

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

**4th QUARTER 2016
OPERATING SUPPLEMENT**



Syncora Guarantee Inc. Syncora Capital Assurance 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.

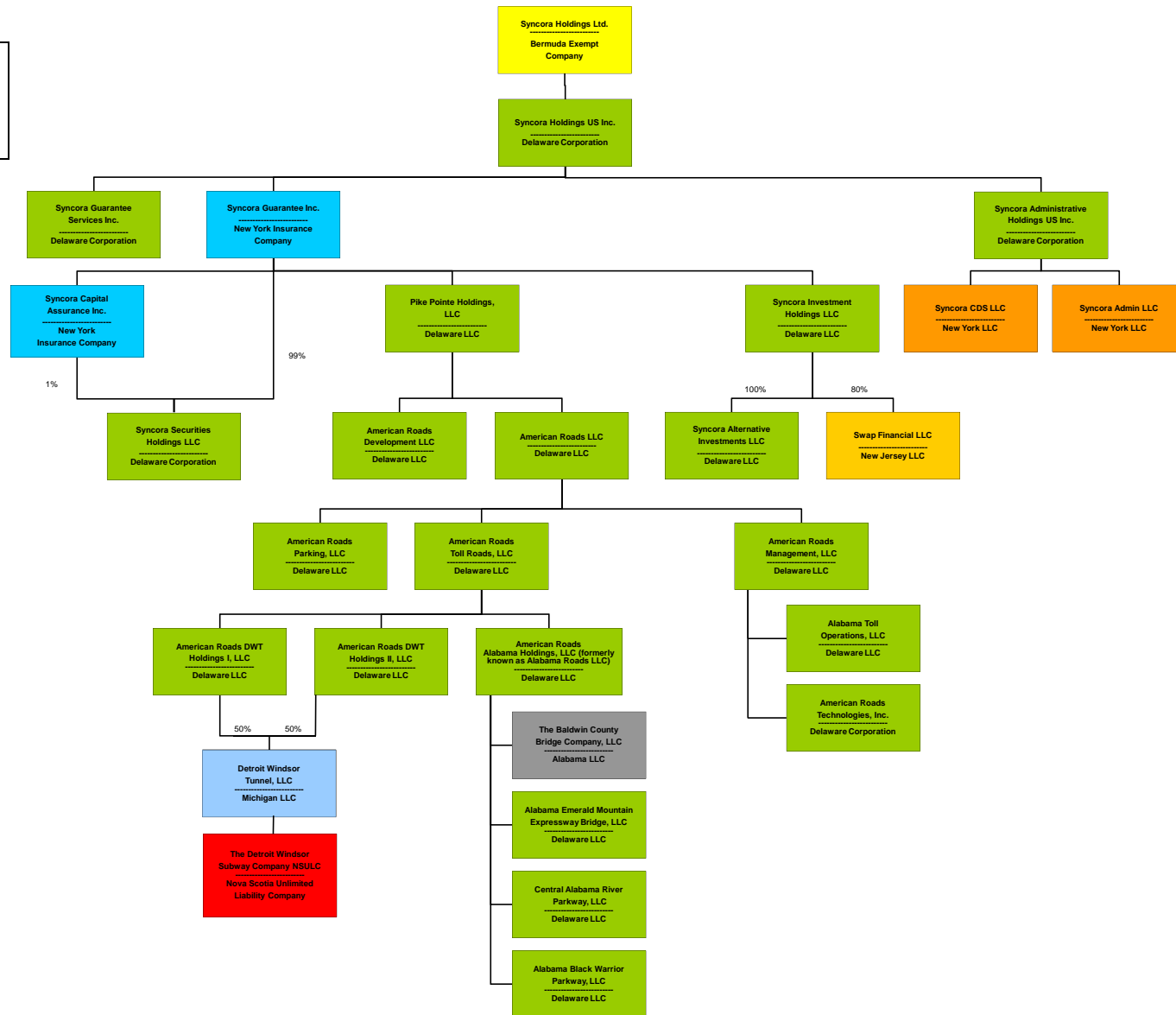
Syncora Guarantee Inc. Syncora Capital Assurance Inc. Certain Definitions

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		
	12/31/2016	9/30/2016	6/30/2016
Assets			
Cash, cash equivalents and short-term investments	\$ 96,941	\$ 85,825	\$ 89,191
Bonds	790,474	795,681	862,879
Uninsured cash flow certificates	59,713	68,244	67,527
Interest rate derivatives	50	20	22
Common stock	46,673	26,353	3,634
Other invested assets	248,204	246,067	240,517
Receivables for securities	-	-	8,145
Subtotal, cash and invested assets	1,242,054	1,222,191	1,271,916
Investment income due and accrued	5,275	5,290	5,627
Uncollected premiums and reinsurance assets	724	882	816
Other assets	11,822	17,968	3,793
Total Assets	\$ 1,259,876	\$ 1,246,331	\$ 1,282,152
Liabilities, Surplus and Other Funds			
Losses and loss adjustment expenses	\$ (123,047)	\$ (126,030)	\$ (86,342)
Unearned premiums	97,084	99,138	109,051
Payable to parent, subsidiaries and affiliates	7,814	7,509	4,711
Mandatory contingency reserve	88,413	88,004	86,898
Other liabilities	1,327	4,028	17,115
Total Liabilities	71,591	72,649	131,433
Surplus notes	556,158	556,158	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
Unassigned funds (surplus)	417,126	402,524	(1,695,586)
Surplus as regards policyholders	1,188,284	1,173,682	1,150,720
Total Liabilities, Surplus and Other Funds	\$ 1,259,876	\$ 1,246,331	\$ 1,282,152

Syncora Capital Assurance Inc.

	As of		
	12/31/2016	9/30/2016	6/30/2016
Assets			
Cash, cash equivalents and short-term investments	\$ 51,343	\$ 61,062	\$ 56,835
Preferred stocks	2,582	2,632	2,607
Common stocks	24,446	26,785	25,623
Bonds	292,467	288,697	284,276
Uninsured cash flow certificates	45,898	48,760	59,190
Other invested assets	3,924	4,043	4,121
Receivables for securities	-	8,099	3,500
Subtotal, cash and invested assets	420,659	440,077	436,152
Investment income due and accrued	3,743	2,960	2,216
Uncollected premiums	1,014	796	1,134
Net deferred tax asset	1,259	2,572	2,699
Receivable from parent, subsidiaries and affiliates	297	5,184	1,870
Other assets	260	66	64
Total Assets	\$ 427,232	\$ 451,656	\$ 444,135
Liabilities, Surplus and Other Funds			
Losses and loss adjustment expenses	\$ 57,547	\$ 43,325	\$ 38,945
Unearned premiums	121,567	144,680	149,789
Payable to parent, subsidiaries and affiliates	8,681	7,185	4,507
Mandatory contingency reserve	13,424	28,561	42,097
Payable for securities	-	7,912	5,042
Other liabilities	255	497	120
Total Liabilities	201,474	232,161	240,501
Surplus note	200,000	200,000	200,000
Common capital stock	2,500	2,500	2,500
Gross paid in and contributed surplus	-	-	219,000
Unassigned funds (surplus)	23,258	16,994	(217,866)
Surplus as regards policyholders	225,758	219,494	203,634
Total Liabilities, Surplus and Other Funds	\$ 427,232	\$ 451,656	\$ 444,135

Statement of Income

(U.S. dollars in thousands)

Syncora Guarantee Inc.

	Three Months Ended		
	12/31/2016	9/30/2016	6/30/2016
Net premiums written	\$ 1,719	\$ 1,457	\$ 2,458
Underwriting Income			
Net premiums earned	\$ 3,774	\$ 11,370	\$ 3,748
Net losses/(releases) incurred	(1,667)	(39,473)	(31,528)
Loss adjustment expenses (benefit) incurred	4,072	2,875	862
Other underwriting expenses incurred	8,434	12,857	9,605
Net underwriting gain/(loss)	(7,065)	35,110	24,809
Investment Income			
Net investment income (expense) earned	13,708	(38,706)	14,096
Net realized gains/(losses)	(5,054)	1,893	3,944
Total net investment gain/(loss)	8,653	(36,813)	18,041
Other Income			
Other income	47	14,374	29
Net income/(loss) before taxes	1,635	12,672	42,878
Federal and foreign income taxes incurred/(benefit)	(2,457)	5,677	1,590
Net income/(loss)	\$ 4,093	\$ 6,995	\$ 41,288

Syncora Capital Assurance Inc.

	Three Months Ended		
	12/31/2016	9/30/2016	6/30/2016
Net premiums written	\$ 1,423	\$ 3,449	\$ 1,329
Underwriting Income			
Net premiums earned	\$ 24,536	\$ 8,558	\$ 7,522
Net losses/(releases) incurred	13,214	8,868	5,224
Loss adjustment expenses (benefit) incurred	(178)	(249)	(4,418)
Other underwriting expenses incurred	6,019	7,596	4,482
Net underwriting gain/(loss)	5,481	(7,658)	2,234
Investment Income			
Net investment income (expense) earned	(1,533)	4,624	258
Net realized capital gains/(losses)	(8,375)	(955)	(1,829)
Total net investment gain/(loss)	(9,908)	3,670	(1,571)
Other Income			
Other income	25	6	-
Net income/(loss) before taxes	(4,402)	(3,982)	663
Federal and foreign income taxes incurred/(benefit)	2,748	(5,184)	(1,580)
Net income/(loss)	\$ (7,151)	\$ 1,202	\$ 2,242

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

Syncora Guarantee Inc.

	As of		
	12/31/2016	9/30/2016	6/30/2016
Claims paying resources			
Policyholders' surplus	\$ 1,187	\$ 1,173	\$ 1,151
Contingency reserve	88	88	87
Qualified statutory capital	1,276	1,261	1,238
Unearned premium revenue	97	99	109
Loss & loss adjustment expense reserves ^{1,2,3}	129	121	109
Total policyholders' surplus & reserves	1,502	1,481	1,456
NPVFIP	34	38	39
Total claims paying resources	\$ 1,536	\$ 1,519	\$ 1,495
Net par outstanding	\$ 5,341	\$ 5,735	\$ 6,023
Leverage ratio (Net par outstanding/Total claims paying resources)	3.5	3.8	4.0

Notes:

¹ For the three months ended 12/31/2016, the reported loss and loss adjustment expenses excludes the recoverable benefit of five structured single risk credits (\$252.5 million).

² For the three months ended 9/30/2016, the reported loss and loss adjustment expenses excludes the recoverable benefit of six structured single risk credits (\$246.8 million).

³ For the three months ended 6/30/2016, the reported loss and loss adjustment expenses excludes the recoverable benefit of six structured single risk credits (\$195.4 million).

Syncora Capital Assurance Inc.

	As of		
	12/31/2016	9/30/2016	6/30/2016
Claims paying resources			
Policyholders' surplus	\$ 226	\$ 219	\$ 204
Contingency reserve	13	29	42
Qualified statutory capital	239	247	246
Unearned premium revenue	122	145	150
Loss & loss adjustment expense reserves ^{1,2,3}	90	79	78
Total policyholders' surplus & reserves	451	471	474
NPVFIP	81	82	86
Total claims paying resources	\$ 532	\$ 553	\$ 559
Net par outstanding	\$ 15,026	\$ 17,030	\$ 18,626
Leverage ratio (Net par outstanding/Total claims paying resources)	28.3	30.8	33.3

Notes:

¹ For the three months ended 12/31/2016, the reported loss and loss adjustment expenses excludes the recoverable benefit of a public finance credit (\$32.0 million).

² For the three months ended 9/30/2016, the reported loss and loss adjustment expenses excludes the recoverable benefit of a public finance credit (\$36.2 million).

³ For the three months ended 6/30/2016, the reported loss and loss adjustment expenses excludes the recoverable benefit of a public finance credit (\$39.4 million).

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

Syncora Guarantee Inc.

	Q4 2016		Q3 2016		Q2 2016	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
Public Finance						
General Obligation	\$ 106		\$ 152		\$ 151	
Utility	53		53		53	
Special Revenue	37		39		46	
Other	4		4		4	
Appropriation	-		11		11	
Total Public Finance	<u>\$ 200</u>	3.7%	<u>\$ 259</u>	4.5%	<u>\$ 265</u>	4.4%
Asset-Backed Securities						
RMBS	<u>\$ 445</u>		<u>\$ 462</u>		<u>\$ 484</u>	
Total Asset-Backed Securities	<u>\$ 445</u>	8.3%	<u>\$ 462</u>	8.0%	<u>\$ 484</u>	8.0%
Collateralized Debt Obligations						
Cashflow CDO	<u>\$ 26</u>		<u>\$ 27</u>		<u>\$ 40</u>	
Total Collateralized Debt Obligations	<u>\$ 26</u>	0.5%	<u>\$ 27</u>	0.5%	<u>\$ 40</u>	0.7%
Structured Single Risk						
Power & Utilities	\$ 2,181		\$ 2,264		\$ 2,362	
Global Infrastructure	2,098		2,327		2,464	
Specialized Risk	<u>391</u>		<u>397</u>		<u>408</u>	
Total Structured Single Risk	<u>\$ 4,670</u>	87.4%	<u>\$ 4,988</u>	87.0%	<u>\$ 5,234</u>	86.9%
Total Net Par Outstanding	<u>\$ 5,341</u>	<u>100.0%</u>	<u>\$ 5,735</u>	<u>100.0%</u>	<u>\$ 6,023</u>	<u>100.0%</u>

Notes:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

	Q4 2016		Q3 2016		Q2 2016	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
Public Finance						
Special Revenue	\$ 4,368		\$ 5,043		\$ 5,480	
General Obligation	2,650		3,010		3,423	
Utility	1,661		2,036		2,223	
Non Ad Valorem	1,286		1,486		1,562	
Appropriation	<u>641</u>		<u>738</u>		<u>778</u>	
Total Public Finance	<u>\$ 10,606</u>	70.6%	<u>\$ 12,312</u>	72.3%	<u>\$ 13,466</u>	72.3%
Collateralized Debt Obligations						
Synthetic CDO	\$ 150		\$ 253		\$ 503	
Cashflow CDO	<u>28</u>		<u>82</u>		<u>190</u>	
Total Collateralized Debt Obligations	<u>\$ 178</u>	1.2%	<u>\$ 335</u>	2.0%	<u>\$ 693</u>	3.7%
Structured Single Risk						
Power & Utilities	\$ 2,869		\$ 2,945		\$ 2,981	
Global Infrastructure	1,322		1,388		1,435	
Specialized Risk	<u>50</u>		<u>50</u>		<u>50</u>	
Total Structured Single Risk	<u>\$ 4,242</u>	28.2%	<u>\$ 4,382</u>	25.7%	<u>\$ 4,466</u>	24.0%
Total Net Par Outstanding	<u>\$ 15,026</u>	<u>100.0%</u>	<u>\$ 17,030</u>	<u>100.0%</u>	<u>\$ 18,626</u>	<u>100.0%</u>

Notes:

Categories include domestic and international credits.

Insured Portfolio - Debt Service Amortization

(U.S. dollars in millions)

Syncora Guarantee Inc.

Q4 2016			Q3 2016			Q2 2016		
Scheduled Net		NPIO	Scheduled Net		NPIO	Scheduled Net		NPIO
Debt Service			Debt Service			Debt Service		
			2016 Q3	\$ -	\$ 9,124	2016 Q2	\$ -	\$ 9,619
2016 Q4	\$ -	\$ 8,527	2016 Q4	141	8,983	2016 Q3	86	9,533
2017 Q1	57	8,470	2017 Q1	55	8,928	2016 Q4	136	9,398
2017 Q2	44	8,426	2017 Q2	42	8,886	2017 Q1	59	9,339
2017 Q3	119	8,306	2017 Q3	124	8,763	2017 Q2	46	9,293
2017 Q4	142	8,164	2017 Q4	143	8,619	2017 Q3	130	9,163
Total 2017	\$ 362		Total	\$ 504		2017 Q4	150	9,013
						Total	\$ 607	
2018	\$ 551	\$ 7,613	2018	\$ 583	\$ 8,036	2018	\$ 586	\$ 8,426
2019	351	7,262	2019	359	7,677	2019	367	8,059
2020	345	6,917	2020	376	7,301	2020	388	7,672
2021	358	6,559	2021	395	6,906	2021	403	7,269
Total 2018-2021	\$ 1,605		Total 2018-2021	\$ 1,713		Total 2018-2021	\$ 1,744	
2022-2026	\$ 1,410	\$ 5,149	2022-2026	\$ 1,507	\$ 5,399	2022-2026	\$ 1,569	\$ 5,700
2027-2031	338	4,811	2027-2031	394	5,005	2027-2031	481	5,219
2032-2036	1,035	3,776	2032-2036	1,030	3,975	2032-2036	1,186	4,034
2037 and thereafter	3,776	-	2037 and thereafter	3,975	-	2037 and thereafter	4,034	-
Total 2022-thereafter	\$ 6,559		Total 2022-thereafter	\$ 6,906		Total 2022-thereafter	\$ 7,269	
Total	\$ 8,527		Total	\$ 9,124		Total	\$ 9,619	

Notes:

NPIO represents Net Principal and Interest Outstanding.

Syncora Capital Assurance Inc.

Q4 2016			Q3 2016			Q2 2016		
Scheduled Net		NPIO	Scheduled Net		NPIO	Scheduled Net		NPIO
Debt Service			Debt Service			Debt Service		
			2016 Q3	\$ -	\$ 27,415	2016 Q2	\$ -	\$ 29,761
2016 Q4	\$ -	\$ 24,329	2016 Q4	489	26,926	2016 Q3	788	28,973
2017 Q1	511	23,818	2017 Q1	517	26,409	2016 Q4	509	28,464
2017 Q2	327	23,491	2017 Q2	383	26,027	2017 Q1	557	27,907
2017 Q3	466	23,025	2017 Q3	493	25,534	2017 Q2	396	27,511
2017 Q4	372	22,654	2017 Q4	432	25,102	2017 Q3	531	26,980
Total 2017	\$ 1,675		Total	\$ 2,313		2017 Q4	441	26,540
						Total	\$ 3,222	
2018	\$ 1,115	\$ 21,539	2018	\$ 1,256	\$ 23,845	2018	\$ 1,349	\$ 25,191
2019	1,095	20,443	2019	1,240	22,605	2019	1,329	23,862
2020	1,240	19,204	2020	1,389	21,216	2020	1,474	22,388
2021	1,346	17,858	2021	1,494	19,722	2021	1,572	20,816
Total 2018-2021	\$ 4,795		Total 2018-2021	\$ 5,380		Total 2018-2021	\$ 5,724	
2022-2026	\$ 5,100	\$ 12,759	2022-2026	\$ 5,816	\$ 13,906	2022-2026	\$ 6,225	\$ 14,591
2027-2031	4,121	8,638	2027-2031	4,677	9,229	2027-2031	5,065	9,526
2032-2036	2,615	6,022	2032-2036	3,140	6,089	2032-2036	3,431	6,095
2037 and thereafter	6,022	-	2037 and thereafter	6,089	-	2037 and thereafter	6,095	-
Total 2022-thereafter	\$ 17,858		Total 2022-thereafter	\$ 19,722		Total 2022-thereafter	\$ 20,816	
Total	\$ 24,329		Total	\$ 27,415		Total	\$ 29,761	

Notes:

NPIO represents Net Principal and Interest Outstanding.

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

Syncora Guarantee Inc.

	Q4 2016		Q3 2016		Q2 2016	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 200	12	\$ 259	14	\$ 265	14
Asset-Backed Securities	445	27	462	27	484	27
Collateralized Debt Obligations	26	2	27	2	40	3
Structured Single Risk	4,670	28	4,988	29	5,234	30
Total Net Par Outstanding	<u>\$ 5,341</u>	<u>69</u>	<u>\$ 5,735</u>	<u>72</u>	<u>\$ 6,023</u>	<u>74</u>
	Net Loss Reserve		Net Loss Reserve		Net Loss Reserve	
Public Finance	\$ 23		\$ 17		\$ 35	
Asset-Backed Securities	90		88		58	
Collateralized Debt Obligations	1		1		1	
Structured Single Risk	(253)		(247)		(195)	
Total Net Reserve	<u>\$ (139)</u>		<u>\$ (141)</u>		<u>\$ (101)</u>	

Note:

Categories include domestic and international credits.

Syncora Capital Assurance Inc.

	Q4 2016		Q3 2016		Q2 2016	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 10,606	\$ 725	\$ 12,312	\$ 814	\$ 13,466	\$ 903
Collateralized Debt Obligations	178	3	335	5	693	9
Structured Single Risk	4,242	27	4,382	27	4,466	27
Total Net Par Outstanding	<u>\$ 15,026</u>	<u>755</u>	<u>\$ 17,030</u>	<u>846</u>	<u>\$ 18,626</u>	<u>939</u>
	Net Loss Reserve		Net Loss Reserve		Net Loss Reserve	
Public Finance	\$ 51		\$ 36		\$ 30	
Asset-Backed Securities	-		-		-	
Collateralized Debt Obligations	-		-		-	
Structured Single Risk	-		-		-	
Total Net Reserve	<u>\$ 51</u>		<u>\$ 36</u>		<u>\$ 30</u>	

Note:

Categories include domestic and international credits.

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

Syncora Guarantee Inc.

	Q4 2016				
	Loss List	Red Flag List	Yellow Flag List	Special Monitoring List	Total
Number of credits	24	4	3	1	32
Remaining weighted-average contract period (in years)	10.8	4.4	10.1	18.9	8.3
Insured contractual payments outstanding:					
Principal	\$ 447.6	\$ 814.4	\$ 351.0	\$ 134.2	\$ 1,747.2
Interest	135.2	151.1	27.5	69.6	383.4
Total	<u>\$ 582.8</u>	<u>\$ 965.6</u>	<u>\$ 378.5</u>	<u>\$ 203.8</u>	<u>\$ 2,130.6</u>
Gross loss reserves	\$ (88.1)	\$ -	\$ -	\$ -	\$ (88.1)
Net loss reserves	\$ (139.2)	\$ -	\$ -	\$ -	\$ (139.2)

Syncora Capital Assurance Inc.

	Q4 2016				
	Loss List	Red Flag List	Yellow Flag List	Special Monitoring List	Total
Number of credits	4	1	11	11	27
Remaining weighted-average contract period (in years)	4.3	4.5	17.0	11.1	13.8
Insured contractual payments outstanding:					
Principal	\$ 237.6	\$ 2.9	\$ 969.2	\$ 279.0	\$ 1,488.6
Interest	61.0	0.6	794.4	162.0	1,018.0
Total	<u>\$ 298.5</u>	<u>\$ 3.5</u>	<u>\$ 1,763.6</u>	<u>\$ 441.0</u>	<u>\$ 2,506.6</u>
Gross loss reserves	\$ 51.1	\$ -	\$ -	\$ -	\$ 51.1
Net loss reserves	\$ 51.1	\$ -	\$ -	\$ -	\$ 51.1

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

Syncora Guarantee Inc.

	Q4 2016		Q3 2016		Q2 2016	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 85	1.6%	\$ 86	1.5%	\$ 91	1.5%
AA	255	4.8	294	5.1	312	5.2
A	1,068	20.0	1,142	19.9	1,185	19.7
BBB	2,484	46.5	2,711	47.3	2,811	46.7
Below Investment Grade	1,448	27.1	1,501	26.2	1,624	27.0
Total Net Par Outstanding	\$ 5,341	100.0%	\$ 5,735	100.0%	\$ 6,023	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.

	Q4 2016		Q3 2016		Q2 2016	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 718	4.8%	\$ 853	5.0%	\$ 983	5.3%
AA	4,945	32.9	5,484	32.2	5,931	31.8
A	5,375	35.8	5,916	34.7	6,443	34.6
BBB	2,676	17.8	3,448	20.2	3,919	21.0
Below Investment Grade	1,313	8.7	1,330	7.8	1,351	7.3
Total Net Par Outstanding	\$ 15,026	100.0%	\$ 17,030	100.0%	\$ 18,626	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.

	Q4 2016		Q3 2016		Q2 2016	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
aaa	\$ -	-%	\$ -	-%	\$ 3	-%
aa	117	2.2	121	2.1	140	2.3
a	994	18.6	1,257	21.9	1,305	21.7
bbb	2,616	49.0	2,633	45.9	2,751	45.7
Below Investment Grade	1,613	30.2	1,724	30.1	1,824	30.3
Total Net Par Outstanding	\$ 5,341	100.0%	\$ 5,735	100.0%	\$ 6,023	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.

	Q4 2016		Q3 2016		Q2 2016	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
aaa	\$ 178	1.2%	\$ 315	1.9%	\$ 317	1.7%
aa	2,085	13.9	2,235	13.1	2,637	14.2
a	7,671	51.1	8,637	50.7	9,505	51.0
bbb	3,882	25.8	4,618	27.1	4,869	26.1
Below Investment Grade	1,210	8.1	1,225	7.2	1,298	7.0
Total Net Par Outstanding	\$ 15,026	100.0%	\$ 17,030	100.0%	\$ 18,626	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.

	Q4 2016	Q3 2016	Q2 2016
	NPO	NPO	NPO
Public Finance	\$ 4	\$ 4	\$ 4
Asset-Backed Securities	356	351	365
Collateralized Debt Obligations	2	2	2
Structured Single Risk	1,086	1,144	1,253
Total Below Investment Grade	<u>\$ 1,448</u>	<u>\$ 1,501</u>	<u>\$ 1,624</u>
Total Net Par Outstanding	\$ 5,341	\$ 5,735	\$ 6,023
BIG as % of Net Par Outstanding	27.1%	26.2%	27.0%

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.

	Q4 2016	Q3 2016	Q2 2016
	NPO	NPO	NPO
Public Finance	\$ 1,038	\$ 1,043	\$ 1,051
Structured Single Risk	275	286	300
Total Below Investment Grade	<u>\$ 1,313</u>	<u>\$ 1,330</u>	<u>\$ 1,351</u>
Total Net Par Outstanding	\$ 15,026	\$ 17,030	\$ 18,626
BIG as % of Net Par Outstanding	8.7%	7.8%	7.3%

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.

	Q4 2016	Q3 2016	Q2 2016
	NPO	NPO	NPO
Public Finance	\$ 105	\$ 128	\$ 127
Asset-Backed Securities	376	398	415
Collateralized Debt Obligations	2	2	2
Structured Single Risk	1,129	1,196	1,280
Total Below Investment Grade	<u>\$ 1,613</u>	<u>\$ 1,724</u>	<u>\$ 1,824</u>
Total Net Par Outstanding	\$ 5,341	\$ 5,735	\$ 6,023
BIG as % of Net Par Outstanding	30.2%	30.1%	30.3%

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.

	Q4 2016	Q3 2016	Q2 2016
	NPO	NPO	NPO
Public Finance	\$ 935	\$ 939	\$ 998
Structured Single Risk	275	286	300
Total Below Investment Grade	<u>\$ 1,210</u>	<u>\$ 1,225</u>	<u>\$ 1,298</u>
Total Net Par Outstanding	\$ 15,026	\$ 17,030	\$ 18,626
BIG as % of Net Par Outstanding	8.1%	7.2%	7.0%

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.

Insured Portfolio - 20 Largest Public Finance Credits (U.S. dollars in millions)

Syncora Guarantee Inc.

		Q4 2016		
		NPO	S&P Rating	Internal Rating*
1	Commonwealth of Puerto Rico - GO	\$ 64	AA	d
2	City of Houston, TX - Water/Sewer Revenue Bonds	38	AA	aa-
3	Puerto Rico (Commonwealth) - Mixed State and Local Revenue	23	AA	c
4	Port of Portland, OR - Airport Revenue Bonds	20	AA-	aa-
5	Massachusetts (Commonwealth of) - GO	18	AA+	aa-
6	State of New Jersey Turnpike Authority - Toll Road Revenue Bonds	17	AA	a
7	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	14	AA	c
8	Detroit (City of), MI (Full Loss)	4	D	d
9	Port Authority of New York and New Jersey, NY	1	AA	aa-
Total Net Par Outstanding of the Largest Public Finance Credits		\$ 199		
Total Portfolio Net Par Outstanding		\$ 5,341		
% of Total SGI Portfolio		3.7%		
Total Public Finance Portfolio Net Par Outstanding		\$ 200		
% of Total Public Finance Portfolio		99.8%		

Notes:

Individual Obligor 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") credit (8) above covers one policy obligation: 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.

		Q4 2016		
		NPO	S&P Rating	Internal Rating*
1	LCOR Alexandria, LLC - Lease Revenue	\$ 580	AA-	a-
2	San Diego Family Housing LLC - Class I	410	AA	aa
3	DOT Headquarters II Lease-Backed Mortgage Finance Trust Senior Notes	326	BB+	a
4	Dodger Tickets LLC	283	BBB	bbb+
5	Baltimore Development Corporation (Convention Center Headquarters Hotel Project)	234	BB	bb
6	University System of Georgia, Board of Regents, GA	231	A	a+
7	City of San Jose, CA Redevelopment Agency - Tax Allocation	194	BBB+	bbb
8	City of Houston, TX Airport System - Revenue Bonds	194	A+	a
9	Navy Northeast Family Housing - Series 2007-A1 (Trust 220)	149	AA-	bb+
10	San Diego County, CA - Pension Obligation Bonds	148	AA+	aa-
11	New Jersey Economic Development Authority, NJ	147	A-	bbb
12	Metropolitan Transportation Authority, NY - Lease Revenue Bonds	144	BBB+	bbb-
13	Austin Convention Enterprises, TX	144	BBB-	bbb
14	State of South Carolina Transportation Infrastructure Bank - Motor Vehicle Revenue	144	A	a
15	San Diego Family Housing LLC - Class II	142	AA	aa-
16	San Diego Family Housing LLC - Class III	142	AA	a+
17	Natural Gas Acquisition Corporation of City of Clarksville (NGAC), TN - Utility Obligation Bonds, Gas Prepay	139	AA-	a
18	Miami-Dade County, FL - Aviation Revenue Bonds	129	A	a-
19	Washington County, TN - GO	127	AA-	aa
20	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	127	D	c
Total Net Par Outstanding of the Largest Public Finance Credits		\$ 4,133		
Total Portfolio Net Par Outstanding		\$ 15,026		
% of Total SCAI Portfolio		27.5%		
Total Public Finance Portfolio Net Par Outstanding		\$ 10,606		
% of Total Public Finance Portfolio		39.0%		

Notes:

Individual Obligor 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 December 31, 2016

(U.S. dollars in millions)

Q4 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
2017	10.3	82.9	-	0.3	0.7	36.3	5.6	-	16.6	119.5
2018	8.6	6.6	-	0.3	0.7	33.1	4.4	-	13.7	40.0
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	-	8.3	7.7
2021	7.9	1.8	-	0.3	1.0	3.5	2.1	-	11.0	5.6
2022	2.5	1.2	-	0.3	1.0	3.5	2.1	-	5.6	5.0
2023	21.3	6.4	-	0.3	1.6	3.5	0.3	-	23.2	10.2
2024	3.3	0.3	-	0.3	1.6	3.5	0.3	-	5.2	4.1
2025	2.2	6.4	-	0.3	1.6	24.3	0.3	-	4.1	31.1
2026	2.2	0.1	-	0.3	1.7	27.0	1.8	-	5.7	27.4
2027	3.8	0.1	-	0.3	1.6	24.8	1.9	-	7.3	25.3
2028	6.2	0.1	-	0.3	0.9	-	1.6	-	8.7	0.4
2029	4.0	0.1	-	0.8	0.9	-	0.9	-	5.8	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	\$ 87.4	\$ 120.5	\$ -	\$ 11.5	\$ 19.4	\$ 166.5	\$ 29.2	\$ -	\$ 135.9	\$ 298.8
Total Net Principal	\$ 64.3	\$ 104.3	\$ -	\$ 6.2	\$ 13.7	\$ 127.1	\$ 23.2	\$ -	\$ 101.2	\$ 237.6
Total Net Interest	23.1	16.2	-	5.3	5.8	39.4	5.8	-	34.6	61.0
Total Net Principal and Interest	\$ 87.4	\$ 120.5	\$ -	\$ 11.5	\$ 19.4	\$ 166.5	\$ 29.0	\$ -	\$ 135.8	\$ 298.6

Notes:

¹Net of reinsurance.

²Excludes \$74.6 million of carrying value of Puerto Rico Government Obligations, Highway & Transportation Authority, and Electric Power Authority bonds purchased by SCAI.

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

Syncora Guarantee Inc.

Q4 2016						
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
3/31/16		121.9		(7.9)		114.3
6/30/16		114.3		(45.1)		64.6
9/30/16		64.6		(8.2)		94.8
12/31/16		94.8		(0.9)		96.2

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)

Syncora Guarantee Inc.

	October 2016	November 2016	December 2016	4Q 2016
Net Claims Submitted¹				
HELOC	\$ (0.5)	\$ (0.6)	\$ (0.4)	\$ (1.4)
CES	0.0	0.2	(0.1)	0.1
First Lien	(0.1)	(0.1)	(0.2)	(0.5)
Other	0.1	-	-	0.1
Total Net Claims Submitted	(0.5)	(0.5)	(0.8)	(1.7)
Net Projected Claims¹				
HELOC	0.7	1.2	1.7	3.5
CES	0.1	0.1	0.1	0.3
First Lien	(0.1)	(0.1)	(0.1)	(0.3)
Other	(0.1)	-	-	(0.1)
Total Net Projected Claims	0.6	1.2	1.7	3.5
Difference - Favorable/(Unfavorable)				
HELOC	1.1	1.7	2.1	5.0
CES	0.1	(0.1)	0.2	0.2
First Lien	0.0	0.0	0.2	0.2
Other	(0.2)	-	-	(0.2)
Total Difference	\$ 1.1	\$ 1.7	\$ 2.5	\$ 5.2

Syncora Capital Assurance Inc.

	October 2016	November 2016	December 2016	4Q 2016
Net Claims Paid¹				
CMBS	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total Net Claims Paid	-	-	-	-
Net Projected Claims¹				
CMBS	-	-	-	-
Other	0.3	-	-	0.3
Total Net Projected Claims	0.3	-	-	0.3
Difference - Favorable/(Unfavorable)				
CMBS	-	-	-	-
Other	0.3	-	-	0.3
Total Difference	\$ 0.3	\$ -	\$ -	\$ 0.3

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)

Syncora Guarantee Inc.

		Q4 2016
Servicer/Manager Name ^{1,3}		NPO
1	Ocwen Loan Servicing, LLC	\$ 264
2	Bank of America, N.A.	93
3	CLO Manager 1 ²	24
4	Specialized Loan Servicing	23
5	Banco La Hipotecaria, S.A	22
6	Countrywide Home Loans	19
7	Nationstar Mortgage	12
8	Washington Mutual Bank	6
9	Chevy Chase Bank FSB	3
10	JP Morgan Chase Bank NA	2
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		<u>\$ 468</u>
Total Portfolio Net Par Outstanding		\$ 5,341
% of Total Portfolio		8.8%
Total Structured Finance Portfolio Net Par Outstanding		\$ 5,141
% of Total Structured Finance Portfolio		9.1%

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.

Syncora Capital Assurance Inc.

		Q4 2016
Servicer/Manager Name ¹		NPO
1	CLO Manager 2 ²	\$ 15
2	CLO Manager 3 ²	13
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		<u>\$ 28</u>
Total Portfolio Net Par Outstanding		\$ 15,026
% of Total Portfolio		0.2%
Total Structured Finance Portfolio Net Par Outstanding		\$ 4,419
% of Total Structured Finance Portfolio		0.6%

Notes:

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

² Servicer/manager not revealed due to confidentiality.

Insured Portfolio - Profile by Geographic Distribution

(U.S. dollars in millions)

Syncora Guarantee Inc.

Q4 2016				Q3 2016				Q2 2016			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
United States				United States				United States			
Puerto Rico	\$ 339	\$ 101	1.9%	Puerto Rico	\$ 362	\$ 124	2.2%	Puerto Rico	\$ 387	\$ 123	2.0%
Other ¹	10,655	98	1.8	Other ¹	12,397	134	2.3	Alabama	490	115	1.9
Non-PF Multi ^{2,3}	456	448	8.4	Non-PF Multi ²	472	464	8.1	Other ¹	13,035	142	2.4
Total United States	\$ 11,450	\$ 648	12.1%	Total United States	\$ 13,230	\$ 723	12.6%	Non-PF Multi²	506	499	8.3
International				International				International			
United Kingdom	\$ 3,563	\$ 2,780	52.1%	United Kingdom	\$ 3,698	\$ 2,888	50.4%	United Kingdom	\$ 3,873	\$ 3,024	50.2%
Australia	1,037	1,037	19.4	Australia	1,103	1,103	19.2	Australia	1,072	1,072	17.8
Chile	501	374	7.0	Chile	514	384	6.7	Chile	529	397	6.6
France	149	149	2.8	France	148	148	2.6	France	150	150	2.5
Italy	134	134	2.5	Italy	133	133	2.3	Italy	138	138	2.3
Portugal	92	92	1.7	Canada	223	125	2.2	Canada	226	129	2.1
Other ¹	475	34	0.6	Portugal	98	98	1.7	Portugal	97	97	1.6
Non-PF Multi ^{2,4}	93	93	1.7	Other ¹	395	40	0.7	Other ¹	395	45	0.7
Total International	\$ 6,043	\$ 4,693	87.9%	Non-PF Multi²	93	93	1.6	Non-PF Multi²	93	93	1.5
Total Outstanding	\$ 17,492	\$ 5,341	100.0%	Total Outstanding	\$ 19,635	\$ 5,735	100.0%	Total Outstanding	\$ 20,991	\$ 6,023	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 \$422 million in ABS and \$26 million in CDO net par.
⁴ Consists of \$93 million in SSR net par.

Syncora Capital Assurance Inc.

Q4 2016				Q3 2016				Q2 2016			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
United States				United States				United States			
California	\$ 2,833	\$ 2,790	18.6%	California	\$ 3,093	\$ 3,051	17.9%	California	\$ 3,181	\$ 3,138	16.8%
New York	1,289	1,289	8.6	New York	1,652	1,652	9.7	New York	1,721	1,721	9.2
Texas	659	659	4.4	Texas	685	685	4.0	Texas	851	851	4.6
Virginia	640	640	4.3	Florida	783	683	4.0	Florida	795	695	3.7
Florida	659	559	3.7	Virginia	640	640	3.8	Virginia	642	642	3.4
District Of Columbia	446	446	3.0	Colorado	545	545	3.2	Colorado	553	553	3.0
Georgia	445	445	3.0	Georgia	458	458	2.7	Washington	503	503	2.7
Tennessee	356	356	2.4	District Of Columbia	449	449	2.6	Georgia	474	474	2.5
Alabama	317	317	2.1	Tennessee	365	365	2.1	District Of Columbia	453	453	2.4
Illinois	292	292	1.9	Alabama	362	362	2.1	Ohio	407	407	2.2
New Jersey	271	271	1.8	Ohio	348	348	2.0	Tennessee	376	376	2.0
Pennsylvania	262	262	1.7	Illinois	311	311	1.8	Alabama	375	375	2.0
South Carolina	252	252	1.7	Washington	310	310	1.8	Illinois	368	368	2.0
Ohio	251	251	1.7	Pennsylvania	294	294	1.7	Pennsylvania	334	334	1.8
Washington	240	240	1.6	New Jersey	289	289	1.7	New Jersey	313	313	1.7
Maryland	239	239	1.6	South Carolina	267	267	1.6	South Carolina	269	269	1.4
Puerto Rico	238	238	1.6	Massachusetts	250	250	1.5	Puerto Rico	263	263	1.4
Massachusetts	213	213	1.4	Maryland	240	240	1.4	Massachusetts	260	260	1.4
Colorado	200	200	1.3	Puerto Rico	238	238	1.4	Maryland	243	243	1.3
Missouri	194	194	1.3	Missouri	204	204	1.2	Missouri	208	208	1.1
Arizona	168	168	1.1	Arizona	173	173	1.0	Arizona	204	204	1.1
Oregon	154	154	1.0	Other ¹	1,777	1,777	10.4	Indiana	187	187	1.0
Other ¹	1,402	1,402	9.3	Non-PF Multi ²	335	335	2.0	Other ¹	1,932	1,932	10.4
Non-PF Multi ^{2,3}	178	178	1.2	Total United States	\$ 14,068	\$ 13,925	81.8%	Non-PF Multi ²	693	693	3.7
Total United States	\$ 12,196	\$ 12,053	80.2%	Total United States	\$ 14,068	\$ 13,925	81.8%	Total United States	\$ 15,605	\$ 15,463	83.0%
International				International				International			
United Kingdom	\$ 2,105	\$ 2,105	14.0%	United Kingdom	\$ 2,210	\$ 2,210	13.0%	United Kingdom	\$ 2,276	\$ 2,276	12.2%
New Zealand	492	492	3.3	New Zealand	517	517	3.0	New Zealand	507	507	2.7
Other ¹	375	375	2.5	Other ¹	377	377	2.2	Other ¹	380	380	2.0
Total International	\$ 2,973	\$ 2,973	19.8%	Total International	\$ 3,104	\$ 3,104	18.2%	Total International	\$ 3,163	\$ 3,163	17.0%
Total Outstanding	\$ 15,168	\$ 15,026	100.0%	Total Outstanding	\$ 17,172	\$ 17,030	100.0%	Total Outstanding	\$ 18,768	\$ 18,626	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 \$178 million in CDO net par.

Investment Portfolio

As of December 31, 2016

(U.S. dollars in millions)

Syncora Guarantee Inc.

Distribution by Security Type			Maturity		
	Book Adjusted Carrying Value	Percentage			
			Book Adjusted Carrying Value	Percentage	
Short-Term Investments			Within 1 Year	\$ 140.5	16.2%
Cash and Cash Equivalents	\$ 49.0	5.6%	1 to 5 Years	536.0	61.6%
Short-Term Investments	38.3	4.4%	5 to 10 Years	57.1	6.6%
Total Cash and Short-Term Investments	87.3	10.0%	Due after 10 Years	2.7	0.3%
Debt Securities			Mortgage and asset-backed securities	133.2	15.3%
MBS/ABS	133.2	15.3%	Total	\$ 869.5	100.0%
U.S. Government	152.6	17.6%	Yield to Maturity @ Book Value	2.2%	
Corporate	483.7	55.6%	Yield to Maturity @ Market Value	2.2%	
States & Political Subs	12.7	1.5%	Duration (years)	2.8	
Total Long-Term Fixed Maturity	782.2	90.0%			
Total	\$ 869.5	100.0%			

Notes:

- Excludes \$59.7 million of uninsured cash flow ("UCF") securities
- Excludes \$8.2 million of other remediation-related securities
- Excludes \$20.9 million of common stocks
- Excludes \$9.6 million of operating cash balances

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 140.3	16.1%
AA	254.2	29.2%
A	181.3	20.9%
BBB	227.4	26.2%
BB & below and Not Rated	66.3	7.6%
Total	\$ 869.6	100.0%
Average credit quality	A	

Syncora Capital Assurance Inc.

Distribution by Security Type			Maturity		
	Book Adjusted Carrying Value	Percentage			
			Book Adjusted Carrying Value	Percentage	
Short-Term Investments			Within 1 Year	\$ 48.0	15.6%
Cash and Cash Equivalents	\$ 45.0	14.7%	1 to 5 Years	31.1	10.1%
Short-Term Investments	1.5	0.5%	5 to 10 Years	71.2	23.2%
Total Cash and Short-Term Investments	46.5	15.2%	Due after 10 Years	24.7	8.0%
Debt Securities			Mortgage and asset-backed securities	131.7	42.9%
MBS/ABS	131.7	42.9%	Total	\$ 306.7	100.0%
U.S. Government	13.4	4.4%	Yield to Maturity @ Book Value	2.9%	
Corporate	99.3	32.4%	Yield to Maturity @ Market Value	2.8%	
States & Political Subs	15.8	5.2%	Duration (years)	4.3	
Total Long-Term Fixed Maturity	260.2	84.8%			
Total	\$ 306.7	100.0%			

Notes:

- Excludes \$45.9 million of uninsured cash flow ("UCF") securities
- Excludes \$32.2 million of other remediation-related securities
- Excludes \$2.6 million of preferred stocks
- Excludes \$28.4 million of common stocks and alternative investments
- Excludes \$4.9 million of operating cash balances

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 88.4	28.8%
AA	101.6	33.1%
A	39.2	12.8%
BBB	62.1	20.2%
BB & below and Not Rated	15.4	5.0%
Total	\$ 306.7	100.0%
Average credit quality	A+	