

Syncora Guarantee Inc.

**1st QUARTER 2018
OPERATING SUPPLEMENT
(STATUTORY - BASIS)**



Syncora Guarantee Inc.

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Notes:

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

Numbers throughout the document may not add due to rounding.

Effective December 31, 2017, Syncora Capital Assurance Inc. merged with and into Syncora Guarantee Inc. ("SGI"), with SGI remaining as the surviving entity. All prior period financial statement reporting has been adjusted to reflect this merger.

Syncora Guarantee 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.

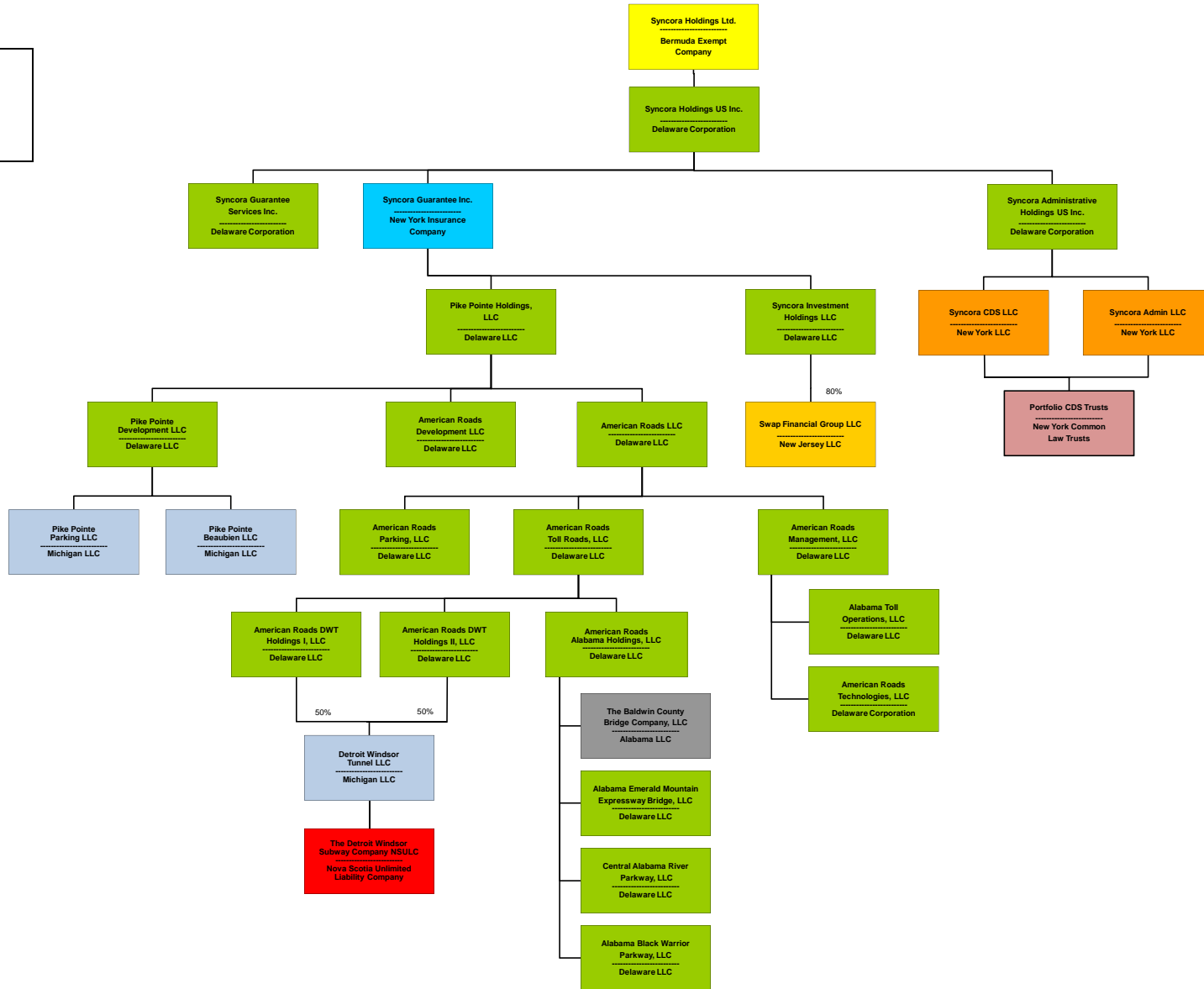
Net principal and interest outstanding

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)

	As of		
	3/31/2018	12/31/2017	9/30/2017
Assets			
Cash, cash equivalents and short-term investments	\$ 654,026	\$ 309,935	\$ 167,237
Bonds	780,978	809,898	958,678
Uninsured cash flow certificates	20,775	63,636	72,933
Preferred stocks, at amortized cost	17,768	17,768	1,033
Interest rate derivatives	348	348	-
Common stock	54,090	59,218	57,891
Other invested assets	28,682	28,926	55,749
Subtotal, cash and invested assets	<u>1,556,666</u>	<u>1,289,728</u>	<u>1,313,520</u>
Investment income due and accrued	6,190	6,485	7,515
Uncollected premiums and reinsurance assets	3,152	1,648	1,610
Other assets	5,085	4,232	17,732
Total Assets	<u>\$ 1,571,093</u>	<u>\$ 1,302,093</u>	<u>\$ 1,340,377</u>
Liabilities, Surplus and Other Funds			
Losses and loss adjustment expenses	\$ (29,263)	\$ (263,748)	\$ (54,624)
Unearned premiums	170,041	181,077	190,567
Payable to parent, subsidiaries and affiliates	7,093	10,343	6,227
Mandatory contingency reserve	43,481	47,625	106,951
Other liabilities	6,542	9,173	8,278
Total Liabilities	<u>197,893</u>	<u>(15,530)</u>	<u>257,399</u>
Surplus notes	548,506	548,506	552,276
Preferred capital stock	200,000	200,000	200,000
Common capital stock	15,000	15,000	15,000
Unassigned funds (surplus)	609,694	554,118	315,702
Surplus as regards policyholders	<u>1,373,200</u>	<u>1,317,624</u>	<u>1,082,978</u>
Total Liabilities, Surplus and Other Funds	<u>\$ 1,571,093</u>	<u>\$ 1,302,093</u>	<u>\$ 1,340,377</u>

Statement of Income

(U.S. dollars in thousands)

	Three Months Ended		
	3/31/2018	12/31/2017	9/30/2017
Net premiums written	\$ 4,340	\$ 2,177	\$ 3,111
Underwriting Income			
Net premiums earned	\$ 15,375	\$ 11,667	\$ 7,753
Net losses/(releases) and LAE incurred	6,060	(204,705)	65,137
Other underwriting expenses incurred	10,494	13,528	9,197
Net underwriting gain/(loss)	(1,179)	202,845	(66,580)
Investment Income			
Net investment income (expense) earned	15,099	(12,664)	10,410
Net realized gains/(losses)	17,502	(6,084)	(14,559)
Total net investment gain/(loss)	32,601	(18,747)	(4,149)
Other Income			
Other income	15,240	1,171	245
Net income/(loss) before taxes	46,661	185,269	(70,485)
Federal and foreign income taxes incurred/(benefit)	(358)	26	-
Net income/(loss)	\$ 47,019	\$ 185,243	\$ (70,485)

Claims Paying Resources & Leverage Ratio

(U.S. dollars in millions)

	As of		
	3/31/2018	12/31/2017	9/30/2017
Claims paying resources			
Policyholders' surplus	\$ 1,373	\$ 1,318	\$ 1,083
Contingency reserve	43	48	107
Qualified statutory capital	1,417	1,365	1,190
Unearned premium revenue	170	181	191
Loss & loss adjustment expense reserves ^{1,2,3}	221	-	190
Total policyholders' surplus & reserves	1,808	1,546	1,570
NPVFIP	94	97	101
Total claims paying resources	<u>\$ 1,902</u>	<u>\$ 1,643</u>	<u>\$ 1,671</u>
Net par outstanding	\$ 14,493	\$ 14,839	\$ 16,552
Leverage ratio (Net par outstanding/Total claims paying resources)	7.6	9.0	9.9

Notes:

¹ For the three months ended 3/31/2018, the reported loss and loss adjustment expenses excludes the recoverable benefit of four structured single risk credits (\$250.6 million).

² For the three months ended 12/31/2017, the reported loss and loss adjustment expenses excludes the recoverable benefit of five structured single risk credits (\$250.5 million).

³ For the three months ended 9/30/2017, the reported loss and loss adjustment expenses excludes the recoverable benefit of four structured single risk credits (\$244.5 million).

Insured Portfolio - Net Par Outstanding

(U.S. dollars in millions)

	Q1 2018		Q4 2017		Q3 2017	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
Public Finance						
Special Revenue	\$ 3,236		\$ 3,316		\$ 3,370	
General Obligation	1,235		1,320		1,457	
Utility	872		938		1,000	
Non Ad Valorem	689		691		943	
Appropriation	328		335		341	
Other	4		4		4	
Total Public Finance	\$ 6,364	43.9%	\$ 6,603	44.5%	\$ 7,116	43.0%
Asset-Backed Securities						
RMBS	\$ 354		\$ 367		\$ 381	
Total Asset-Backed Securities	\$ 354	2.4%	\$ 367	2.5%	\$ 381	2.3%
Collateralized Debt Obligations						
Cashflow CDO	\$ 24		\$ 27		\$ 27	
Total Collateralized Debt Obligations	\$ 24	0.2%	\$ 27	0.2%	\$ 27	0.2%
Structured Single Risk						
Power & Utilities	\$ 4,960		\$ 5,067		\$ 5,184	
Global Infrastructure	2,556		2,512		3,586	
Specialized Risk	235		263		259	
Total Structured Single Risk	\$ 7,751	53.5%	\$ 7,843	52.8%	\$ 9,029	54.5%
Total Net Par Outstanding	\$ 14,493	100.0%	\$ 14,839	100.0%	\$ 16,552	100.0%

Notes:

Categories include domestic and international credits.

Insured Portfolio - Debt Service Amortization

(U.S. dollars in millions)

	Q1 2018		Q4 2017		Q3 2017			
	Scheduled Net		Scheduled Net		Scheduled Net			
	Debt Service	NPIO	Debt Service	NPIO	Debt Service	NPIO		
					2017 Q3	\$ -	\$ 26,970	
					2017 Q4	510	26,460	
2018 Q1	\$ -	\$ 23,978	2018 Q1	310	24,319	296	26,164	
2018 Q2	172	23,806	2018 Q2	168	24,151	220	25,944	
2018 Q3	289	23,516	2018 Q3	286	23,865	586	25,359	
2018 Q4	246	23,270	2018 Q4	247	23,618	267	25,092	
Total 2018	\$ 708		Total 2018	\$ 1,011		Total	\$ 1,878	
2019	\$ 917	\$ 22,353	2019	\$ 924	\$ 22,694	2019	\$ 1,154	\$ 23,938
2020	1,051	21,301	2020	1,056	21,637	2020	1,275	22,662
2021	1,296	20,006	2021	1,303	20,334	2021	1,415	21,248
2022	1,032	18,974	2022	1,039	19,295	2022	1,233	20,014
Total 2019-2022	\$ 4,297		Total 2019-2022	\$ 4,322		Total 2019-2022	\$ 5,078	
2023-2027	\$ 4,548	\$ 14,425	2023-2027	\$ 4,571	\$ 14,724	2023-2027	\$ 4,849	\$ 15,165
2028-2032	3,137	11,288	2028-2032	3,153	11,571	2028-2032	3,343	11,822
2033-2037	2,705	8,583	2033-2037	2,698	8,873	2033-2037	2,853	8,968
2038 and thereafter	8,583	-	2038 and thereafter	8,873	-	2038 and thereafter	8,968	-
Total 2023-thereafter	\$ 18,974		Total 2023-thereafter	\$ 19,295		Total 2023-thereafter	\$ 20,014	
Total	\$ 23,978		Total	\$ 24,629		Total	\$ 26,970	

Notes:

Categories include domestic and international credits.

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

	Q1 2018		Q4 2017		Q3 2017	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 6,364	378	\$ 6,603	417	7,116	493
Asset-Backed Securities	354	25	367	26	381	26
Collateralized Debt Obligations	24	2	27	3	27	3
Structured Single Risk	7,751	45	7,843	46	9,029	50
Total Net Par Outstanding	\$ 14,493	450	\$ 14,839	492	\$ 16,552	572

	Net Loss Reserve	Net Loss Reserve	Net Loss Reserve
Public Finance	\$ 115	\$ 120	\$ 95
Asset-Backed Securities	91	(145)	77
Collateralized Debt Obligations	1	1	1
Structured Single Risk	(251)	(251)	(245)
Total Net Reserve	\$ (43)	\$ (275)	\$ (72)

Note:

Categories include domestic and international credits.

Insured Portfolio - Watch List (U.S. dollars in millions)

	Q1 2018				
	Loss List	Red Flag List	Yellow Flag List	Special Monitoring List	Total
Number of credits	22	3	9	8	42
Remaining weighted-average contract period (in years)	9.9	11.0	15.6	12.3	12.7
Insured contractual payments outstanding:					
Principal	\$ 518.8	\$ 21.2	\$ 582.1	\$ 573.3	\$ 1,695.4
Interest	164.0	11.5	361.9	286.3	823.6
Total	\$ 682.8	\$ 32.7	\$ 944.0	\$ 859.6	\$ 2,519.0
Gross loss reserves	\$ (43.2)	\$ -	\$ -	\$ -	\$ (43.2)
Net loss reserves	\$ (43.2)	\$ -	\$ -	\$ -	\$ (43.2)

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

	Q1 2018		Q4 2017		Q3 2017	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 544	3.8%	\$ 425	2.9%	\$ 549	3.3%
AA	3,318	22.9	4,090	27.6	4,367	26.4
A	4,550	31.4	4,210	28.4	4,370	26.4
BBB	4,646	32.1	4,626	31.2	4,916	29.7
Below Investment Grade	1,435	9.9	1,488	10.0	2,350	14.2
Total Net Par Outstanding	\$ 14,493	100.0%	\$ 14,839	100.0%	\$ 16,552	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.

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

	Q1 2018		Q4 2017		Q3 2017	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
aaa	\$ 22	0.1%	\$ 24	0.2%	\$ 2	-%
aa	1,367	9.4	1,425	9.6	1,457	8.8
a	6,491	44.8	6,744	45.4	7,016	42.4
bbb	5,491	37.9	5,478	36.9	6,026	36.4
Below Investment Grade	1,122	7.7	1,167	7.9	2,051	12.4
Total Net Par Outstanding	\$ 14,493	100.0%	\$ 14,839	100.0%	\$ 16,552	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., aa- = AA- = Aa3, bbb = 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 - Summary of Below Investment Grade (BIG) Exposures (U.S. dollars in millions)

	Q1 2018	Q4 2017	Q3 2017
	NPO	NPO	NPO
Public Finance	\$ 637	\$ 679	\$ 684
Asset-Backed Securities	293	303	311
Collateralized Debt Obligations	2	2	2
Structured Single Risk	503	504	1,353
Total Below Investment Grade	<u>\$ 1,435</u>	<u>\$ 1,488</u>	<u>\$ 2,350</u>
Total Net Par Outstanding	\$ 14,493	\$ 14,839	\$ 16,552
BIG as % of Net Par Outstanding	9.9%	10.0%	14.2%

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.

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

	Q1 2018	Q4 2017	Q3 2017
	NPO	NPO	NPO
Public Finance	\$ 501	\$ 544	\$ 561
Asset-Backed Securities	310	321	329
Collateralized Debt Obligations	2	2	2
Structured Single Risk	308	300	1,158
Total Below Investment Grade	<u>\$ 1,122</u>	<u>\$ 1,167</u>	<u>\$ 2,051</u>
Total Net Par Outstanding	\$ 14,493	\$ 14,839	\$ 16,552
BIG as % of Net Par Outstanding	7.7%	7.9%	12.4%

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., aa- = AA- = Aa3, bbb = 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)

		Q1 2018		
		NPO	S&P Rating	Internal Rating*
1	LCOR Alexandria, LLC - Lease Revenue	\$ 580	A-	a-
2	San Diego Family Housing LLC - Class I	403	AA	aa
3	DOT Headquarters II Lease-Backed Mortgage Finance Trust Senior Notes	326	BB+	a
4	Dodger Tickets LLC	256	BBB+	bbb+
5	City of Houston, TX Airport System - Revenue Bonds	185	A+	a
6	Metropolitan Transportation Authority, NY - Lease Revenue Bonds	156	BBB+	bbb-
7	San Diego County, CA - Pension Obligation Bonds	148	AAA	aa-
8	Navy Northeast Family Housing - Series 2007-A1 (Trust 220)	147	AA-	bbb-
9	New Jersey Economic Development Authority, NJ	141	BBB+	bbb
10	San Diego Family Housing LLC - Class II	140	AA	aa-
11	San Diego Family Housing LLC - Class III	140	AA	a+
12	Municipal Gas Authority of Georgia (MGAG) Gas Prepay	127	A-	a
13	San Bernardino County, CA - Pension Obligation Bonds	125	AA	a-
14	Southern California Logistics Airport Authority, CA - Tax Allocation Bonds	124	BB	bb
15	St. Louis (City of), MO - Lease	123	A	bbb
16	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	110	AA	d
17	Hesperia PFA, CA	107	BBB-	bbb-
18	Arkansas River Power Authority, CO - Electric Revenue Bonds	106	BBB	bb-
19	Offutt Air Force Base, NE - Military Housing Series A	105	AA-	a
20	Natural Gas Acquisition Corporation of City of Clarksville (NGAC), TN - Utility Obligation Bonds, Gas Prepay	105	AA-	a
Total Net Par Outstanding of the Largest Public Finance Credits		\$ 3,654		
Total Portfolio Net Par Outstanding		\$ 14,493		
% of Total SGI Portfolio		25.2%		
Total Public Finance Portfolio Net Par Outstanding		\$ 6,364		
% of Total Public Finance Portfolio		57.4%		

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., aa- = AA- = Aa3, bbb = 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 Amortization^{1,2}

(U.S. dollars in millions)

Q1 2018						
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	
2018	\$ 14.1	\$ 0.2	\$ 31.0	\$ 3.9	\$ 49.1	
2019	17.3	0.3	4.9	5.0	27.6	
2020	12.1	0.3	5.3	2.2	19.9	
2021	10.9	0.3	4.4	2.1	17.8	
2022	6.1	0.3	4.4	2.1	13.0	
2023	11.8	0.3	5.1	0.3	17.5	
2024	1.9	0.3	5.1	0.3	7.5	
2025	7.9	0.3	25.4	0.3	33.9	
2026	1.5	0.3	28.4	1.8	32.0	
2027	1.5	0.3	26.5	1.9	30.3	
2028	2.6	0.3	0.9	1.6	5.4	
2029	2.1	0.3	0.9	0.9	4.2	
2030	9.2	0.3	1.2	0.7	11.4	
2031	9.6	0.3	1.5	-	11.4	
2032	0.1	0.3	-	-	0.4	
2033	0.1	0.3	-	-	0.4	
2034	0.1	0.3	-	-	0.4	
2035	0.1	0.3	-	-	0.4	
2036	1.4	0.3	-	-	1.7	
2037	-	0.3	-	-	0.3	
2038	-	6.8	-	-	6.8	
Total	\$ 110.3	\$ 12.9	\$ 144.9	\$ 23.1	\$ 291.3	
Total Net Principal	\$ 84.8	\$ 6.5	\$ 110.0	\$ 18.8	\$ 220.2	
Total Net Interest	25.5	6.3	34.9	4.3	71.1	
Total Net Principal and Interest	\$ 110.3	\$ 12.9	\$ 144.9	\$ 23.1	\$ 291.3	

Notes:

¹Net of reinsurance.

²Excludes \$20.9 million of carrying value of Puerto Rico Government Obligations, Highway & Transportation Authority, and Electric Power Authority bonds purchased.

Insured Portfolio - RMBS Loss & LAE Reserve Roll Forward (U.S. dollars in millions)

Q1 2018						
Period End Date	RMBS Net Unpaid Loss and LAE Beginning ¹		Incurred Losses/(Recoveries)	Net Paid Claims	RMBS Net Unpaid Loss and LAE Ending ¹	
12/31/11	\$	80.7	\$	16.0	\$	39.1
12/31/12		39.1		(289.8)		69.7
12/31/13		69.7		(355.0)		(233.9)
12/31/14		(233.9)		(29.2)		142.4
12/31/15		142.4		(23.9)		121.9
12/31/16		121.9		(62.1)		96.2
3/31/17		96.2		(2.5)		93.3
6/30/17		93.3		(5.4)		86.8
9/30/17		86.8		(3.4)		81.6
12/31/17		81.6		(220.1)		(142.8)
3/31/18		(142.8)		(3.0)		91.4

Notes:

¹ Information provided in Note 25 of Syncora Guarantee Inc.'s Annual and Quarterly statutory financial statements.

Claims Variance Analysis

(U.S. dollars in millions)

	January 2018	February 2018	March 2018	1Q 2018
Net Claims Submitted¹				
HELOC	\$ (0.0)	\$ (0.5)	\$ (0.6)	\$ (1.2)
CES	0.0	0.0	0.2	0.2
First Lien	(0.1)	0.0	(0.1)	(0.2)
Other	3.4	(0.0)	1.7	5.1
Total Net Claims Submitted	3.4	(0.5)	1.1	3.9
Net Projected Claims¹				
HELOC	0.1	(0.1)	(0.1)	(0.1)
CES	0.1	0.1	0.1	0.2
First Lien	0.0	0.0	(0.0)	0.0
Other	-	-	(9.3)	(9.3)
Total Net Projected Claims	0.1	(0.0)	(9.4)	(9.3)
Difference - Favorable/(Unfavorable)				
HELOC	0.1	0.4	0.5	1.0
CES	0.0	0.1	(0.1)	(0.0)
First Lien	0.1	0.0	0.1	0.2
Other	(3.4)	0.0	(11.0)	(14.4)
Total Difference	\$ (3.2)	\$ 0.5	\$ (10.5)	(13.2)

Note:

¹ Net of expected round trip payments and reinsurance, and excluding commutation payments.

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

		Q1 2018
Servicer/Manager Name ^{1,3}		NPO
1	Ocwen Loan Servicing, LLC	\$ 220
2	Bank of America, N.A.	66
3	CLO Manager 1 ²	22
4	Banco La Hipotecaria, S.A	20
5	Specialized Loan Servicing	19
6	Countrywide Home Loans	14
7	Nationstar Mortgage	7
8	Washington Mutual Bank	5
9	Chevy Chase Bank FSB	3
10	JP Morgan Chase Bank NA	1
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$ 376
Total Portfolio Net Par Outstanding		\$ 14,493
% of Total Portfolio		2.6%
Total Structured Finance Portfolio Net Par Outstanding		\$ 8,129
% of Total Structured Finance Portfolio		4.6%

Notes:

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

² Servicer/manager not revealed due to confidentiality.

³ Information has been updated to reflect servicer/manager transfers.

Insured Portfolio - Profile by Geographic Distribution

(U.S. dollars in millions)

Q1 2018				Q4 2017				Q3 2017			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
United States				United States				United States			
California	\$ 2,191	\$ 2,151	14.8%	California	\$ 2,239	\$ 2,198	14.8%	California	\$ 2,504	\$ 2,463	14.9%
New York	1,151	1,151	7.9	New York	1,158	1,158	7.8	New York	1,178	1,178	7.1
Virginia	597	597	4.1	Virginia	609	609	4.1	Virginia	609	609	3.7
District Of Columbia	428	428	3.0	District Of Columbia	432	432	2.9	District Of Columbia	436	436	2.6
Texas	292	292	2.0	Texas	296	296	2.0	Texas	309	309	1.9
Georgia	246	246	1.7	Florida	255	255	1.7	Georgia	287	287	1.7
Florida	223	223	1.5	Georgia	247	247	1.7	Florida	274	274	1.7
Puerto Rico	220	220	1.5	Puerto Rico	220	220	1.5	Puerto Rico	234	234	1.4
Washington	206	206	1.4	Washington	214	214	1.4	New Jersey	222	222	1.3
Massachusetts	204	204	1.4	New Jersey	210	210	1.4	Washington	221	221	1.3
New Jersey	186	186	1.3	Massachusetts	208	208	1.4	Massachusetts	217	217	1.3
Missouri	177	177	1.2	Missouri	178	178	1.2	Missouri	182	182	1.1
Other ¹	1,428	1,428	9.9	Tennessee	168	168	1.1	Tennessee	181	181	1.1
Non-PF Multi ^{2,3}	358	358	2.5	Colorado	150	150	1.0	Ohio	166	166	1.0
Total United States	\$ 7,909	\$ 7,868	54.3%	Other ¹	1,261	1,261	8.5	Other ¹	1,346	1,346	8.1
				Non-PF Multi ²	375	375	2.5	Non-PF Multi ²	389	389	2.3
				Total United States	\$ 8,220	\$ 8,179	55.1%	Total United States	\$ 8,755	\$ 8,714	52.6%
International				International				International			
United Kingdom	\$ 5,458	\$ 5,024	34.7%	United Kingdom	\$ 5,585	\$ 5,035	33.9%	United Kingdom	\$ 5,586	\$ 5,051	30.5%
Chile	366	366	2.5	Chile	370	370	2.5	Australia	1,125	1,125	6.8
New Zealand	329	329	2.3	New Zealand	323	323	2.2	New Zealand	512	512	3.1
Australia	253	253	1.7	Australia	258	258	1.7	Chile	484	484	2.9
Other ¹	652	652	4.5	France	152	152	1.0	Other ¹	667	667	4.0
Total International	\$ 7,058	\$ 6,625	45.7%	Other ¹	523	523	3.5	Total International	\$ 8,374	\$ 7,838	47.4%
				Total International	\$ 7,211	\$ 6,660	44.9%				
Total Outstanding	\$ 14,967	\$ 14,493	100.0%	Total Outstanding	\$ 15,431	\$ 14,839	100.0%	Total Outstanding	\$ 17,129	\$ 16,552	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 \$335 million in ABS and \$24 million in CDO net par.

Investment Portfolio

As of March 31, 2018

(U.S. dollars in millions)

Distribution by Security Type			Maturity		
	Book Adjusted Carrying Value	Percentage		Book Adjusted Carrying Value	Percentage
Short-Term Investments			Within 1 Year	\$ 694.5	48.7%
Cash and Cash Equivalents	\$ 647.0	45.4%	1 to 5 Years	471.8	33.1%
Short-Term Investments	0.4	0.0%	5 to 10 Years	77.1	5.4%
Total Cash and Short-Term Investments	647.4	45.4%	Due after 10 Years	17.2	1.2%
Debt Securities			Mortgage and asset-backed securities	165.9	11.6%
MBS/ABS	165.9	11.6%	Total	\$ 1,426.5	100.0%
U.S. Government	124.9	8.8%	Yield to Maturity @ Book Value	2.4%	
Corporate	470.2	33.1%	Yield to Maturity @ Market Value	2.4%	
States & Political Subs	18.1	1.3%	Duration (years)	1.8	
Total Long-Term Fixed Maturity	779.1	54.6%			
Total	\$ 1,426.5	100.0%			

Notes:

- Excludes \$20.8 million of uninsured cash flow ("UCF") securities
- Excludes \$1.9 million of other remediation-related securities
- Excludes \$17.8 million of preferred stocks
- Excludes \$68.7 million of common stocks and alternative investments
- Excludes \$6.7 million of operating cash balances

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 707.9	49.6%
AA	233.0	16.3%
A	160.8	11.3%
BBB	261.6	18.4%
BB & below and Not Rated	63.2	4.4%
Total	\$ 1,426.5	100.0%
Average credit quality	A-	