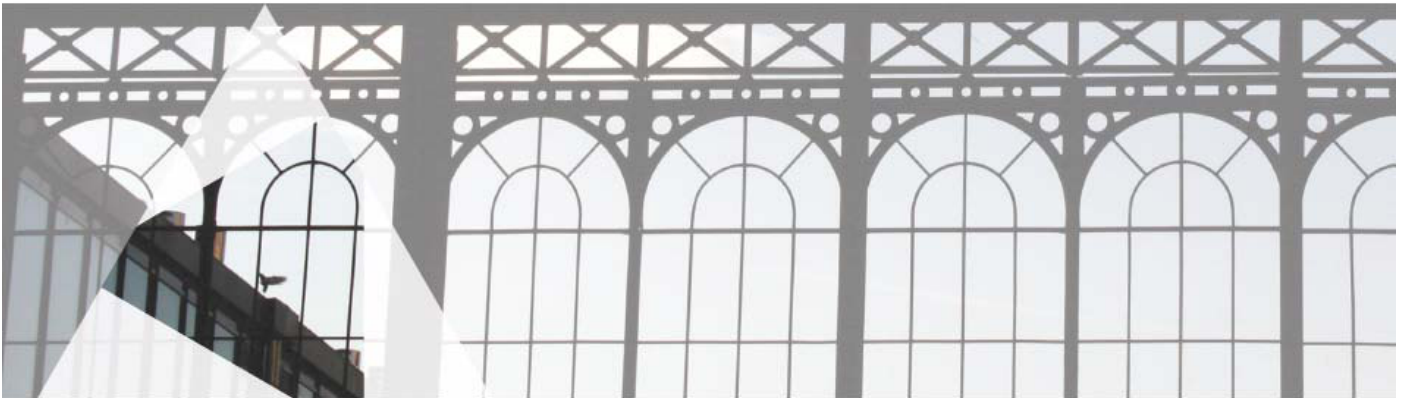


**Syncora Guarantee Inc.  
Syncora Capital Assurance Inc.**

**4th QUARTER 2015  
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.

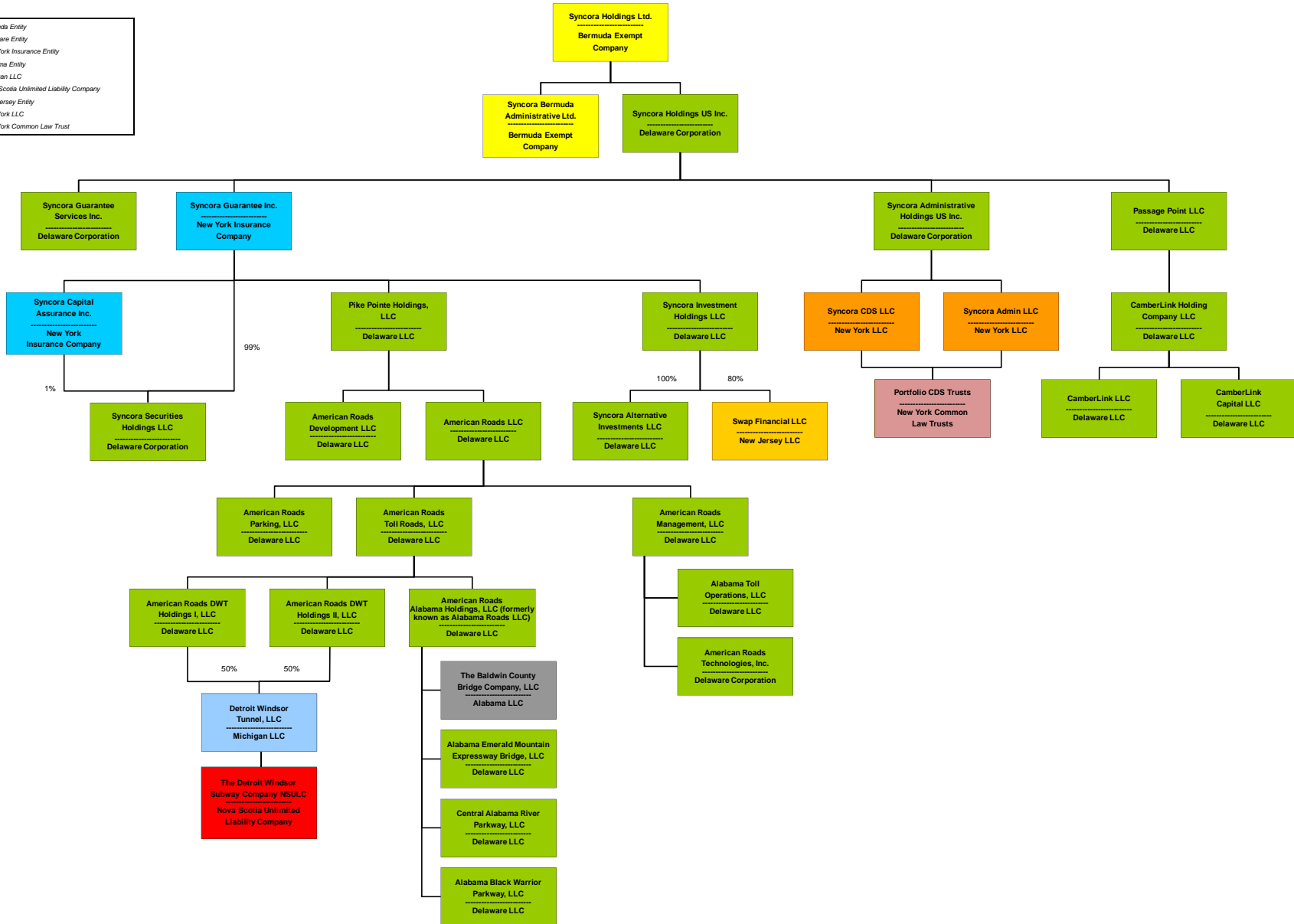
# Syncora Guarantee Inc. Syncora Capital Assurance Inc. Certain Definitions

<b>Leverage ratio<sup>1</sup></b>	Net par outstanding divided by total claims paying resources.
<b>Net par outstanding</b>	Aggregate principal value of insurance policies and credit derivative contracts insured at the end of the reporting period, reduced by cessions to reinsurers.
<b>Net premiums written</b>	Direct premiums written plus assumed reinsurance premiums less ceded reinsurance premiums.
<b>Net present value of future installment premiums on insurance policies and credit derivative contracts (NPVFIP)<sup>1</sup></b>	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.
<b>Net principal and interest outstanding</b>	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:**

<sup>1</sup>Includes 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		
	12/31/2015	9/30/2015	6/30/2015
<b>Assets</b>			
Cash, cash equivalents and short-term investments	\$ 138,547	\$ 146,772	\$ 131,619
Bonds	818,094	808,924	745,709
Uninsured cash flow certificates	54,156	62,862	61,080
Interest rate derivatives	521	504	1,372
Investment in subsidiary - Syncora Guarantee (UK)	-	-	71,338
Other invested assets	229,094	207,265	191,099
Receivables for securities	-	-	23,346
Subtotal, cash and invested assets	1,240,412	1,226,328	1,225,563
Investment income due and accrued	2,930	3,225	2,869
Uncollected premiums and reinsurance assets	1,461	1,013	3,242
Other assets	4,643	5,479	5,507
<b>Total Assets</b>	<b>\$ 1,249,446</b>	<b>\$ 1,236,044</b>	<b>\$ 1,237,181</b>
<b>Liabilities, Surplus and Other Funds</b>			
Losses and loss adjustment expenses	\$ (45,406)	\$ 97,726	\$ 123,609
Unearned premiums	111,061	132,631	132,594
Payable to parent, subsidiaries and affiliates	7,485	5,191	4,471
Mandatory contingency reserve	85,147	100,569	97,695
Other liabilities	4,203	5,837	25,042
<b>Total Liabilities</b>	<b>162,489</b>	<b>341,954</b>	<b>383,410</b>
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)	(1,759,349)	(1,952,216)	(1,992,535)
Surplus as regards policyholders	1,086,957	894,090	853,771
<b>Total Liabilities, Surplus and Other Funds</b>	<b>\$ 1,249,446</b>	<b>\$ 1,236,044</b>	<b>\$ 1,237,181</b>

### Syncora Capital Assurance Inc.

	As of		
	12/31/2015	9/30/2015	6/30/2015
<b>Assets</b>			
Cash, cash equivalents and short-term investments	\$ 72,960	\$ 54,653	\$ 64,285
Preferred stocks	2,599	3,564	3,591
Common stocks	18,390	18,239	20,383
Bonds	305,936	332,082	335,642
Uninsured cash flow certificates	57,405	53,620	50,012
Other invested assets	5,449	5,060	5,218
Receivables for securities	-	-	437
Subtotal, cash and invested assets	462,738	467,217	479,568
Investment income due and accrued	2,190	2,524	2,765
Uncollected premiums	1,134	1,238	1,154
Net deferred tax asset	2,793	2,769	3,135
Receivable from parent, subsidiaries and affiliates	-	-	1,899
Other assets	50	52	51
<b>Total Assets</b>	<b>\$ 468,905</b>	<b>\$ 473,800</b>	<b>\$ 488,573</b>
<b>Liabilities, Surplus and Other Funds</b>			
Losses and loss adjustment expenses	\$ 40,334	\$ 42,663	\$ 46,641
Unearned premiums	163,483	183,909	198,769
Payable to parent, subsidiaries and affiliates	10,155	8,547	5,090
Mandatory contingency reserve	62,253	71,841	79,655
Payable for securities	41	-	4,923
Other liabilities	532	494	259
<b>Total Liabilities</b>	<b>276,798</b>	<b>307,454</b>	<b>335,337</b>
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)	(229,392)	(255,154)	(268,265)
Surplus as regards policyholders	192,108	166,346	153,235
<b>Total Liabilities, Surplus and Other Funds</b>	<b>\$ 468,905</b>	<b>\$ 473,800</b>	<b>\$ 488,573</b>

# Statement of Income

## (U.S. dollars in thousands)

### Syncora Guarantee Inc.

	Three Months Ended		
	12/31/2015	9/30/2015	6/30/2015
Net premiums written	\$ 958	\$ 4,649	\$ 3,758
Underwriting Income			
Net premiums earned	\$ 22,528	\$ 4,611	\$ 8,129
Net losses/(releases) incurred	(132,531)	(29,569)	6,726
Loss adjustment expenses (benefit) incurred	(3,629)	4,586	(778)
Other underwriting expenses incurred	12,616	8,480	6,654
Net underwriting gain/(loss)	146,072	21,115	(4,474)
Investment Income			
Net investment income earned	13,105	7,188	12,580
Net realized gains/(losses)	(3,339)	17,055	(150)
Total net investment gain/(loss)	9,766	24,243	12,430
Other Income			
Other income	-	343	250
Net income/(loss) before taxes	155,838	45,701	8,206
Federal and foreign income taxes incurred/(benefit)	(4,963)	(2,388)	1,934
Net income/(loss)	\$ 160,802	\$ 48,088	\$ 6,272

### Syncora Capital Assurance Inc.

	Three Months Ended		
	12/31/2015	9/30/2015	6/30/2015
Net premiums written	\$ 1,570	\$ 4,184	\$ 1,720
Underwriting Income			
Net premiums earned	\$ 21,997	\$ 19,044	\$ 14,748
Net losses/(releases) incurred	(1,638)	830	28,044
Loss adjustment expenses incurred	100	4,808	2,292
Other underwriting expenses incurred	5,497	6,539	4,497
Net underwriting gain/(loss)	18,037	6,867	(20,085)
Investment Income			
Net investment income (expense) earned	(1,541)	4,196	(1,983)
Net realized capital gains/(losses)	3,937	(1,417)	(4,307)
Total net investment gain/(loss)	2,395	2,779	(6,289)
Other Income			
Other income	17	87	49
Net income/(loss) before taxes	20,450	9,733	(26,325)
Federal and foreign income taxes incurred/(benefit)	4,699	3,217	(1,899)
Net income/(loss)	\$ 15,751	\$ 6,516	\$ (24,425)

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

## Syncora Guarantee Inc.

	As of		
	12/31/2015	9/30/2015	6/30/2015
<b>Claims paying resources</b>			
Policyholders' surplus	\$ 1,087	\$ 894	\$ 854
Contingency reserve	85	101	98
Qualified statutory capital	1,172	995	952
Unearned premium revenue	111	133	133
Loss & loss adjustment expense reserves <sup>1,2,3</sup>	157	275	293
Total policyholders' surplus & reserves	1,440	1,402	1,377
NPVFIP	41	60	60
Total claims paying resources	\$ 1,481	\$ 1,462	\$ 1,437
Net par outstanding	\$ 6,634	\$ 9,050	\$ 9,416
Leverage ratio (Net par outstanding/Total claims paying resources)	4.5	6.2	6.6

**Notes:**

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> For the three months ended 6/30/2015, the reported loss and loss adjustment expenses excludes the recoverable benefit of five structured single risk credits (\$169.0 million).

## Syncora Capital Assurance Inc.

	As of		
	12/31/2015	9/30/2015	6/30/2015
<b>Claims paying resources</b>			
Policyholders' surplus	\$ 192	\$ 166	\$ 153
Contingency reserve	62	72	80
Qualified statutory capital	254	238	233
Unearned premium revenue	163	184	199
Loss & loss adjustment expense reserves <sup>1,2,3</sup>	88	87	91
Total policyholders' surplus & reserves	506	509	522
NPVFIP	93	94	100
Total claims paying resources	\$ 599	\$ 603	\$ 622
Net par outstanding	\$ 21,735	\$ 24,481	\$ 27,256
Leverage ratio (Net par outstanding/Total claims paying resources)	36.3	40.6	43.8

**Notes:**

<sup>1</sup> 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).

<sup>2</sup> 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).

<sup>3</sup> For the three months ended 6/30/2015, the reported loss and loss adjustment expenses excludes the recoverable benefit of a public finance credit (\$44.1 million).

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

### Syncora Guarantee Inc.

	Q4 2015		Q3 2015		Q2 2015	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
<b>Public Finance</b>						
General Obligation	\$ 161		\$ 199		\$ 199	
Special Revenue	107		108		110	
Utility	61		62		62	
Appropriation	12		17		17	
Other	4		4		4	
Non Ad Valorem	-		17		17	
Total Public Finance	\$ 346	5.2%	\$ 407	4.5%	\$ 409	4.3%
<b>Asset-Backed Securities</b>						
RMBS	\$ 552		\$ 866		\$ 903	
Commercial ABS	-		-		2	
Total Asset-Backed Securities	\$ 552	8.3%	\$ 866	9.6%	\$ 905	9.6%
<b>Collateralized Debt Obligations</b>						
Cashflow CDO	\$ 42		\$ 257		\$ 350	
Total Collateralized Debt Obligations	\$ 42	0.6%	\$ 257	2.8%	\$ 350	3.7%
<b>Structured Single Risk</b>						
Global Infrastructure	\$ 2,710		\$ 4,082		\$ 4,271	
Power & Utilities	2,560		2,841		2,880	
Specialized Risk	424		596		600	
Total Structured Single Risk	\$ 5,694	85.8%	\$ 7,519	83.1%	\$ 7,751	82.3%
<b>Total Net Par Outstanding</b>	<u>\$ 6,634</u>	<u>100.0%</u>	<u>\$ 9,050</u>	<u>100.0%</u>	<u>\$ 9,416</u>	<u>100.0%</u>

**Notes:**

Categories include domestic and international credits.

### Syncora Capital Assurance Inc.

	Q4 2015		Q3 2015		Q2 2015	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
<b>Public Finance</b>						
Special Revenue	\$ 5,816		\$ 6,580		\$ 7,033	
General Obligation	4,218		5,224		5,923	
Utility	2,598		2,857		3,278	
Non Ad Valorem	1,721		1,928		2,295	
Appropriation	849		979		1,103	
Total Public Finance	\$ 15,202	69.9%	\$ 17,568	71.8%	\$ 19,632	72.0%
<b>Asset-Backed Securities</b>						
Commercial ABS	\$ 72		\$ 111		\$ 149	
Total Asset-Backed Securities	\$ 72	0.3%	\$ 111	0.5%	\$ 149	0.5%
<b>Collateralized Debt Obligations</b>						
Synthetic CDO	\$ 897		\$ 968		\$ 1,012	
Cashflow CDO	729		928		1,287	
Total Collateralized Debt Obligations	\$ 1,626	7.5%	\$ 1,896	7.7%	\$ 2,299	8.4%
<b>Structured Single Risk</b>						
Power & Utilities	\$ 3,220		\$ 3,252		\$ 3,451	
Global Infrastructure	1,565		1,604		1,675	
Specialized Risk	50		50		50	
Total Structured Single Risk	\$ 4,835	22.2%	\$ 4,906	20.0%	\$ 5,176	19.0%
<b>Total Net Par Outstanding</b>	<u>\$ 21,735</u>	<u>100.0%</u>	<u>\$ 24,481</u>	<u>100.0%</u>	<u>\$ 27,256</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 2015			Q3 2015			Q2 2015		
Scheduled Net		NPIO	Scheduled Net		NPIO	Scheduled Net		NPIO
Debt Service			Debt Service			Debt Service		
			2015 Q3	\$ -	\$ 13,945	2015 Q2	\$ -	\$ 14,439
2015 Q4	\$ -	\$ 10,585	2015 Q4	333	13,611	2015 Q3	163	14,276
2016 Q1	216	10,369	2016 Q1	238	13,374	2015 Q4	365	13,910
2016 Q2	320	10,049	2016 Q2	335	13,039	2016 Q1	264	13,646
2016 Q3	87	9,962	2016 Q3	124	12,914	2016 Q2	369	13,277
2016 Q4	283	9,679	2016 Q4	329	12,586	2016 Q3	133	13,144
Total 2016	\$ 906		Total	\$ 1,359		2016 Q4	352	12,792
						Total	\$ 1,646	
2017	\$ 400	\$ 9,279	2017	\$ 772	\$ 11,813	2017	\$ 793	\$ 12,000
2018	574	8,704	2018	812	11,002	2018	861	11,138
2019	222	8,482	2019	499	10,502	2019	511	10,628
2020	368	8,114	2020	497	10,006	2020	506	10,122
Total 2017-2020	\$ 1,565		Total 2017-2020	\$ 2,580		Total 2017-2020	\$ 2,671	
2021-2025	\$ 1,748	\$ 6,366	2021-2025	\$ 2,276	\$ 7,730	2021-2025	\$ 2,306	\$ 7,816
2026-2030	639	5,728	2026-2030	944	6,785	2026-2030	905	6,911
2031-2035	1,179	4,549	2031-2035	1,578	5,207	2031-2035	1,558	5,353
2036 and thereafter	4,549	-	2036 and thereafter	5,207	-	2036 and thereafter	5,353	-
Total 2021-thereafter	\$ 8,114		Total 2021-thereafter	\$ 10,006		Total 2021-thereafter	\$ 10,122	
Total	\$ 10,585		Total	\$ 13,945		Total	\$ 14,439	

#### Notes:

NPIO represents Net Principal and Interest Outstanding.

### Syncora Capital Assurance Inc.

Q4 2015			Q3 2015			Q2 2015		
Scheduled Net		NPIO	Scheduled Net		NPIO	Scheduled Net		NPIO
Debt Service			Debt Service			Debt Service		
			2015 Q3	\$ -	\$ 38,457	2015 Q2	\$ -	\$ 42,723
2015 Q4	\$ -	\$ 34,426	2015 Q4	844	37,613	2015 Q3	1,026	41,696
2016 Q1	801	33,626	2016 Q1	803	36,810	2015 Q4	885	40,812
2016 Q2	759	32,866	2016 Q2	799	36,012	2016 Q1	826	39,986
2016 Q3	835	32,032	2016 Q3	835	35,177	2016 Q2	844	39,142
2016 Q4	617	31,415	2016 Q4	671	34,505	2016 Q3	868	38,274
Total 2016	\$ 3,011		Total	\$ 3,952		2016 Q4	740	37,534
						Total	\$ 5,189	
2017	\$ 2,234	\$ 29,181	2017	\$ 2,447	\$ 32,059	2017	\$ 2,649	\$ 34,885
2018	1,521	27,660	2018	1,750	30,309	2018	1,952	32,932
2019	1,492	26,168	2019	1,719	28,590	2019	1,905	31,027
2020	1,627	24,541	2020	1,834	26,756	2020	2,044	28,984
Total 2017-2020	\$ 6,874		Total 2017-2020	\$ 7,749		Total 2017-2020	\$ 8,550	
2021-2025	\$ 7,196	\$ 17,345	2021-2025	\$ 8,201	\$ 18,556	2021-2025	\$ 8,917	\$ 20,067
2026-2030	5,914	11,431	2026-2030	6,471	12,085	2026-2030	6,970	13,097
2031-2035	4,076	7,355	2031-2035	4,586	7,499	2031-2035	4,958	8,139
2036 and thereafter	7,355	-	2036 and thereafter	7,499	-	2036 and thereafter	8,139	-
Total 2021-thereafter	\$ 24,541		Total 2021-thereafter	\$ 26,756		Total 2021-thereafter	\$ 28,984	
Total	\$ 34,426		Total	\$ 38,457		Total	\$ 42,723	

#### Notes:

NPIO represents Net Principal and Interest Outstanding.

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

## Syncora Guarantee Inc.

	Q4 2015		Q3 2015		Q2 2015	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 346	16	\$ 407	17	\$ 409	17
Asset-Backed Securities	552	28	866	31	905	32
Collateralized Debt Obligations	42	3	257	5	350	5
Structured Single Risk	5,694	30	7,519	37	7,751	38
Total Net Par Outstanding	<u>\$ 6,634</u>	<u>77</u>	<u>\$ 9,050</u>	<u>90</u>	<u>\$ 9,416</u>	<u>92</u>
	<b>Net Loss Reserve</b>		<b>Net Loss Reserve</b>		<b>Net Loss Reserve</b>	
Public Finance	\$ 23		\$ 27		\$ 27	
Asset-Backed Securities	116		116		126	
Collateralized Debt Obligations	1		1		1	
Structured Single Risk	(203)		(72)		(52)	
Total Net Reserve	<u>\$ (63)</u>		<u>\$ 72</u>		<u>\$ 102</u>	

**Note:**

Categories include domestic and international credits.

## Syncora Capital Assurance Inc.

	Q4 2015		Q3 2015		Q2 2015	
	NPO	# of Credits	NPO	# of Credits	NPO	# of Credits
Public Finance	\$ 15,202	1,084	\$ 17,568	1,220	\$ 19,632	1,341
Asset-Backed Securities	72	2	111	2	149	2
Collateralized Debt Obligations	1,626	13	1,896	15	2,299	15
Structured Single Risk	4,835	31	4,906	32	5,176	36
Total Net Par Outstanding	<u>\$ 21,735</u>	<u>1,130</u>	<u>\$ 24,481</u>	<u>1,269</u>	<u>\$ 27,256</u>	<u>1,394</u>
	<b>Net Loss Reserve</b>		<b>Net Loss Reserve</b>		<b>Net Loss Reserve</b>	
Public Finance	\$ 27		\$ 29		\$ 37	
Asset-Backed Securities	-		-		-	
Collateralized Debt Obligations	-		-		-	
Structured Single Risk	-		-		-	
Total Net Reserve	<u>\$ 27</u>		<u>\$ 29</u>		<u>\$ 37</u>	

**Note:**

Categories include domestic and international credits.

**Insured Portfolio - Watch List  
As of December 31, 2015  
(U.S. dollars in millions)**

**Syncora Guarantee Inc.**

	Q4 2015				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits	4	2	6	24	36
Remaining weighted-average contract period (in years)	7.2	19.2	5.1	10.5	7.7
Insured contractual payments outstanding:					
Principal	\$ 752.1	\$ 109.5	\$ 963.8	\$ 548.9	\$ 2,374.3
Interest	141.9	25.9	228.7	171.5	567.9
Total	<u>\$ 894.0</u>	<u>\$ 135.4</u>	<u>\$ 1,192.5</u>	<u>\$ 720.4</u>	<u>\$ 2,942.3</u>
Gross loss reserves	\$ -	\$ -	\$ -	\$ (36.7)	\$ (36.7)
Net loss reserves	\$ -	\$ -	\$ -	\$ (63.4)	\$ (63.4)

**Syncora Capital Assurance Inc.**

	Q4 2015				
	Special Monitoring List	Yellow Flag List	Red Flag List	Loss List	Total
Number of credits	16	13	1	4	34
Remaining weighted-average contract period (in years)	2.8	16.9	5.1	5.1	9.9
Insured contractual payments outstanding:					
Principal	\$ 993.6	\$ 1,207.8	\$ 3.2	\$ 282.3	\$ 2,486.9
Interest	124.0	965.6	0.7	84.5	1,174.9
Total	<u>\$ 1,117.6</u>	<u>\$ 2,173.5</u>	<u>\$ 3.9</u>	<u>\$ 366.8</u>	<u>\$ 3,661.8</u>
Gross loss reserves	\$ -	\$ -	\$ -	\$ 26.7	\$ 26.7
Net loss reserves	\$ -	\$ -	\$ -	\$ 26.7	\$ 26.7

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

### Syncora Guarantee Inc.

	Q4 2015		Q3 2015		Q2 2015	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 95	1.4%	\$ 309	3.4%	\$ 406	4.3%
AA	395	6.0	399	4.4	404	4.3
A	1,275	19.2	1,647	18.2	1,656	17.6
BBB	3,188	48.1	4,160	46.0	4,171	44.3
Below Investment Grade	1,680	25.3	2,535	28.0	2,779	29.5
Total Net Par Outstanding	\$ 6,634	100.0%	\$ 9,050	100.0%	\$ 9,416	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 2015		Q3 2015		Q2 2015	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
AAA	\$ 1,613	7.4%	\$ 1,853	7.6%	\$ 2,269	8.3%
AA	6,664	30.7	7,129	29.1	7,744	28.4
A	7,465	34.3	9,133	37.3	10,425	38.2
BBB	4,473	20.6	4,830	19.7	5,220	19.2
Below Investment Grade	1,520	7.0	1,535	6.3	1,599	5.9
Total Net Par Outstanding	\$ 21,735	100.0%	\$ 24,481	100.0%	\$ 27,256	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 2015		Q3 2015		Q2 2015	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
aaa	\$ 3	0.1%	\$ 219	2.4%	\$ 313	3.3%
aa	217	3.3	233	2.6	237	2.5
a	1,413	21.3	1,492	16.5	1,517	16.1
bbb	3,378	50.9	4,447	49.1	4,481	47.6
Below Investment Grade	1,622	24.5	2,659	29.4	2,867	30.5
Total Net Par Outstanding	\$ 6,634	100.0%	\$ 9,050	100.0%	\$ 9,416	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 2015		Q3 2015		Q2 2015	
	NPO	% NPO	NPO	% NPO	NPO	% NPO
aaa	\$ 855	3.9%	\$ 1,053	4.3%	\$ 1,411	5.2%
aa	2,962	13.6	3,361	13.7	3,650	13.4
a	11,146	51.3	12,613	51.5	14,038	51.5
bbb	5,279	24.3	5,944	24.3	6,823	25.0
Below Investment Grade	1,493	6.9	1,511	6.2	1,333	4.9
Total Net Par Outstanding	\$ 21,735	100.0%	\$ 24,481	100.0%	\$ 27,256	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 2015	Q3 2015	Q2 2015
	NPO	NPO	NPO
Public Finance	\$ 4	\$ 21	\$ 21
Asset-Backed Securities	433	742	769
Collateralized Debt Obligations	2	2	2
Structured Single Risk	1,240	1,770	1,987
Total Below Investment Grade	<u>\$ 1,680</u>	<u>\$ 2,535</u>	<u>\$ 2,779</u>
Total Net Par Outstanding	\$ 6,634	\$ 9,050	\$ 9,416
BIG as % of Net Par Outstanding	25.3%	28.0%	29.5%

#### 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 2015	Q3 2015	Q2 2015
	NPO	NPO	NPO
Public Finance	\$ 1,184	\$ 1,194	\$ 1,246
Structured Single Risk	336	341	353
Total Below Investment Grade	<u>\$ 1,520</u>	<u>\$ 1,535</u>	<u>\$ 1,599</u>
Total Net Par Outstanding	\$ 21,735	\$ 24,481	\$ 27,256
BIG as % of Net Par Outstanding	7.0%	6.3%	5.9%

#### 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 2015	Q3 2015	Q2 2015
	NPO	NPO	NPO
Public Finance	\$ 131	\$ 166	\$ 166
Asset-Backed Securities	471	780	808
Collateralized Debt Obligations	2	2	2
Structured Single Risk	1,018	1,711	1,890
Total Below Investment Grade	<u>\$ 1,622</u>	<u>\$ 2,659</u>	<u>\$ 2,867</u>
Total Net Par Outstanding	\$ 6,634	\$ 9,050	\$ 9,416
BIG as % of Net Par Outstanding	24.5%	29.4%	30.5%

#### 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 2015	Q3 2015	Q2 2015
	NPO	NPO	NPO
Public Finance	\$ 1,158	\$ 1,169	\$ 980
Structured Single Risk	336	341	353
Total Below Investment Grade	<u>\$ 1,493</u>	<u>\$ 1,511</u>	<u>\$ 1,333</u>
Total Net Par Outstanding	\$ 21,735	\$ 24,481	\$ 27,256
BIG as % of Net Par Outstanding	6.9%	6.2%	4.9%

#### 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 2015		
		NPO	S&P Rating	Internal Rating*
1	Commonwealth of Puerto Rico - GO	\$ 84	AA	c
2	City of Houston, TX - Water/Sewer Revenue Bonds	38	AA	aa-
3	Port Authority of New York and New Jersey, NY	38	AA	aa-
4	Bay Area Toll Authority, CA - Toll Revenue Bonds	30	AA+	aa-
5	Puerto Rico (Commonwealth) - Mixed State and Local Revenue	29	AA	c
6	Detroit (City of), MI - GO (State Aid)	24	A-	bbb-
7	Massachusetts (Commonwealth of) - GO	24	AA+	aa
8	Port of Portland, OR - Airport Revenue Bonds	22	AA-	aa-
9	State of New Jersey Turnpike Authority - Toll Road Revenue Bonds	17	AA	a-
10	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	14	AA	c
11	New Jersey (State of) - Annual Appropriation	12	AA	bbb+
12	JEA, FL Water & Sewer (Senior Lien)	8	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		\$ 346		
Total Portfolio Net Par Outstanding		\$ 6,634		
% of Total SGI Portfolio		5.2%		
Total Public Finance Portfolio Net Par Outstanding		\$ 346		
% 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.

		Q4 2015		
		NPO	S&P Rating	Internal Rating*
1	LCOR Alexandria, LLC - Lease Revenue	\$ 580	AA-	a-
2	San Diego Family Housing LLC - Class I	414	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	325	BBB-	bbb-
6	Dodger Tickets LLC	295	BBB	bbb+
7	State of California - GO	293	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	Natural Gas Acquisition Corporation of City of Clarksville (NGAC), TN - Utility Obligation Bonds, Gas Prepay	163	AA-	a
13	Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	156	CC	c
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	147	BBB-	bbb
19	San Diego Family Housing LLC - Class II	144	AA	aa-
20	San Diego Family Housing LLC - Class III	144	AA	a+
Total Net Par Outstanding of the Largest Public Finance Credits		\$ 4,786		
Total Portfolio Net Par Outstanding		\$ 21,735		
% of Total SCAI Portfolio		22.0%		
Total Public Finance Portfolio Net Par Outstanding		\$ 15,202		
% of Total Public Finance Portfolio		31.5%		

#### 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<sup>1,2</sup> Amortization

## As of December 31, 2015

(U.S. dollars in millions)

Q4 2015										
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
2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	19.8	6.8	-	0.3	1.1	33.2	6.8	-	27.8	40.4
2017	10.7	83.9	-	0.3	0.7	36.5	5.6	-	17.0	120.7
2018	9.0	6.5	-	0.3	0.7	35.7	4.4	-	14.0	42.5
2019	4.6	8.7	-	0.3	1.5	3.5	5.0	-	11.1	12.6
2020	4.6	3.9	-	0.3	1.8	3.5	2.2	-	8.6	7.7
2021	8.1	1.8	-	0.3	1.0	3.5	2.1	-	11.2	5.6
2022	2.6	1.3	-	0.3	1.0	3.5	2.1	-	5.7	5.1
2023	20.3	6.4	-	0.3	1.6	3.5	0.3	-	22.2	10.2
2024	3.5	0.4	-	0.3	1.6	3.5	0.3	-	5.5	4.2
2025	2.3	6.4	-	0.3	1.6	25.0	0.3	-	4.3	31.7
2026	2.5	0.1	-	0.3	1.7	27.5	1.8	-	5.9	27.8
2027	3.9	0.1	-	0.3	1.6	25.3	1.9	-	7.5	25.7
2028	10.0	0.1	-	0.3	0.9	-	1.6	-	12.5	0.4
2029	4.1	0.1	-	0.8	0.9	-	0.9	-	5.9	0.9
2030	3.5	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
<b>Total</b>	<b>\$ 112.8</b>	<b>\$ 128.4</b>	<b>\$ -</b>	<b>\$ 11.9</b>	<b>\$ 20.6</b>	<b>\$ 204.4</b>	<b>\$ 35.9</b>	<b>\$ -</b>	<b>\$ 169.2</b>	<b>\$ 344.7</b>
<b>Total Net Principal</b>	<b>\$ 83.9</b>	<b>\$ 106.7</b>	<b>\$ -</b>	<b>\$ 6.3</b>	<b>\$ 14.1</b>	<b>\$ 155.9</b>	<b>\$ 28.7</b>	<b>\$ -</b>	<b>\$ 126.7</b>	<b>\$ 268.8</b>
<b>Total Net Interest</b>	<b>28.9</b>	<b>21.7</b>	<b>-</b>	<b>5.6</b>	<b>6.4</b>	<b>48.5</b>	<b>7.2</b>	<b>-</b>	<b>42.5</b>	<b>75.8</b>
<b>Total Net Principal and Interest</b>	<b>\$ 112.8</b>	<b>\$ 128.4</b>	<b>\$ -</b>	<b>\$ 11.9</b>	<b>\$ 20.6</b>	<b>\$ 204.4</b>	<b>\$ 35.9</b>	<b>\$ -</b>	<b>\$ 169.2</b>	<b>\$ 344.7</b>

**Notes:**

<sup>1</sup>Net of reinsurance.

<sup>2</sup>Excludes \$55.3 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.

		Q4 2015	
Servicer/Manager Name <sup>1</sup>		NPO	
1	American Home Servicing	\$	252
2	Countrywide Home Loans		165
3	CLO Manager 1 <sup>2</sup>		39
4	Residential Capital, LLC		36
5	JP Morgan		31
6	La Hipotecaria		28
7	Homeward Residential		15
8	Litton Loan Servicing LP		10
9	US Bank, NA		6
10	Chevy Chase Bank FSB		4
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	587
Total Portfolio Net Par Outstanding		\$	6,634
% of Total Portfolio			8.8%
Total Structured Finance Portfolio Net Par Outstanding		\$	6,287
% of Total Structured Finance Portfolio			9.3%

**Notes:**

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

<sup>2</sup>Servicer/manager not revealed due to confidentiality.

### Syncora Capital Assurance Inc.

		Q4 2015	
Servicer/Manager Name <sup>1</sup>		NPO	
1	CLO Manager 2 <sup>2</sup>	\$	298
2	CLO Manager 3 <sup>2</sup>		130
3	CLO Manager 4 <sup>2</sup>		84
4	CLO Manager 5 <sup>2</sup>		73
5	CLO Manager 6 <sup>2</sup>		73
6	Private Commercial ABS Transaction <sup>2</sup>		43
7	Bombardier Services Corporation		29
8	CLO Manager 1 <sup>2</sup>		25
9	CLO Manager 7 <sup>2</sup>		18
10	CLO Manager 8 <sup>2</sup>		17
Total Net Par Outstanding of the Top 10 Structured Finance Servicer/Manager Exposures		\$	789
Total Portfolio Net Par Outstanding		\$	21,735
% of Total Portfolio			3.6%
Total U.S. Structured Finance Portfolio Net Par Outstanding		\$	6,533
% of Total U.S. Structured Finance Portfolio			12.1%

**Notes:**

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

<sup>2</sup>Servicer/manager not revealed due to confidentiality.

# Insured Portfolio - Profile by Geographic Distribution

(U.S. dollars in millions)

## Syncora Guarantee Inc.

Q4 2015				Q3 2015				Q2 2015			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
<b>United States</b>				<b>United States</b>				<b>United States</b>			
Puerto Rico	\$ 396	\$ 127	1.9%	Illinois	\$ 1,605	\$ 552	6.1%	Illinois	\$ 1,658	\$ 545	5.8%
Alabama	570	116	1.7	Puerto Rico	436	162	1.8	Puerto Rico	465	162	1.7
New Jersey	419	67	1.0	Alabama	614	116	1.3	Alabama	769	116	1.2
Other <sup>1,5</sup>	14,342	153	2.3	Other <sup>1</sup>	16,050	245	2.7	Other <sup>1</sup>	17,950	250	2.7
Non-PF Multi <sup>2,3</sup>	572	565	8.5	Non-PF Multi <sup>2</sup>	1,102	1,094	12.1	Non-PF Multi <sup>2</sup>	1,229	1,222	13.0
<b>Total United States</b>	<b>\$ 16,299</b>	<b>\$ 1,027</b>	<b>15.5%</b>	<b>Total United States</b>	<b>\$ 19,807</b>	<b>\$ 2,169</b>	<b>24.0%</b>	<b>Total United States</b>	<b>\$ 22,072</b>	<b>\$ 2,294</b>	<b>24.4%</b>
<b>International</b>				<b>International</b>				<b>International</b>			
United Kingdom	\$ 4,223	\$ 3,267	49.2%	United Kingdom	\$ 4,546	\$ 4,155	45.9%	United Kingdom	\$ 4,631	\$ 4,226	44.9%
Australia	1,305	1,305	19.7	Australia	1,292	1,261	13.9	Australia	1,420	1,386	14.7
Chile	509	383	5.8	France	391	391	4.3	Chile	575	435	4.6
France	148	148	2.2	Chile	516	389	4.3	France	380	380	4.0
Italy	137	137	2.1	Italy	137	137	1.5	Canada	236	138	1.5
Canada	220	122	1.8	Canada	226	128	1.4	Italy	133	133	1.4
Portugal	95	95	1.4	Portugal	99	99	1.1	Portugal	98	98	1.0
Other <sup>1</sup>	395	56	0.8	Other <sup>1</sup>	385	61	0.7	Other <sup>1</sup>	404	67	0.7
Non-PF Multi <sup>2,4</sup>	93	93	1.4	Non-PF Multi <sup>2</sup>	259	259	2.9	Non-PF Multi <sup>2</sup>	259	259	2.8
<b>Total International</b>	<b>\$ 7,126</b>	<b>\$ 5,607</b>	<b>84.5%</b>	<b>Total International</b>	<b>\$ 7,852</b>	<b>\$ 6,881</b>	<b>76.0%</b>	<b>Total International</b>	<b>\$ 8,137</b>	<b>\$ 7,122</b>	<b>75.6%</b>
<b>Total Outstanding</b>	<b>\$ 23,425</b>	<b>\$ 6,634</b>	<b>100.0%</b>	<b>Total Outstanding</b>	<b>\$ 27,658</b>	<b>\$ 9,050</b>	<b>100.0%</b>	<b>Total Outstanding</b>	<b>\$ 30,209</b>	<b>\$ 9,416</b>	<b>100.0%</b>

### Notes:

<sup>1</sup> Single state/country with NPO < 1% of the total exposure plus any multi-state/country Public Finance exposures.

<sup>2</sup> Non-Public Finance deals with underlying securities in multiple states/countries.

<sup>3</sup> Consists of \$523 million in ABS and \$42 million in CDO net par.

<sup>4</sup> Consists of \$93 million in SSR net par.

<sup>5</sup> As of December 31, 2015, the Company has \$9.2 million of gross par exposure to General Obligation bonds, which matured in January 2016 issued by the City of Chicago of which \$9.2 million is ceded to Syncora Capital Assurance.

## Syncora Capital Assurance Inc.

Q4 2015				Q3 2015				Q2 2015			
	GPO	NPO	% NPO		GPO	NPO	% NPO		GPO	NPO	% NPO
<b>United States</b>				<b>United States</b>				<b>United States</b>			
California	\$ 3,497	\$ 3,454	15.9%	California	\$ 3,728	\$ 3,684	15.1%	California	\$ 4,222	\$ 4,178	15.3%
New York	1,916	1,916	8.8	New York	2,057	2,057	8.4	New York	2,152	2,152	7.9
Texas	1,035	1,035	4.8	Texas	1,063	1,063	4.3	Texas	1,237	1,237	4.5
Florida	808	708	3.3	Illinois	1,053	1,053	4.3	Illinois	1,113	1,113	4.1
Virginia	643	643	3.0	Colorado	819	819	3.3	Florida	1,133	1,033	3.8
Pennsylvania	582	582	2.7	Florida	886	786	3.2	Colorado	824	824	3.0
Colorado	556	556	2.6	Pennsylvania	738	738	3.0	Pennsylvania	816	816	3.0
Illinois <sup>4</sup>	551	551	2.5	Virginia	643	643	2.6	Alabama	654	654	2.4
Washington	510	510	2.3	Georgia	549	549	2.2	Virginia	648	648	2.4
Georgia	484	484	2.2	Ohio	541	541	2.2	Georgia	580	580	2.1
District Of Columbia	465	465	2.1	Washington	539	539	2.2	Washington	567	567	2.1
Alabama	455	455	2.1	Tennessee	513	513	2.1	Ohio	553	553	2.0
Ohio	452	452	2.1	Alabama	498	498	2.0	Tennessee	521	521	1.9
Tennessee	421	421	1.9	District Of Columbia	468	468	1.9	District Of Columbia	471	471	1.7
New Jersey	352	352	1.6	New Jersey	410	410	1.7	South Carolina	466	466	1.7
South Carolina	289	289	1.3	South Carolina	316	316	1.3	New Jersey	455	455	1.7
Massachusetts	271	271	1.2	Massachusetts	298	298	1.2	Indiana	356	356	1.3
Puerto Rico	269	269	1.2	Puerto Rico	274	274	1.1	Massachusetts	346	346	1.3
Maryland	267	267	1.2	Maryland	268	268	1.1	Puerto Rico	303	303	1.1
Missouri	235	235	1.1	Minnesota	255	255	1.0	Missouri	291	291	1.1
Other <sup>1</sup>	2,753	2,753	12.7	Other <sup>1</sup>	3,268	3,268	13.3	Michigan	287	287	1.1
Non-PF Multi <sup>2,3</sup>	1,401	1,401	6.4	Non-PF Multi <sup>2</sup>	1,689	1,689	6.9	Other <sup>1</sup>	3,383	3,383	12.4
<b>Total United States</b>	<b>\$ 18,211</b>	<b>\$ 18,067</b>	<b>83.1%</b>	<b>Total United States</b>	<b>\$ 20,874</b>	<b>\$ 20,730</b>	<b>84.7%</b>	<b>Total United States</b>	<b>\$ 23,452</b>	<b>\$ 23,308</b>	<b>85.5%</b>
<b>International</b>				<b>International</b>				<b>International</b>			
United Kingdom	\$ 2,512	\$ 2,512	11.6%	United Kingdom	\$ 2,572	\$ 2,572	10.5%	United Kingdom	\$ 2,671	\$ 2,671	9.8%
New Zealand	485	485	2.2	New Zealand	454	454	1.9	New Zealand	480	480	1.8
Netherlands	298	298	1.4	Netherlands	318	318	1.3	Netherlands	374	374	1.4
Other <sup>1</sup>	374	374	1.7	Other <sup>1</sup>	406	406	1.7	Other <sup>1</sup>	423	423	1.6
<b>Total International</b>	<b>\$ 3,668</b>	<b>\$ 3,668</b>	<b>16.9%</b>	<b>Total International</b>	<b>\$ 3,751</b>	<b>\$ 3,751</b>	<b>15.3%</b>	<b>Total International</b>	<b>\$ 3,948</b>	<b>\$ 3,948</b>	<b>14.5%</b>
<b>Total Outstanding</b>	<b>\$ 21,879</b>	<b>\$ 21,735</b>	<b>100.0%</b>	<b>Total Outstanding</b>	<b>\$ 24,624</b>	<b>\$ 24,481</b>	<b>100.0%</b>	<b>Total Outstanding</b>	<b>\$ 27,400</b>	<b>\$ 27,256</b>	<b>100.0%</b>

### Notes:

<sup>1</sup> Single state/country with NPO < 1% of the total exposure plus any multi-state/country Public Finance exposures.

<sup>2</sup> Non-Public Finance deals with underlying securities in multiple states/countries.

<sup>3</sup> Consists of \$1,329 million in CDO and \$72 million in ABS net par.

<sup>4</sup> As of December 31, 2015, the Company had \$9.2 million of net par exposure to City of Chicago General Obligation bonds, which matured in January 2016.

# Investment Portfolio

## As of December 31, 2015

(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	\$ 179.0 19.0%
Cash and Cash Equivalents	\$ 37.0	3.9%	1 to 5 Years	488.0 51.8%
Short-Term Investments	95.3	10.1%	5 to 10 Years	18.1 1.9%
Total Cash and Short-Term Investments	132.3	14.0%	Due after 10 Years	5.1 0.5%
Debt Securities			Mortgage and asset-backed securities	251.7 26.7%
MBS/ABS	251.7	26.7%	Total	\$ 941.9 100.0%
U.S. Government	273.8	29.1%	Yield to Maturity @ Book Value	1.5%
Corporate	270.7	28.7%	Yield to Maturity @ Market Value	1.4%
States & Political Subs	13.4	1.4%	Duration (years)	1.5
Total Long-Term Fixed Maturity	809.6	86.0%		
Total	\$ 941.9	100.0%		

#### Notes:

- Excludes \$54.2 million of uninsured cash flow ("UCF") securities.
- Excludes \$8.5 million of other remediation-related securities.
- Excludes \$6.3 million of operating cash balances.

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 328.5	34.9%
AA	342.9	36.4%
A	229.1	24.3%
BBB	38.3	4.1%
BB & below and Not Rated	3.1	0.3%
Total	\$ 941.9	100.0%
Average credit quality	AA-	

### 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	\$ 63.3 17.7%
Cash and Cash Equivalents	\$ 57.9	16.2%	1 to 5 Years	36.8 10.3%
Short-Term Investments	4.1	1.1%	5 to 10 Years	91.9 25.7%
Total Cash and Short-Term Investments	62.0	17.3%	Due after 10 Years	31.1 8.7%
Debt Securities			Mortgage and asset-backed securities	134.8 37.7%
MBS/ABS	134.8	37.7%	Total	\$ 357.9 100.0%
U.S. Government	33.5	9.4%	Yield to Maturity @ Book Value	2.8%
Corporate	111.3	31.1%	Yield to Maturity @ Market Value	2.8%
States & Political Subs	16.3	4.6%	Duration (years)	4.1
Total Long-Term Fixed Maturity	295.9	82.7%		
Total	\$ 357.9	100.0%		

#### Notes:

- Excludes \$57.4 million of uninsured cash flow ("UCF") securities.
- Excludes \$9.9 million of other remediation-related securities.
- Excludes \$2.6 million of preferred stocks.
- Excludes \$23.8 million of common stocks and alternative investments.
- Excludes \$11.0 million of operating cash balances.

Quality Distribution		
	Book Adjusted Carrying Value	Percentage
AAA	\$ 94.4	26.4%
AA	131.8	36.8%
A	40.3	11.3%
BBB	75.4	21.1%
BB & below and Not Rated	16.0	4.5%
Total	\$ 357.9	100.0%
Average credit quality	A+	