| Scheduled Net | | NPIO | Scheduled Net | | NPIO | Scheduled Net | | NPIO |
| Debt Service | | | Debt Service | | | Debt Service | | |
| | | | 2015 Q4 | \$ - | \$ 34,426 | 2015 Q3 | \$ - | \$ 38,457 |
| 2016 Q1 | \$ - | \$ 32,648 | 2016 Q1 | 801 | 33,626 | 2015 Q4 | 844 | 37,613 |
| 2016 Q2 | 779 | 31,869 | 2016 Q2 | 759 | 32,866 | 2016 Q1 | 803 | 36,810 |
| 2016 Q3 | 840 | 31,029 | 2016 Q3 | 835 | 32,032 | 2016 Q2 | 799 | 36,012 |
| 2016 Q4 | 608 | 30,422 | 2016 Q4 | 617 | 31,415 | 2016 Q3 | 835 | 35,177 |
| Total 2016 | \$ 2,226 | | Total 2016 | \$ 3,011 | | 2016 Q4 | 671 | 34,505 |
| | | | | | | Total | \$ 3,952 | |
| 2017 | \$ 2,190 | \$ 28,231 | 2017 | \$ 2,234 | \$ 29,181 | 2017 | \$ 2,447 | \$ 32,059 |
| 2018 | 1,463 | 26,768 | 2018 | 1,521 | 27,660 | 2018 | 1,750 | 30,309 |
| 2019 | 1,433 | 25,335 | 2019 | 1,492 | 26,168 | 2019 | 1,719 | 28,590 |
| 2020 | 1,569 | 23,766 | 2020 | 1,627 | 24,541 | 2020 | 1,834 | 26,756 |
| Total 2017-2020 | \$ 6,656 | | Total 2017-2020 | \$ 6,874 | | Total 2017-2020 | \$ 7,749 | |
| 2021-2025 | \$ 6,950 | \$ 16,816 | 2021-2025 | \$ 7,196 | \$ 17,345 | 2021-2025 | \$ 8,201 | \$ 18,556 |
| 2026-2030 | 5,772 | 11,044 | 2026-2030 | 5,914 | 11,431 | 2026-2030 | 6,471 | 12,085 |
| 2031-2035 | 3,999 | 7,045 | 2031-2035 | 4,076 | 7,355 | 2031-2035 | 4,586 | 7,499 |
| 2036 and thereafter | 7,045 | - | 2036 and thereafter | 7,355 | - | 2036 and thereafter | 7,499 | - |
| Total 2021-thereafter | \$ 23,766 | | Total 2021-thereafter | \$ 24,541 | | Total 2021-thereafter | \$ 26,756 | |
| Total | \$ 32,648 | | Total | \$ 34,426 | | Total | \$ 38,457 | |

Notes:

NPIO represents Net Principal and Interest Outstanding.

Insured Portfolio - Composition & Loss Reserves (U.S. dollars in millions)

Syncora Guarantee Inc.

| | Q1 2016 | | Q4 2015 | | Q3 2015 | |
|---------------------------------|-------------------------|--------------|-------------------------|--------------|-------------------------|--------------|
| | NPO | # of Credits | NPO | # of Credits | NPO | # of Credits |
| Public Finance | \$ 311 | 16 | \$ 346 | 16 | \$ 407 | 17 |
| Asset-Backed Securities | 526 | 28 | 552 | 28 | 866 | 31 |
| Collateralized Debt Obligations | 41 | 3 | 42 | 3 | 257 | 5 |
| Structured Single Risk | 5,699 | 30 | 5,694 | 30 | 7,519 | 37 |
| Total Net Par Outstanding | <u>\$ 6,577</u> | <u>77</u> | <u>\$ 6,634</u> | <u>77</u> | <u>\$ 9,050</u> | <u>90</u> |
| | Net Loss Reserve | | Net Loss Reserve | | Net Loss Reserve | |
| Public Finance | \$ 35 | | \$ 23 | | \$ 27 | |
| Asset-Backed Securities | 106 | | 116 | | 116 | |
| Collateralized Debt Obligations | 1 | | 1 | | 1 | |
| Structured Single Risk | (208) | | (203) | | (72) | |
| Total Net Reserve | <u>\$ (66)</u> | | <u>\$ (63)</u> | | <u>\$ 72</u> | |

Note:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

| | Q1 2016 | | Q4 2015 | | Q3 2015 | |
|---------------------------------|-------------------------|--------------|-------------------------|--------------|-------------------------|--------------|
| | NPO | # of Credits | NPO | # of Credits | NPO | # of Credits |
| Public Finance | \$ 14,418 | 1,001 | \$ 15,202 | 1,084 | \$ 17,568 | 1,220 |
| Asset-Backed Securities | 54 | 2 | 72 | 2 | 111 | 2 |
| Collateralized Debt Obligations | 1,341 | 12 | 1,626 | 13 | 1,896 | 15 |
| Structured Single Risk | 4,785 | 31 | 4,835 | 31 | 4,906 | 32 |
| Total Net Par Outstanding | <u>\$ 20,599</u> | <u>1,046</u> | <u>\$ 21,735</u> | <u>1,130</u> | <u>\$ 24,481</u> | <u>1,269</u> |
| | Net Loss Reserve | | Net Loss Reserve | | Net Loss Reserve | |
| Public Finance | \$ 40 | | \$ 27 | | \$ 29 | |
| Asset-Backed Securities | - | | - | | - | |
| Collateralized Debt Obligations | - | | - | | - | |
| Structured Single Risk | - | | - | | - | |
| Total Net Reserve | <u>\$ 40</u> | | <u>\$ 27</u> | | <u>\$ 29</u> | |

Note:

Categories include domestic and international credits.

Insured Portfolio - Watch List
As of March 31, 2016
(U.S. dollars in millions)

Syncora Guarantee Inc.

| | Q1 2016 | | | | |
|---|-------------------------|------------------|-------------------|-----------------|-------------------|
| | Special Monitoring List | Yellow Flag List | Red Flag List | Loss List | Total |
| Number of credits | 3 | 3 | 6 | 24 | 36 |
| Remaining weighted-average contract period (in years) | 13.7 | 6.1 | 6.3 | 10.5 | 7.9 |
| Insured contractual payments outstanding: | | | | | |
| Principal | \$ 255.5 | \$ 628.2 | \$ 1,003.7 | \$ 528.8 | \$ 2,416.2 |
| Interest | 132.1 | 32.9 | 246.0 | 164.2 | 575.1 |
| Total | <u>\$ 387.6</u> | <u>\$ 661.1</u> | <u>\$ 1,249.7</u> | <u>\$ 692.9</u> | <u>\$ 2,991.3</u> |
| Gross loss reserves | \$ - | \$ - | \$ - | \$ (26.1) | \$ (26.1) |
| Net loss reserves | \$ - | \$ - | \$ - | \$ (65.6) | \$ (65.6) |

Syncora Capital Assurance Inc.

| | Q1 2016 | | | | |
|---|-------------------------|-------------------|---------------|-----------------|-------------------|
| | Special Monitoring List | Yellow Flag List | Red Flag List | Loss List | Total |
| Number of credits | 16 | 12 | 1 | 4 | 33 |
| Remaining weighted-average contract period (in years) | 4.3 | 17.1 | 5.2 | 4.8 | 10.4 |
| Insured contractual payments outstanding: | | | | | |
| Principal | \$ 899.2 | \$ 1,056.1 | \$ 2.9 | \$ 278.9 | \$ 2,237.2 |
| Interest | 185.3 | 854.2 | 0.7 | 76.5 | 1,116.7 |
| Total | <u>\$ 1,084.5</u> | <u>\$ 1,910.3</u> | <u>\$ 3.6</u> | <u>\$ 355.4</u> | <u>\$ 3,353.9</u> |
| Gross loss reserves | \$ - | \$ - | \$ - | \$ 39.5 | \$ 39.5 |
| Net loss reserves | \$ - | \$ - | \$ - | \$ 39.5 | \$ 39.5 |

Insured Portfolio - Distribution by Rating (U.S. dollars in millions)

Syncora Guarantee Inc.

| | Q1 2016 | | Q4 2015 | | Q3 2015 | |
|---------------------------|----------|--------|----------|--------|----------|--------|
| | NPO | % NPO | NPO | % NPO | NPO | % NPO |
| AAA | \$ 93 | 1.4% | \$ 95 | 1.4% | \$ 309 | 3.4% |
| AA | 357 | 5.4 | 395 | 6.0 | 399 | 4.4 |
| A | 1,250 | 19.0 | 1,275 | 19.2 | 1,647 | 18.2 |
| BBB | 3,175 | 48.3 | 3,188 | 48.1 | 4,160 | 46.0 |
| Below Investment Grade | 1,701 | 25.9 | 1,680 | 25.3 | 2,535 | 28.0 |
| Total Net Par Outstanding | \$ 6,577 | 100.0% | \$ 6,634 | 100.0% | \$ 9,050 | 100.0% |

Notes:

Rating based on S&P bond rating as reflected in Syncora Guarantee's records, if available, and internal Syncora Guarantee's rating if no S&P bond rating is available.

Historical NPO has been adjusted to reflect updated ratings from rating changes during prior quarters.

Syncora Capital Assurance Inc.

| | Q1 2016 | | Q4 2015 | | Q3 2015 | |
|---------------------------|-----------|--------|-----------|--------|-----------|--------|
| | NPO | % NPO | NPO | % NPO | NPO | % NPO |
| AAA | \$ 1,485 | 7.2% | \$ 1,613 | 7.4% | \$ 1,853 | 7.6% |
| AA | 6,460 | 31.4 | 6,664 | 30.7 | 7,129 | 29.1 |
| A | 7,076 | 34.3 | 7,465 | 34.3 | 9,133 | 37.3 |
| BBB | 4,190 | 20.3 | 4,473 | 20.6 | 4,830 | 19.7 |
| Below Investment Grade | 1,389 | 6.7 | 1,520 | 7.0 | 1,535 | 6.3 |
| Total Net Par Outstanding | \$ 20,599 | 100.0% | \$ 21,735 | 100.0% | \$ 24,481 | 100.0% |

Notes:

Rating based on S&P bond rating as reflected in Syncora Capital Assurance's records, if available, and internal Syncora Capital Assurance's rating if no S&P bond rating is available.

Historical NPO has been adjusted to reflect updated ratings from rating changes during prior quarters.

Insured Portfolio - Distribution By Internal Rating*

(U.S. dollars in millions)

Syncora Guarantee Inc.

| | Q1 2016 | | Q4 2015 | | Q3 2015 | |
|---------------------------|----------|--------|----------|--------|----------|--------|
| | NPO | % NPO | NPO | % NPO | NPO | % NPO |
| aaa | \$ 3 | 0.1% | \$ 3 | 0.1% | \$ 219 | 2.4% |
| aa | 185 | 2.8 | 217 | 3.3 | 233 | 2.6 |
| a | 1,382 | 21.0 | 1,413 | 21.3 | 1,492 | 16.5 |
| bbb | 2,846 | 43.3 | 3,378 | 50.9 | 4,447 | 49.1 |
| Below Investment Grade | 2,161 | 32.9 | 1,622 | 24.5 | 2,659 | 29.4 |
| Total Net Par Outstanding | \$ 6,577 | 100.0% | \$ 6,634 | 100.0% | \$ 9,050 | 100.0% |

Notes:

*Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating symbology has a one-to-one correspondence to the ratings symbologies used by S&P and Moody's (e.g., aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.). However, the Company assigns "d" ratings to insured transactions where the transaction has resulted in a paid claim and "c" ratings to insured transactions where the transaction is expected to result in a paid claim that has not yet been recovered resulting in a loss of up to and including 100% of the insured exposure.

Historical NPO has been adjusted to reflect updated ratings from rating changes during prior quarters.

Syncora Capital Assurance Inc.

| | Q1 2016 | | Q4 2015 | | Q3 2015 | |
|---------------------------|-----------|--------|-----------|--------|-----------|--------|
| | NPO | % NPO | NPO | % NPO | NPO | % NPO |
| aaa | \$ 744 | 3.6% | \$ 855 | 3.9% | \$ 1,053 | 4.3% |
| aa | 2,872 | 13.9 | 2,962 | 13.6 | 3,361 | 13.7 |
| a | 10,517 | 51.1 | 11,146 | 51.3 | 12,613 | 51.5 |
| bbb | 5,128 | 24.9 | 5,279 | 24.3 | 5,944 | 24.3 |
| Below Investment Grade | 1,338 | 6.5 | 1,493 | 6.9 | 1,511 | 6.2 |
| Total Net Par Outstanding | \$ 20,599 | 100.0% | \$ 21,735 | 100.0% | \$ 24,481 | 100.0% |

Notes:

*Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating symbology has a one-to-one correspondence to the ratings symbologies used by S&P and Moody's (e.g., aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.). However, the Company assigns "d" ratings to insured transactions where the transaction has resulted in a paid claim and "c" ratings to insured transactions where the transaction is expected to result in a paid claim that has not yet been recovered resulting in a loss of up to and including 100% of the insured exposure.

Historical NPO has been adjusted to reflect updated ratings from rating changes during prior quarters.

Insured Portfolio - Summary of Below Investment Grade (BIG) Exposures (U.S. dollars in millions)

Syncora Guarantee Inc.

| | Q1 2016 | Q4 2015 | Q3 2015 |
|---------------------------------|-----------------|-----------------|-----------------|
| | NPO | NPO | NPO |
| Public Finance | \$ 4 | \$ 4 | \$ 21 |
| Asset-Backed Securities | 414 | 433 | 742 |
| Collateralized Debt Obligations | 2 | 2 | 2 |
| Structured Single Risk | 1,280 | 1,240 | 1,770 |
| Total Below Investment Grade | <u>\$ 1,701</u> | <u>\$ 1,680</u> | <u>\$ 2,535</u> |
| Total Net Par Outstanding | \$ 6,577 | \$ 6,634 | \$ 9,050 |
| BIG as % of Net Par Outstanding | 25.9% | 25.3% | 28.0% |

Notes:

Rating based on S&P bond rating as reflected in Syncora Guarantee's records, if available, and internal Syncora Guarantee's rating if no S&P bond rating is available.

Syncora Capital Assurance Inc.

| | Q1 2016 | Q4 2015 | Q3 2015 |
|---------------------------------|-----------------|-----------------|-----------------|
| | NPO | NPO | NPO |
| Public Finance | \$ 1,067 | \$ 1,184 | \$ 1,194 |
| Structured Single Risk | 322 | 336 | 341 |
| Total Below Investment Grade | <u>\$ 1,389</u> | <u>\$ 1,520</u> | <u>\$ 1,535</u> |
| Total Net Par Outstanding | \$ 20,599 | \$ 21,735 | \$ 24,481 |
| BIG as % of Net Par Outstanding | 6.7% | 7.0% | 6.3% |

Notes:

Rating based on S&P bond rating as reflected in Syncora Capital Assurance's records, if available, and internal Syncora Capital Assurance's rating if no S&P bond rating is available.

Insured Portfolio - Summary of Below Investment Grade (BIG) Exposures by Internal Rating*

(U.S. dollars in millions)

Syncora Guarantee Inc.

| | Q1 2016 | Q4 2015 | Q3 2015 |
|---------------------------------|-----------------|-----------------|-----------------|
| | NPO | NPO | NPO |
| Public Finance | \$ 128 | \$ 131 | \$ 166 |
| Asset-Backed Securities | 451 | 471 | 780 |
| Collateralized Debt Obligations | 2 | 2 | 2 |
| Structured Single Risk | 1,579 | 1,018 | 1,711 |
| Total Below Investment Grade | <u>\$ 2,161</u> | <u>\$ 1,622</u> | <u>\$ 2,659</u> |
| Total Net Par Outstanding | \$ 6,577 | \$ 6,634 | \$ 9,050 |
| BIG as % of Net Par Outstanding | 32.9% | 24.5% | 29.4% |

Notes:

*Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating symbology has a one-to-one correspondence to the ratings symbologies used by S&P and Moody's (e.g., aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.). However, the Company assigns "d" ratings to insured transactions where the transaction has resulted in a paid claim and "c" ratings to insured transactions where the transaction is expected to result in a paid claim that has not yet been recovered resulting in a loss of up to and including 100% of the insured exposure.

Syncora Capital Assurance Inc.

| | Q1 2016 | Q4 2015 | Q3 2015 |
|---------------------------------|-----------------|-----------------|-----------------|
| | NPO | NPO | NPO |
| Public Finance | \$ 1,016 | \$ 1,158 | \$ 1,169 |
| Structured Single Risk | 322 | 336 | 341 |
| Total Below Investment Grade | <u>\$ 1,338</u> | <u>\$ 1,493</u> | <u>\$ 1,511</u> |
| Total Net Par Outstanding | \$ 20,599 | \$ 21,735 | \$ 24,481 |
| BIG as % of Net Par Outstanding | 6.5% | 6.9% | 6.2% |

Notes:

*Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating symbology has a one-to-one correspondence to the ratings symbologies used by S&P and Moody's (e.g., aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.). However, the Company assigns "d" ratings to insured transactions where the transaction has resulted in a paid claim and "c" ratings to insured transactions where the transaction is expected to result in a paid claim that has not yet been recovered resulting in a loss of up to and including 100% of the insured exposure.

Insured Portfolio - 20 Largest Public Finance Credits

(U.S. dollars in millions)

Syncora Guarantee Inc.

| | | Q1 2016 | | |
|---|--|----------|------------|------------------|
| | | NPO | S&P Rating | Internal Rating* |
| 1 | Commonwealth of Puerto Rico - GO | \$ 80 | AA | c |
| 2 | City of Houston, TX - Water/Sewer Revenue Bonds | 38 | AA | aa- |
| 3 | Bay Area Toll Authority, CA - Toll Revenue Bonds | 30 | AA+ | aa- |
| 4 | Puerto Rico (Commonwealth) - Mixed State and Local Revenue | 29 | AA | c |
| 5 | Detroit (City of), MI - GO (State Aid) | 24 | A- | bbb- |
| 6 | Massachusetts (Commonwealth of) - GO | 24 | AA+ | aa- |
| 7 | Port of Portland, OR - Airport Revenue Bonds | 22 | AA- | aa- |
| 8 | State of New Jersey Turnpike Authority - Toll Road Revenue Bonds | 17 | AA | a- |
| 9 | Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds | 14 | AA | c |
| 10 | New Jersey (State of) - Annual Appropriation | 11 | AA | bbb+ |
| 11 | JEA, FL Water & Sewer (Senior Lien) | 8 | AA- | aa |
| 12 | Port Authority of New York and New Jersey, NY | 7 | AA | aa- |
| 13 | Detroit (City of), MI (Full Loss) | 4 | D | d |
| 14 | Jackson Energy Authority, TN - Water Revenue Bonds | 1 | A | a |
| Total Net Par Outstanding of the Largest Public Finance Credits | | \$ 311 | | |
| Total Portfolio Net Par Outstanding | | \$ 6,577 | | |
| % of Total SGI Portfolio | | 4.7% | | |
| Total Public Finance Portfolio Net Par Outstanding | | \$ 311 | | |
| % of Total Public Finance Portfolio | | 100.0% | | |

Notes:

Individual Obligors may have policies with different ratings. Net Par Outstanding shown is grouped by the Obligor's lowest rating.

S&P Rating based on S&P bond rating as reflected in Syncora Guarantee's records, if available, and internal Syncora Guarantee's rating if no S&P bond rating is available.

*Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating symbology has a one-to-one correspondence to the ratings symbologies used by S&P and Moody's (e.g., aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.). However, the Company assigns "d" ratings to insured transactions where the transaction has resulted in a paid claim and "c" ratings to insured transactions where the transaction is expected to result in a paid claim that has not yet been recovered resulting in a loss of up to and including 100% of the insured exposure.

The City of Detroit (the "City") credits above cover two separate policy obligations: 6) new general obligation debt of the City issued by the Michigan Finance Authority and guaranteed by Syncora Guarantee as provided by the City's bankruptcy plan, and 13) the "loss" portion of the City's original Unlimited Tax General Obligation bonds for which Syncora Guarantee is obligated to make payments under its original policy with no ability to recover those payments.

Syncora Capital Assurance Inc.

| | | Q1 2016 | | |
|---|--|-----------|------------|------------------|
| | | NPO | S&P Rating | Internal Rating* |
| 1 | LCOR Alexandria, LLC - Lease Revenue | \$ 580 | AA- | a- |
| 2 | San Diego Family Housing LLC - Class I | 412 | AA | aa |
| 3 | City of Denver Convention Center Hotel Project, CO | 329 | BBB- | bbb- |
| 4 | DOT Headquarters II Lease-Backed Mortgage Finance Trust Senior Notes | 326 | BB+ | a |
| 5 | City of Syracuse Industrial Development Agency (Carousel Center), NY | 324 | BBB- | bbb- |
| 6 | Dodger Tickets LLC | 283 | BBB | bbb+ |
| 7 | State of California - GO | 249 | AA- | a- |
| 8 | University System of Georgia, Board of Regents, GA | 237 | A | a+ |
| 9 | Baltimore Development Corporation (Convention Center Headquarters Hotel Project) | 237 | BB | bb |
| 10 | City of Houston, TX Airport System - Revenue Bonds | 201 | A+ | a |
| 11 | City of San Jose, CA Redevelopment Agency - Tax Allocation | 197 | BBB+ | bbb |
| 12 | Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds | 153 | CC | c |
| 13 | Natural Gas Acquisition Corporation of City of Clarksville (NGAC), TN - Utility Obligation Bonds, Gas Prepay | 152 | AA- | a |
| 14 | New Jersey Economic Development Authority, NJ | 151 | A- | bbb |
| 15 | State of South Carolina Transportation Infrastructure Bank - Motor Vehicle Revenue | 150 | A | a |
| 16 | Navy Northeast Family Housing - Series 2007-A1 (Trust 220) | 150 | AA- | bb+ |
| 17 | San Diego County, CA - Pension Obligation Bonds | 148 | AA+ | aa- |
| 18 | Austin Convention Enterprises, TX | 144 | BBB- | bbb |
| 19 | San Diego Family Housing LLC - Class II | 143 | AA | aa- |
| 20 | San Diego Family Housing LLC - Class III | 143 | AA | a+ |
| Total Net Par Outstanding of the Largest Public Finance Credits | | \$ 4,708 | | |
| Total Portfolio Net Par Outstanding | | \$ 20,599 | | |
| % of Total SCAI Portfolio | | 22.9% | | |
| Total Public Finance Portfolio Net Par Outstanding | | \$ 14,418 | | |
| % of Total Public Finance Portfolio | | 32.7% | | |

Notes:

Individual Obligors may have policies with different ratings. Net Par Outstanding shown is grouped by the Obligor's lowest rating.

S&P Rating based on S&P bond rating as reflected in Syncora Capital Assurance's records, if available, and internal Syncora Capital Assurance's rating if no S&P bond rating is available.

*Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. They are subject to revision at any time and do not constitute investment advice. The Company's rating symbology has a one-to-one correspondence to the ratings symbologies used by S&P and Moody's (e.g., aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.). However, the Company assigns "d" ratings to insured transactions where the transaction has resulted in a paid claim and "c" ratings to insured transactions where the transaction is expected to result in a paid claim that has not yet been recovered resulting in a loss of up to and including 100% of the insured exposure.

Insured Portfolio - Puerto Rico Net Principal and Interest^{1,2} Amortization

As of March 31, 2016

(U.S. dollars in millions)

| Q1 2016 | | | | | | | | | | |
|---|--|-----------------|---|----------------|--|-----------------|--|-------------|-----------------|-----------------|
| Calendar Year | Commonwealth of Puerto Rico - Government Obligations | | Commonwealth of Puerto Rico, Highway & Transportation Authority | | Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds | | Puerto Rico (Commonwealth) - Mixed State and Local Revenue | | Total P&I | |
| | SGI | SCAI | SGI | SCAI | SGI | SCAI | SGI | SCAI | SGI | SCAI |
| 2016 | 19.3 | 4.0 | - | 0.1 | 1.1 | 29.1 | 6.7 | - | 27.2 | 33.2 |
| 2017 | 10.4 | 83.1 | - | 0.3 | 0.7 | 36.3 | 5.5 | - | 16.6 | 119.8 |
| 2018 | 8.7 | 6.5 | - | 0.3 | 0.7 | 33.4 | 4.3 | - | 13.7 | 40.2 |
| 2019 | 4.3 | 8.7 | - | 0.3 | 1.5 | 3.5 | 5.0 | - | 10.8 | 12.5 |
| 2020 | 4.3 | 3.9 | - | 0.3 | 1.8 | 3.5 | 2.2 | - | 8.4 | 7.7 |
| 2021 | 7.8 | 1.8 | - | 0.3 | 1.0 | 3.5 | 2.1 | - | 10.9 | 5.6 |
| 2022 | 2.4 | 1.3 | - | 0.3 | 1.0 | 3.5 | 2.1 | - | 5.5 | 5.1 |
| 2023 | 20.1 | 6.4 | - | 0.3 | 1.6 | 3.5 | 0.3 | - | 22.0 | 10.2 |
| 2024 | 3.3 | 0.4 | - | 0.3 | 1.6 | 3.5 | 0.3 | - | 5.2 | 4.2 |
| 2025 | 2.1 | 6.4 | - | 0.3 | 1.6 | 24.7 | 0.3 | - | 4.0 | 31.4 |
| 2026 | 2.3 | 0.1 | - | 0.3 | 1.7 | 27.3 | 1.7 | - | 5.7 | 27.7 |
| 2027 | 3.7 | 0.1 | - | 0.3 | 1.6 | 25.1 | 1.9 | - | 7.3 | 25.5 |
| 2028 | 6.3 | 0.1 | - | 0.3 | 0.9 | - | 1.6 | - | 8.7 | 0.4 |
| 2029 | 4.1 | 0.1 | - | 0.8 | 0.9 | - | 0.9 | - | 5.9 | 0.9 |
| 2030 | 3.4 | 0.1 | - | 0.8 | 1.2 | - | 0.7 | - | 5.3 | 0.9 |
| 2031 | 3.1 | 0.1 | - | 0.8 | 1.5 | - | - | - | 4.6 | 0.9 |
| 2032 | - | 0.1 | - | 0.8 | - | - | - | - | - | 0.9 |
| 2033 | - | 0.1 | - | 0.8 | - | - | - | - | - | 0.9 |
| 2034 | - | 0.5 | - | 0.8 | - | - | - | - | - | 1.3 |
| 2035 | - | 0.5 | - | 0.8 | - | - | - | - | - | 1.3 |
| 2036 | - | 0.5 | - | 0.8 | - | - | - | - | - | 1.3 |
| 2037 | - | - | - | 0.8 | - | - | - | - | - | 0.8 |
| 2038 | - | - | - | 0.8 | - | - | - | - | - | 0.8 |
| Total | \$ 106.0 | \$ 124.7 | \$ - | \$ 11.8 | \$ 20.4 | \$ 197.0 | \$ 35.5 | \$ - | \$ 161.9 | \$ 333.5 |
| Total Net Principal | \$ 80.4 | \$ 106.0 | \$ - | \$ 6.3 | \$ 14.1 | \$ 153.1 | \$ 28.7 | \$ - | \$ 123.2 | \$ 265.4 |
| Total Net Interest | 25.6 | 18.7 | - | 5.5 | 6.3 | 43.8 | 6.8 | - | 38.7 | 68.0 |
| Total Net Principal and Interest | \$ 106.0 | \$ 124.7 | \$ - | \$ 11.8 | \$ 20.4 | \$ 197.0 | \$ 35.5 | \$ - | \$ 161.9 | \$ 333.5 |

Notes:

¹Net of reinsurance.

²Excludes \$53.2 million of carrying value of Puerto Rico Government Obligations, Highway & Transportation Authority, and Electric Power Authority bonds purchased by SCAI.

Insured Portfolio - Top 10 Structured Finance Servicer/Manager Exposures (U.S. dollars in millions)

Syncora Guarantee Inc.

| | | Q1 2016 | |
|---|----------------------------------|---------|-------|
| Servicer/Manager Name ^{1,2} | | NPO | |
| 1 | Owen Loan Servicing ³ | \$ | 302 |
| 2 | Bank of America | | 115 |
| 3 | CLO Manager 1 ⁴ | | 39 |
| 4 | Banco La Hipotecaria, S.A | | 26 |
| 5 | Specialized Loan Servicing | | 25 |
| 6 | Nationstar Mortgage | | 18 |
| 7 | Countrywide Home Loans | | 17 |
| 8 | Washington Mutual Bank | | 8 |
| 9 | Countrywide | | 7 |
| 10 | Chevy Chase Bank FSB | | 4 |
| Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures | | \$ | 561 |
| Total Portfolio Net Par Outstanding | | \$ | 6,577 |
| % of Total Portfolio | | | 8.5% |
| Total Structured Finance Portfolio Net Par Outstanding | | \$ | 6,266 |
| % of Total Structured Finance Portfolio | | | 9.0% |

Notes:

¹Information has been updated to reflect servicer/manager transfers.

²Servicer/manager may be an operating subsidiary or affiliate of the named entity.

³Includes Homeward Residential Inc.

⁴Servicer/manager not revealed due to confidentiality.

Syncora Capital Assurance Inc.

| | | Q1 2016 | |
|---|---|---------|--------|
| Servicer/Manager Name ¹ | | NPO | |
| 1 | CLO Manager 2 ² | \$ | 306 |
| 2 | CLO Manager 3 ² | | 113 |
| 3 | CLO Manager 4 ² | | 52 |
| 4 | CLO Manager 5 ² | | 50 |
| 5 | CLO Manager 6 ² | | 45 |
| 6 | Bombardier Services Corporation | | 27 |
| 7 | Private Commercial ABS Transaction ² | | 27 |
| 8 | CLO Manager 1 ² | | 24 |
| 9 | CLO Manager 7 ² | | 14 |
| 10 | CLO Manager 8 ² | | 8 |
| Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures | | \$ | 665 |
| Total Portfolio Net Par Outstanding | | \$ | 20,599 |
| % of Total Portfolio | | | 3.2% |
| Total U.S. Structured Finance Portfolio Net Par Outstanding | | \$ | 6,181 |
| % of Total U.S. Structured Finance Portfolio | | | 10.8% |

Notes:

¹Servicer/manager may be an operating subsidiary or affiliate of the named entity.

²Servicer/manager not revealed due to confidentiality.

Insured Portfolio - Profile by Geographic Distribution

(U.S. dollars in millions)

Syncora Guarantee Inc.

| Q1 2016 | | | | Q4 2015 | | | | Q3 2015 | | | |
|-----------------------------|------------------|-----------------|---------------|----------------------------|------------------|-----------------|---------------|----------------------------|------------------|-----------------|---------------|
| | GPO | NPO | % NPO | | GPO | NPO | % NPO | | GPO | NPO | % NPO |
| United States | | | | United States | | | | United States | | | |
| Puerto Rico | \$ 389 | \$ 123 | 1.9% | Puerto Rico | \$ 396 | \$ 127 | 1.9% | Illinois | \$ 1,605 | \$ 552 | 6.1% |
| Alabama | 551 | 116 | 1.8 | Alabama | 570 | 116 | 1.7 | Puerto Rico | 436 | 162 | 1.8 |
| Other ¹ | 13,970 | 187 | 2.8 | New Jersey | 419 | 67 | 1.0 | Alabama | 614 | 116 | 1.3 |
| Non-PF Multi ^{2,3} | 548 | 541 | 8.2 | Other ¹ | 14,342 | 153 | 2.3 | Other ¹ | 16,050 | 245 | 2.7 |
| Total United States | \$ 15,457 | \$ 967 | 14.7% | Non-PF Multi ² | 572 | 565 | 8.5 | Non-PF Multi ² | 1,102 | 1,094 | 12.1 |
| | | | | Total United States | \$ 16,299 | \$ 1,027 | 15.5% | Total United States | \$ 19,807 | \$ 2,169 | 24.0% |
| International | | | | International | | | | International | | | |
| United Kingdom | \$ 4,108 | \$ 3,193 | 48.5% | United Kingdom | \$ 4,223 | \$ 3,267 | 49.2% | United Kingdom | \$ 4,546 | \$ 4,155 | 45.9% |
| Australia | 1,371 | 1,371 | 20.8 | Australia | 1,305 | 1,305 | 19.7 | Australia | 1,292 | 1,261 | 13.9 |
| Chile | 526 | 395 | 6.0 | Chile | 509 | 383 | 5.8 | France | 391 | 391 | 4.3 |
| France | 147 | 147 | 2.2 | France | 148 | 148 | 2.2 | Chile | 516 | 389 | 4.3 |
| Italy | 132 | 132 | 2.0 | Italy | 137 | 137 | 2.1 | Italy | 137 | 137 | 1.5 |
| Canada | 227 | 129 | 2.0 | Canada | 220 | 122 | 1.8 | Canada | 226 | 128 | 1.4 |
| Portugal | 100 | 100 | 1.5 | Portugal | 95 | 95 | 1.4 | Portugal | 99 | 99 | 1.1 |
| Other ¹ | 392 | 50 | 0.8 | Other ¹ | 395 | 56 | 0.8 | Other ¹ | 385 | 61 | 0.7 |
| Non-PF Multi ^{2,4} | 93 | 93 | 1.4 | Non-PF Multi ² | 93 | 93 | 1.4 | Non-PF Multi ² | 259 | 259 | 2.9 |
| Total International | \$ 7,095 | \$ 5,610 | 85.3% | Total International | \$ 7,126 | \$ 5,607 | 84.5% | Total International | \$ 7,852 | \$ 6,881 | 76.0% |
| Total Outstanding | \$ 22,552 | \$ 6,577 | 100.0% | Total Outstanding | \$ 23,425 | \$ 6,634 | 100.0% | Total Outstanding | \$ 27,658 | \$ 9,050 | 100.0% |

Notes:
¹ Single state/country with NPO < 1% of the total exposure plus any multi-state/country Public Finance exposures.
² Non-Public Finance deals with underlying securities in multiple states/countries.
³ Consists of \$500 million in ABS and \$41 million in CDO net par.
⁴ Consists of \$93 million in SSR net par.

Syncora Capital Assurance Inc.

| Q1 2016 | | | | Q4 2015 | | | | Q3 2015 | | | |
|-----------------------------|------------------|------------------|---------------|----------------------------|------------------|------------------|---------------|----------------------------|------------------|------------------|---------------|
| | GPO | NPO | % NPO | | GPO | NPO | % NPO | | GPO | NPO | % NPO |
| United States | | | | United States | | | | United States | | | |
| California | \$ 3,309 | \$ 3,267 | 15.9% | California | \$ 3,497 | \$ 3,454 | 15.9% | California | \$ 3,728 | \$ 3,684 | 15.1% |
| New York | 1,900 | 1,900 | 9.2 | New York | 1,916 | 1,916 | 8.8 | New York | 2,057 | 2,057 | 8.4 |
| Texas | 950 | 950 | 4.6 | Texas | 1,035 | 1,035 | 4.8 | Texas | 1,063 | 1,063 | 4.3 |
| Florida | 797 | 697 | 3.4 | Florida | 808 | 708 | 3.3 | Illinois | 1,053 | 1,053 | 4.3 |
| Virginia | 642 | 642 | 3.1 | Virginia | 643 | 643 | 3.0 | Colorado | 819 | 819 | 3.3 |
| Colorado | 554 | 554 | 2.7 | Pennsylvania | 582 | 582 | 2.7 | Florida | 886 | 786 | 3.2 |
| Washington | 509 | 509 | 2.5 | Colorado | 556 | 556 | 2.6 | Pennsylvania | 738 | 738 | 3.0 |
| Georgia | 475 | 475 | 2.3 | Illinois | 551 | 551 | 2.5 | Virginia | 643 | 643 | 2.6 |
| District Of Columbia | 462 | 462 | 2.2 | Washington | 510 | 510 | 2.3 | Georgia | 549 | 549 | 2.2 |
| Illinois | 444 | 444 | 2.2 | Georgia | 484 | 484 | 2.2 | Ohio | 541 | 541 | 2.2 |
| Alabama | 435 | 435 | 2.1 | District Of Columbia | 465 | 465 | 2.1 | Washington | 539 | 539 | 2.2 |
| Pennsylvania | 434 | 434 | 2.1 | Alabama | 455 | 455 | 2.1 | Tennessee | 513 | 513 | 2.1 |
| Ohio | 431 | 431 | 2.1 | Ohio | 452 | 452 | 2.1 | Alabama | 498 | 498 | 2.0 |
| Tennessee | 406 | 406 | 2.0 | Tennessee | 421 | 421 | 1.9 | District Of Columbia | 468 | 468 | 1.9 |
| New Jersey | 320 | 320 | 1.6 | New Jersey | 352 | 352 | 1.6 | New Jersey | 410 | 410 | 1.7 |
| South Carolina | 289 | 289 | 1.4 | South Carolina | 289 | 289 | 1.3 | South Carolina | 316 | 316 | 1.3 |
| Massachusetts | 269 | 269 | 1.3 | Massachusetts | 271 | 271 | 1.2 | Massachusetts | 298 | 298 | 1.2 |
| Maryland | 267 | 267 | 1.3 | Puerto Rico | 269 | 269 | 1.2 | Puerto Rico | 274 | 274 | 1.1 |
| Puerto Rico | 265 | 265 | 1.3 | Maryland | 267 | 267 | 1.2 | Maryland | 268 | 268 | 1.1 |
| Missouri | 229 | 229 | 1.1 | Missouri | 235 | 235 | 1.1 | Minnesota | 255 | 255 | 1.0 |
| Arizona | 214 | 214 | 1.0 | Other ¹ | 2,753 | 2,753 | 12.7 | Other ¹ | 3,268 | 3,268 | 13.3 |
| Other ¹ | 2,421 | 2,421 | 11.8 | Non-PF Multi ² | 1,401 | 1,401 | 6.4 | Non-PF Multi ² | 1,689 | 1,689 | 6.9 |
| Non-PF Multi ^{2,3} | 1,090 | 1,090 | 5.3 | Total United States | \$ 18,211 | \$ 18,067 | 83.1% | Total United States | \$ 20,874 | \$ 20,730 | 84.7% |
| Total United States | \$ 17,113 | \$ 16,971 | 82.4% | | | | | | | | |
| International | | | | International | | | | International | | | |
| United Kingdom | \$ 2,454 | \$ 2,454 | 11.9% | United Kingdom | \$ 2,512 | \$ 2,512 | 11.6% | United Kingdom | \$ 2,572 | \$ 2,572 | 10.5% |
| New Zealand | 491 | 491 | 2.4 | New Zealand | 485 | 485 | 2.2 | New Zealand | 454 | 454 | 1.9 |
| Netherlands | 306 | 306 | 1.5 | Netherlands | 298 | 298 | 1.4 | Netherlands | 318 | 318 | 1.3 |
| Other ¹ | 378 | 378 | 1.8 | Other ¹ | 374 | 374 | 1.7 | Other ¹ | 406 | 406 | 1.7 |
| Total International | \$ 3,629 | \$ 3,629 | 17.6% | Total International | \$ 3,668 | \$ 3,668 | 16.9% | Total International | \$ 3,751 | \$ 3,751 | 15.3% |
| Total Outstanding | \$ 20,742 | \$ 20,599 | 100.0% | Total Outstanding | \$ 21,879 | \$ 21,735 | 100.0% | Total Outstanding | \$ 24,624 | \$ 24,481 | 100.0% |

Notes:
¹ Single state/country with NPO < 1% of the total exposure plus any multi-state/country Public Finance exposures.
² Non-Public Finance deals with underlying securities in multiple states/countries.
³ Consists of \$1,036 million in CDO and \$54 million in ABS net par.

Investment Portfolio As of March 31, 2016 (U.S. dollars in millions)

Syncora Guarantee Inc.

| Distribution by Security Type | | | Maturity | | |
|---------------------------------------|------------------------------|------------|--------------------------------------|----------|--------|
| | Book Adjusted Carrying Value | Percentage | | | |
| Short-Term Investments | | | Within 1 Year | \$ 185.6 | 19.7% |
| Cash and Cash Equivalents | \$ 48.0 | 5.1% | 1 to 5 Years | 470.2 | 49.9% |
| Short-Term Investments | 22.9 | 2.4% | 5 to 10 Years | 27.9 | 3.0% |
| Total Cash and Short-Term Investments | 70.9 | 7.5% | Due after 10 Years | 5.0 | 0.5% |
| Debt Securities | | | Mortgage and asset-backed securities | 254.1 | 27.0% |
| MBS/ABS | 254.1 | 27.0% | Total | \$ 942.8 | 100.0% |
| U.S. Government | 299.0 | 31.7% | Yield to Maturity @ Book Value | 1.8% | |
| Corporate | 302.9 | 32.1% | Yield to Maturity @ Market Value | 1.3% | |
| States & Political Subs | 15.9 | 1.7% | Duration (years) | 1.6 | |
| Total Long-Term Fixed Maturity | 871.9 | 92.5% | | | |
| Total | \$ 942.8 | 100.0% | | | |

Notes:

- Excludes \$59.0 million of uninsured cash flow ("UCF") securities.
- Excludes \$8.6 million of other remediation-related securities.
- Excludes \$7.8 million of operating cash balances.

| Quality Distribution | | |
|--------------------------|------------------------------|------------|
| | Book Adjusted Carrying Value | Percentage |
| AAA | \$ 246.5 | 26.1% |
| AA | 400.5 | 42.5% |
| A | 248.0 | 26.3% |
| BBB | 43.9 | 4.7% |
| BB & below and Not Rated | 3.9 | 0.4% |
| Total | \$ 942.8 | 100.0% |
| Average credit quality | AA- | |

Syncora Capital Assurance Inc.

| Distribution by Security Type | | | Maturity | | |
|---------------------------------------|------------------------------|------------|--------------------------------------|----------|--------|
| | Book Adjusted Carrying Value | Percentage | | | |
| Short-Term Investments | | | Within 1 Year | \$ 70.1 | 19.2% |
| Cash and Cash Equivalents | \$ 60.7 | 16.6% | 1 to 5 Years | 34.2 | 9.4% |
| Short-Term Investments | 6.7 | 1.8% | 5 to 10 Years | 88.4 | 24.2% |
| Total Cash and Short-Term Investments | 67.4 | 18.5% | Due after 10 Years | 28.4 | 7.8% |
| Debt Securities | | | Mortgage and asset-backed securities | 144.2 | 39.5% |
| MBS/ABS | 144.2 | 39.5% | Total | \$ 365.3 | 100.0% |
| U.S. Government | 16.8 | 4.6% | Yield to Maturity @ Book Value | 2.8% | |
| Corporate | 120.3 | 32.9% | Yield to Maturity @ Market Value | 2.5% | |
| States & Political Subs | 16.6 | 4.5% | Duration (years) | 3.9 | |
| Total Long-Term Fixed Maturity | 297.9 | 81.5% | | | |
| Total | \$ 365.3 | 100.0% | | | |

Notes:

- Excludes \$55.3 million of uninsured cash flow ("UCF") securities.
- Excludes \$1.5 million of other remediation-related securities.
- Excludes \$2.6 million of preferred stocks.
- Excludes \$27.8 million of common stocks and alternative investments.
- Excludes \$4.6 million of operating cash balances.

| Quality Distribution | | |
|--------------------------|------------------------------|------------|
| | Book Adjusted Carrying Value | Percentage |
| AAA | \$ 108.7 | 29.8% |
| AA | 116.4 | 31.9% |
| A | 44.3 | 12.1% |
| BBB | 75.9 | 20.8% |
| BB & below and Not Rated | 20.0 | 5.5% |
| Total | \$ 365.3 | 100.0% |
| Average credit quality | A | |