MBIA Inc.
Quarterly Operating Supplement
September 30, 2017

Third Quarter 2017

MBIA Inc. and Subsidiaries
Quarterly Operating Supplement [1]

[1] This report is unaudited.

Safe Harbor Disclosure

This Operating Supplement of MBIA Inc., together with its consolidated subsidiaries, (collectively, “MBIA”, the “Company”, “we”, “us” or “our”) includes statements that are not historical or current facts and are “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words “believe”, “anticipate”, “project”, “plan”, “expect”, “estimate”, “intend”, “will likely result”, “looking forward”, or “will continue” and similar expressions identify forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. MBIA cautions readers not to place undue reliance on any such forward-looking statements, which speak only to their respective dates. We undertake no obligation to publicly correct or update any forward-looking statement if the Company later becomes aware that such result is not likely to be achieved.

The following are some of the general factors that could affect financial performance or could cause actual results to differ materially from estimates contained in or underlying the Company’s forward-looking statements:

- increased credit losses or impairments on public finance obligations that National Public Finance Guarantee Corporation (“National”) insures issued by state, local and territorial governments and finance authorities and other providers of public services, located in the U.S. or abroad, that are experiencing fiscal stress;
- the possibility that loss reserve estimates are not adequate to cover potential claims;
- a disruption in the cash flow from our subsidiaries or an inability to access the capital markets and our exposure to significant fluctuations in liquidity and asset values in the global credit markets as a result of collateral posting requirements;
- our ability to fully implement our strategic plan;
- the possibility that MBIA Insurance Corporation will have inadequate liquidity or resources to timely pay claims as a result of higher than expected losses on certain structured finance transactions or as a result of a delay or failure in collecting expected recoveries, which could lead the New York State Department of Financial Services (“NYSDFS”) to put MBIA Insurance Corporation into a rehabilitation or liquidation proceeding under Article 74 of the New York Insurance Law and/or take such other actions as the NYSDFS may deem necessary to protect the interests of MBIA Insurance Corporation’s policyholders;
- deterioration in the economic environment and financial markets in the United States or abroad, real estate market performance, credit spreads, interest rates and foreign currency levels; and
- the effects of changes to governmental regulation, including insurance laws, securities laws, tax laws, legal precedents and accounting rules.

The above factors provide a summary of and are qualified in their entirety by the risk factors discussed under “Risk Factors” in Part II Other Information, Item 1A included in this Quarterly Report on Form 10-Q. In addition, refer to “Note 1: Business Developments and Risks and Uncertainties” in the Notes to Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for a discussion of certain risks and uncertainties related to our financial statements.

MBIA Inc. (Consolidated)

MBIA Inc. and Subsidiaries

Consolidated Balance Sheets

(in millions except share and per share amounts)

	September 30, 2017	December 31, 2016
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $4,203 and $4,713)	$ 4,234	$ 4,694
Investments carried at fair value	164	146
Investments pledged as collateral, at fair value (amortized cost $169 and $234)	170	233
Short-term investments held as available-for-sale, at fair value (amortized cost $452 and $552)	452	552
Other investments (includes investments at fair value of $4 and $5)	6	8
Total investments	5,026	5,633
Cash and cash equivalents	116	163
Premiums receivable	382	409
Deferred acquisition costs	96	118
Insurance loss recoverable	611	504
Assets held for sale	-	555
Deferred income taxes, net	-	970
Other assets	146	113
Assets of consolidated variable interest entities:		
Cash	20	24
Investments held-to-maturity, at amortized cost (fair value $897 and $876)	890	890
Investments carried at fair value	189	255
Loans receivable at fair value	1,632	1,066
Loan repurchase commitments	406	404
Other assets	30	33
Total assets	**$ 9,544**	**$ 11,137**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 808	$ 958
Loss and loss adjustment expense reserves	818	541
Long-term debt	2,093	1,986
Medium-term notes (includes financial instruments carried at fair value of $127 and $101)	898	895
Investment agreements	350	399
Derivative liabilities	284	299
Liabilities held for sale	-	346
Other liabilities	221	233
Liabilities of consolidated variable interest entities:		
Variable interest entity notes (includes financial instruments carried at fair value of $1,140 and $1,351)	2,352	2,241
Total liabilities	**7,824**	**7,898**
Equity:		
Preferred stock, par value $1 per share; authorized shares--10,000,000; issued and outstanding--none	-	-
Common stock, par value $1 per share; authorized shares--400,000,000; issued shares--283,967,973 and 283,989,999	284	284
Additional paid-in capital	3,170	3,160
Retained earnings	1,132	2,700
Accumulated other comprehensive income (loss), net of tax of $6 and $37	15	(128)
Treasury stock, at cost--160,858,509 and 148,789,168 shares	(2,893)	(2,789)
Total shareholders' equity of MBIA Inc.	1,708	3,227
Preferred stock of subsidiary	12	12
Total equity	**1,720**	**3,239**
Total liabilities and equity	**$ 9,544**	**$ 11,137**

MBIA Inc. and Subsidiaries
Consolidated Statements of Operations
(in millions except share and per share amounts)

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Revenues:				
Premiums earned:				
Scheduled premiums earned	$ 26	$ 42	$ 82	$ 131
Refunding premiums earned	27	35	64	94
Premiums earned (net of ceded premiums of $1, $2, $4 and $5)	53	77	146	225
Net investment income	33	39	122	115
Fees and reimbursements	1	22	9	24
Change in fair value of insured derivatives:				
Realized gains (losses) and other settlements on insured derivatives	(7)	(4)	(41)	(20)
Unrealized gains (losses) on insured derivatives	6	20	(10)	-
Net change in fair value of insured derivatives	(1)	16	(51)	(20)
Net gains (losses) on financial instruments at fair value and foreign exchange	(11)	38	(55)	(17)
Net investment losses related to other-than-temporary impairments:				
Investment losses related to other-than-temporary impairments	(26)	-	(80)	(1)
Other-than-temporary impairments recognized in accumulated other comprehensive income (loss)	(45)	-	(4)	-
Net investment losses related to other-than-temporary impairments	(71)	-	(84)	(1)
Net gains (losses) on extinguishment of debt	1	-	9	5
Other net realized gains (losses)	(1)	(2)	36	(3)
Revenues of consolidated variable interest entities:				
Net investment income	8	5	20	25
Net gains (losses) on financial instruments at fair value and foreign exchange	21	8	2	-
Other net realized gains (losses)	-	-	28	-
Total revenues	33	203	182	353
Expenses:				
Losses and loss adjustment	205	50	469	149
Amortization of deferred acquisition costs	8	10	23	30
Operating	21	32	82	97
Interest	50	49	148	148
Expenses of consolidated variable interest entities:				
Operating	3	3	8	10
Interest	19	4	55	20
Total expenses	306	148	785	454
Income (loss) before income taxes	(273)	55	(603)	(101)
Provision (benefit) for income taxes	(6)	24	965	(28)
Net income (loss)	**$ (267)**	**$ 31**	**$ (1,568)**	**$ (73)**
Net income (loss) per common share:				
Basic	$ (2.17)	$ 0.23	$ (12.38)	$ (0.55)
Diluted	$ (2.17)	$ 0.23	$ (12.38)	$ (0.55)
Weighted average number of common shares outstanding:				
Basic	122,967,924	131,633,411	126,643,642	133,368,752
Diluted	122,967,924	132,042,067	126,643,642	133,368,752

MBIA Inc. and Subsidiaries
Operating Income (Loss) Reconciliation (1) (2)
(in millions except per share amounts)

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Combined				
Net income (loss)	$ (267)	$ 31	$ (1,568)	$ (73)
Less: Operating Income Adjustments				
Income (loss) before income taxes of Non-Core Operations (3)	(83)	12	(268)	(136)
Adjustments before income taxes (4):				
Mark-to-market gains (losses) on financial instruments (5)	13	10	29	(50)
Foreign exchange gains (losses) (5)	(18)	(6)	(57)	(24)
Net gains (losses) on sales of investments (5)	(1)	32	14	51
Net investment losses related to OTTI (5)	(71)	-	(84)	(1)
Net gains (losses) on extinguishment of debt	1	-	9	5
Other net realized gains (losses)	(1)	(2)	(3)	(4)
Operating income adjustment for income taxes (6)	6	(20)	(965)	50
Combined Operating Income (loss)	$ (113)	$ 5	$ (243)	$ 36
Combined Operating Income (loss) per diluted common share	$ (0.91)	$ 0.04	$ (1.93)	$ 0.28
U.S. Public Finance Insurance (National)				
Net income (loss)	$ (106)	$ 44	$ (156)	$ 135
Less: Operating Income Adjustments				
Mark-to-market gains (losses) on financial instruments (5)	2	-	6	-
Net gains (losses) on sales of investments (5)	-	31	14	61
Net investment losses related to OTTI (5)	(71)	-	(84)	-
Operating income adjustment for income taxes (6)	24	(11)	22	(21)
Operating Income (loss)	$ (61)	$ 24	$ (114)	$ 95
Corporate				
Net income (loss)	$ (28)	$ (15)	$ (1,162)	$ (119)
Less: Operating Income Adjustments				
Mark-to-market gains (losses) on financial instruments (5)	11	10	23	(50)
Foreign exchange gains (losses) (5)	(18)	(6)	(57)	(24)
Net gains (losses) on sales of investments (5)	(1)	1	-	(10)
Net investment losses related to OTTI (5)	-	-	-	(1)
Net gains (losses) on extinguishment of debt	1	-	9	5
Other net realized gains (losses)	(1)	(2)	(3)	(4)
Operating income adjustment for income taxes (6)	1	1	(1,069)	24
Operating Income (loss)	$ (21)	$ (19)	$ (65)	$ (59)
Diluted Weighted Average Shares Outstanding	123.0	132.0	126.6	133.9

Operating Income (Loss) Trend (1) (2)

2017	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
U.S. Public Finance Insurance (National)	$ 25	$ (78)	(61)		$ (114)
Corporate	(16)	(28)	(21)		(65)
Eliminations	-	(33)	(31)		(64)
Combined	$ 9	$ (139)	$ (113)		$ (243)

2016	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
U.S. Public Finance Insurance (National)	$ 37	$ 34	$ 24	$ 25	$ 120
Corporate	(21)	(19)	(19)	(31)	(90)
Combined	$ 16	$ 15	$ 5	$ (6)	$ 30

(1) A non-GAAP measure; please see glossary for an explanation of Operating Income.
(2) Totals may not add due to rounding.
(3) Non-Core Operations includes the International and Structured Finance Insurance Segment and eliminations.
(4) Adjustments exclude the International and Structured Finance segment and eliminations and include select mark-to-market gains/losses on financial instruments in the U.S. Public Finance and Corporate segments.
(5) Gross amounts are reported with "Net gains (losses) on financial instruments at fair value and foreign exchange" on the Company's consolidated statement of operations.
(6) Reported within the "Provision (benefit) for income taxes" on the Company's consolidated statement of operations.

MBIA Inc.

Adjusted Book Value Per Share [1]

	9/30/2017	12/31/2016
Book Value Per Share	$ 13.88	$ 23.87
Reverse book value of the MBIA Corp. legal entity [2]	7.21	5.07
Book value after MBIA Corp. legal entity adjustment	**21.09**	**28.94**
Other book value adjustments:		
Reverse net unrealized (gains) losses included in OCI	(0.16)	0.24
Add net unearned premium revenue [3] [4]	3.88	4.31
Add tax effect on unrealized (gains) losses and unearned premium revenue [5]	-	(1.61)
Total other book value adjustments	3.72	2.94
Adjusted Book Value Per Share	**$ 24.81**	**$ 31.88**
Shares Outstanding in millions	123.1	135.2

(1) A non-GAAP measure; please see glossary for an explanation of ABV. Includes deferred tax assets of consolidated MBIA Inc.
(2) The book value of the MBIA Corp. legal entity does not provide significant economic or shareholder value to MBIA Inc. The amounts being reversed exclude all deferred taxes available to MBIA Inc.
(3) The discount rate on financial guarantee installment premiums was the risk-free rate as defined by GAAP for financial guarantee insurance contracts.
(4) The amounts consist of financial guarantee premiums, net of their deferred acquisition costs.
(5) As of September 30, 2017, ABV per share was adjusted by applying a zero effective tax rate to the book value adjustments.

Securities Buyback Activity [1]
(in millions)

	1st Qtr		2nd Qtr.		3rd Qtr.		4th Qtr.		Year-to-date	
2017	**Cost**	**Gain/ Value**	**Cost**	**Gain/ Value**	**Cost**	**Gain/ Value**	**Cost**	**Gain/ Value**	**Cost**	**Gain/ Value**
Common Stock Repurchases [2] [3]	$ 40.0	$ N/A	$ 35.0	$ N/A	$ 25.0	N/A			$ 100.0	$ N/A
Debt										
MBIA Inc. Senior Unsecured									-	-
MBIA GFL MTNs[4]	34.6	7.7	-	-	-	-			34.6	7.7
Investment Agreements									-	-
MBIA Inc. (Consolidated)	$ 74.6	$ 7.7	$ 35.0	$ -	$ 25.0	$ -			$ 134.6	$ 7.7

	1st Qtr		2nd Qtr.		3rd Qtr.		4th Qtr.		Full Year	
2016	**Cost**	**Gain/ Value**	**Cost**	**Gain/ Value**	**Cost**	**Gain/ Value**	**Cost**	**Gain/ Value**	**Cost**	**Gain/ Value**
Common Stock Repurchases [2] [3]	$ 93.7	$ N/A	$ 11.8	$ N/A	$ -	$ N/A	$ -	N/A	$ 105.5	$ N/A
Debt										
MBIA Inc. Senior Unsecured	-	-	-	-	-	-	-	-	-	-
MBIA GFL MTNs[4]	0.3	-	1.7	0.2	3.3	-	4.3	-	9.6	0.2
Investment Agreements	4.3	2.0	6.0	2.6	-	-	-	-	10.3	4.6
MBIA Inc. (Consolidated)	$ 98.3	$ 2.0	$ 19.5	$ 2.8	$ 3.3	$ -	$ 4.3	-	$ 125.4	$ 4.8

(1) Presented on a cash settlement rather than trade date basis, except where noted.
(2) Presented on a trade date basis.
(3) National purchased $15 million in the second quarter of 2017 and $25 million in the third quarter of 2017.
(4) MBIA Global Funding LLC.

U.S. Public Finance Insurance Segment

(primarily National Public Finance Guarantee Corporation)

National Public Finance Guarantee Corporation and Subsidiaries
Consolidated Balance Sheets
(in millions except share and per share amounts)

	September 30, 2017	December 31, 2016
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $3,426 and $3,855)	$ 3,419	$ 3,806
Investments carried at fair value	138	120
Investments pledged as collateral, at fair value (amortized cost $134 and $131)	132	131
Short-term investments held as available-for-sale, at fair value (amortized cost $200 and $104)	200	104
Other investments (includes investments at fair value of $3 and $3)	5	6
Total investments	3,894	4,167
Cash and cash equivalents	50	75
Securities purchased under agreements to resell	130	129
Premiums receivable	173	190
Current income taxes	85	-
Deferred acquisition costs	136	162
Insurance loss recoverable	344	162
Receivable for investments sold	47	-
Other assets	45	47
Total assets	**$ 4,904**	**$ 4,932**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 614	$ 745
Loss and loss adjustment expense reserves	341	96
Securities sold under agreements to repurchase	130	129
Current income taxes	-	6
Deferred income taxes, net	50	60
Payable for investments purchased	72	32
Other liabilities	35	30
Total liabilities	**1,242**	**1,098**
Equity:		
Common stock, par value $30 per share; authorized, issued and outstanding shares — 500,000	15	15
Additional paid-in capital	2,286	2,327
Retained earnings	1,367	1,523
Accumulated other comprehensive income (loss), net of tax of $3 and $17	(6)	(31)
Total equity	**3,662**	**3,834**
Total liabilities and equity	**$ 4,904**	**$ 4,932**

National Public Finance Guarantee Corporation and Subsidiaries
Consolidated Statements of Operations
(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues:				
Premiums earned:				
Scheduled premiums earned	$ 18	$ 23	$ 59	$ 76
Refunding premiums earned	26	36	65	96
Premiums earned	44	59	124	172
Net investment income	27	30	87	90
Fees and reimbursements	1	1	2	2
Net gains (losses) on financial instruments at fair value and foreign exchange	2	32	20	66
Net investment losses related to other-than-temporary impairments	(71)	-	(84)	-
Other net realized gains (losses)	-	-	(1)	-
Total revenues	3	122	148	330
Expenses:				
Losses and loss adjustment	141	28	310	46
Amortization of deferred acquisition costs	10	12	28	36
Operating	12	15	52	45
Total expenses	163	55	390	127
Income (loss) before income taxes	(160)	67	(242)	203
Provision (benefit) for income taxes	(55)	22	(86)	68
Net income (loss)	**$ (105)**	**$ 45**	**$ (156)**	**$ 135**

National Public Finance Guarantee Corporation and Subsidiaries
(dollars in millions)

Amortization of Gross Par, Gross Debt Service, Gross Unearned Premium and Cash Premiums Collected and Expected

	Ending Gross Par Outstanding	Ending Debt Service Outstanding	Gross Unearned Premiums[1]	Expected Future Premium Earnings [1] [2] Upfront	Installments	Accretion	Total	Cash Premiums Collected and Expected [3]
3rd Qtr. 2017	82,145	148,833	616					4
4th Qtr. 2017	79,124	144,479	600	13	3	1	17	4
2018	72,320	132,857	541	49	10	5	64	13
2019	66,492	122,459	487	44	10	5	59	12
2020	60,894	112,433	437	40	10	5	55	12
2021	55,499	102,982	391	37	9	4	50	12
2022-2026	34,752	65,118	214	136	41	18	195	55
2027-2031	17,862	35,844	109	72	33	13	118	46
2032-2036	8,035	18,655	52	32	25	8	65	37
2037-2041	4,448	10,329	21	14	17	5	36	27
2042-2046	1,721	3,058	5	6	10	2	18	16
2047 and thereafter	-	-	-	2	3	-	5	5
Total				$445	$171	$66	$682	$239

(1) Includes financial guarantee and insured derivative premiums.
(2) Actual future premium earnings will differ from the current projection due to the addition of new business and refundings.
(3) Represents installment-based future net, undiscounted collections.

Statutory Balance Sheets Summary

	9/30/2017	12/31/2016
Assets:		
Cash and Investments	$ 3,850	$ 4,184
Asset Swap Facility with MBIA Inc.	129	129
Other Assets	172	42
Total Assets	$ 4,151	$ 4,355
Liabilities:		
Unearned Premiums	643	786
Loss and LAE Reserves [1]	61	(98)
Contingency Reserve	641	745
Asset Swap Facility with MBIA Inc.	129	129
Other Liabilities	102	62
Total Liabilities	1,576	1,624
Total Policyholders' Surplus	2,575	2,731
Total Liabilities and Policyholders' Surplus	$ 4,151	$ 4,355

Claims-Paying Resources

	9/30/2017	12/31/2016
Policyholders' Surplus	$ 2,575	$ 2,731
Contingency Reserve	641	745
Statutory Capital	3,216	3,476
Unearned Premiums	643	786
Present Value of Installment Premiums [1]	171	187
Premium Resources [2]	814	973
Net Loss and LAE Reserves [1]	61	(98)
Salvage Reserve	407	256
Gross Loss and LAE Reserves	468	158
Total Claims-Paying Resources	$ 4,498	$ 4,607
Net Debt Service Outstanding	$ 144,168	$ 185,099
Capital Ratio	45:1	53:1
Claims-Paying Resources Ratio	34:1	43:1

(1) Calculated using a discount rate of 3.18% as of September 30, 2017 and December 31, 2016.
(2) Includes financial guarantee and insured credit derivative related premiums.

U.S. Public Finance Insurance
(primarily National Public Finance Guarantee Corporation)
Investment Portfolio Including Cash and Cash Equivalents
as of September 30, 2017
(dollars in millions)

Investments [1]		Market Value	% of Market Value		Amortized Cost	% Book Yield
Fixed-Maturity Securities:						
Long-Term Tax-Exempt [2]	$	291	8	$	260	4.06
Long-Term Taxable		3,260	87		3,300	3.42
Short-Term		200	5		200	0.97
Total Fixed-Maturity		3,751	100	$	3,760	3.34
Cash and Cash Equivalents		51				
Total Fixed Income Including Cash and Cash Equivalents		3,802				
Investments Carried at Fair Value		138				
Other		5				
Total	$	3,945				

Fixed Income Portfolio Including Cash and Cash Equivalents			
Corporate Obligations	$	1,393	37
State and Municipal Bonds		874	23
MBS		751	20
US Treasury		286	8
ABS		284	7
Money Markets		160	4
Cash and Cash Equivalents		51	1
Foreign Governments		3	-
Total	$	3,802	100

Effective Maturity Profile			
Cash and Cash Equivalents	$	51	1
≤ 1 yr		445	12
> 1 to 5 yrs		956	25
> 5 to 10 yrs		736	19
> 10 to 15 yrs		192	5
> 15 to 20 yrs		281	8
> 20 yrs		1,141	30
Total	$	3,802	100

Credit Quality Distribution of Long-Term Fixed-Maturity Securities

Rating [3]			
Aaa	$	1,425	40
Aa		666	19
A		864	24
Baa		303	9
BIG		150	4
NR		143	4
	$	3,551	100

Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 12.97 years
Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 6.55 years

(1) Includes Asset Swap between National and MBIA Inc. with notional amount of $130 million; the total market value of encumbered assets total $132 million.
(2) Includes $149 million of Puerto Rico Sales Tax Finance Corporation bonds (insured by National) and $67 million of Puerto Rico Electric Power Authority bonds (uninsured) at fair value.
(3) Ratings are as of the end of the period, as last provided by the rating agencies and may be out-of-date. Ratings are derived using the Moody's Priority Method; where Moody's underlying rating is used, when available, S&P's underlying rating is used if the Moody's underlying rating is not available and an internal underlying rating is used for MBIA wrapped investments if neither Moody's nor S&P's underlying ratings are available.

National Public Finance Guarantee Corporation
Insured Portfolio Losses
Loss and Loss Adjustment Expense (LAE) Reserves and Insurance Loss Recoverable

(in millions)

2017	**1st Qtr.**	**2nd Qtr.**	**3rd Qtr.**	**4th Qtr.**	**Year-to-date**
Beginning Gross Loss and LAE Reserves	$ 96	$ 105	$ 253		$ 96
Beginning Gross Insurance Loss Recoverable	(162)	(185)	(179)		(162)
Beginning Gross Reserves	(66)	(80)	74		(66)
Ceded Reserves	-	-	(1)		-
Net Reserves	(66)	(80)	73		(66)
Increase (Decrease) in Expected Payments	35	151	305		491
(Increase) Decrease in Expected Salvage	(24)	7	(165)		(182)
Net (Payments), Collections and Other [(1)]	(25)	(5)	(220)		(250)
Net Reserves	(80)	73	(7)		(7)
Ceded Reserves	-	1	4		4
Gross Reserves	(80)	74	(3)		(3)
Gross Loss and LAE Reserves	105	253	341		341
Gross Insurance Loss Recoverable	$ (185)	$ (179)	$ (344)		$ (344)

2016	**1st Qtr.**	**2nd Qtr.**	**3rd Qtr.**	**4th Qtr.**	**Full Year**
Beginning Gross Loss and LAE Reserves	$ 45	$ 52	$ 58	$ 72	$ 45
Beginning Gross Insurance Loss Recoverable	(4)	(3)	(2)	(163)	(4)
Beginning Gross Reserves	41	49	56	(91)	41
Ceded Reserves	-	-	-	-	-
Net Reserves	41	49	56	(91)	41
Increase (Decrease) in Expected Payments	19	9	188	21	237
(Increase) Decrease in Expected Salvage	(10)	-	(160)	7	(163)
Net (Payments), Collections and Other [(1)]	(1)	(2)	(175)	(3)	(181)
Net Reserves	49	56	(91)	(66)	(66)
Ceded Reserves	-	-	-	-	-
Gross Reserves	49	56	(91)	(66)	(66)
Gross Loss and LAE Reserves	52	58	72	96	96
Gross Insurance Loss Recoverable	$ (3)	$ (2)	$ (163)	$ (162)	$ (162)

(1) Amounts are included in change in expected payments and expected salvage.

National Public Finance Guarantee Corporation
Liquidity Position [(1)]
(in millions)

2017	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Beginning Cash & Cash Equivalents[(2)]	**$ 115**	**$ 41**	**$ 30**		**$ 115**
Premiums and Fees	2	2	-		4
Net Investment Income	23	27	21		71
Other	-	-	1		1
Total Inflows	25	29	22		76
Gross Loss & LAE Payments	26	3	220		249
Operating & Other Expenses	21	16	18		55
Tax Payments	-	28	-		28
Total Outflows	47	47	238		332
Operating Cash Flow	(22)	(18)	(216)		(256)
Investing Activities	(52)	7	216		171
Net Cash Flow	(74)	(11)	-		(85)
Ending Cash & Cash Equivalents[(2)]	**$ 41**	**$ 30**	**$ 30**		**$ 30**
Other Liquid Assets[(3)]	255	659	396		396
Ending Liquidity Position	**$ 296**	**$ 689**	**$ 426**		**$ 426**

2016	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Cash & Cash Equivalents[(2)]	**$ 32**	**$ 27**	**$ 288**	**$ 65**	**$ 32**
Premiums and Fees	5	2	2	3	12
Net Investment Income	21	32	21	29	103
Other	1	2	2	1	6
Total Inflows	27	36	25	33	121
Gross Loss & LAE Payments	5	2	176	-	183
Operating & Other Expenses	18	14	13	15	60
Tax Payments	-	20	28	31	79
Total Outflows	23	36	217	46	322
Operating Cash Flow	4	-	(192)	(13)	(201)
Financing Activities	-	-	-	(118)	(118)
Investing Activities	(9)	261	(31)	181	402
Net Cash Flow	(5)	261	(223)	50	83
Ending Cash & Cash Equivalents[(2)]	**$ 27**	**$ 288**	**$ 65**	**$ 115**	**$ 115**
Other Liquid Assets[(3)]	317	153	245	251	251
Ending Liquidity Position	**$ 344**	**$ 441**	**$ 310**	**$ 366**	**$ 366**

(1) Presented on a direct cash flow basis for transactions settled within the reporting periods. Ending Liquidity Position excludes assets that are not readily available for sale such as cash & cash equivalents and assets designated to alternative investment strategy portfolios.

(2) Represents management's view of cash and cash equivalents; will not agree with National's Consolidated GAAP financial results which include other cash & cash equivalents of alternative investment strategies.

(3) Includes other assets with expected maturities of less than 12 months deemed to be liquid but not included in cash and cash equivalents.

U.S. Public Finance Insurance
(National Public Finance Guarantee Corporation)
Insured Portfolio Profile
(dollars in millions)

By Geography

	Outstanding as of September 30, 2017			
	Par Outstanding (1)		Debt Service Outstanding (1)	
	Gross Amount	%	Gross Amount	%
United States				
California	$ 17,066	20.8	$ 33,566	22.6
New York	7,495	9.1	10,929	7.3
New Jersey	5,740	7.0	8,901	6.0
Illinois	5,224	6.4	13,769	9.3
Texas	4,063	4.9	6,710	4.5
Florida	3,740	4.6	4,974	3.3
Puerto Rico	3,405	4.1	8,192	5.5
Massachusetts	2,739	3.3	4,015	2.7
Georgia	2,306	2.8	3,103	2.1
Hawaii	2,031	2.5	4,591	3.1
Subtotal	53,809	65.5	98,750	66.4
Other States & Territories	25,268	30.8	43,371	29.1
Nationally Diversified	3,068	3.7	6,712	4.5
Total	$ 82,145	100.0	$ 148,833	100.0

By Bond Type

	Outstanding as of September 30, 2017			
	Par Outstanding (1)		Debt Service Outstanding (1)	
	Gross Amount	%	Gross Amount	%
Bond Type				
General Obligation(2)	$ 25,967	31.6	$ 46,826	31.4
Municipal Utilities	13,927	16.9	20,732	13.9
Tax-Backed	13,745	16.7	28,538	19.2
Transportation	8,220	10.0	17,105	11.5
General Obligation - lease	5,052	6.1	6,902	4.6
Military Housing	7,352	9.0	16,474	11.1
Higher Education	2,425	3.0	3,621	2.4
Health Care	2,244	2.7	3,364	2.3
Investor Owned Utilities(3)	2,125	2.6	3,373	2.3
Municipal Housing	290	0.4	437	0.3
Other(4)	798	1.0	1,461	1.0
Total	$ 82,145	100.0	$ 148,833	100.0

(1) For exposure classified as Capital Appreciation Bonds (CABs) by the company, gross par reflects the par amount at the time of issuance of the insurance policy, interest accretion on CABs after the issuance of our insurance policy is included in debt service.
(2) Includes general obligation unlimited and limited (property) tax bonds, general fund obligation bonds and pension obligation bonds of states, cities, counties, schools and special districts.
(3) Includes Investor-Owned Utilities, Industrial Development and Pollution Control Revenue Bonds.
(4) Includes certain non-profit enterprises, stadium related financings and student loans.

U.S. Public Finance Insurance
(National Public Finance Guarantee Corporation)
Insured Portfolio - 50 Largest Credits
By Gross Par Outstanding as of September 30, 2017
(dollars in millions)

	Obligor Name	State	Internal Rating (1)		Gross Par Outstanding (2)		Gross Debt Service Outstanding (2)
1	New Jersey Economic Development Authority State Pension Obligation Lease	NJ	a3	$	1,284	$	2,213
2	Oregon School Boards Association General Obligation	OR	aa3		1,266		2,136
3	Massachusetts General Obligation	MA	a1		1,197		1,522
4	New Jersey Transportation Trust Fund Authority	NJ	a3		1,156		1,666
5	Puerto Rico Electric Power Authority	PR	d		1,151		1,637
6	Army Hawaii Family Housing	HI	aa2		1,124		2,373
7	Camp Pendleton Quantico Housing Privatization	CA	aa2		1,050		2,285
8	San Diego Family Housing Privatization Military	CA	aa1		974		2,153
9	Chicago General Obligation	IL	bbb2		901		1,929
10	City of Chicago Board of Education	IL	bbb3		853		2,160
11	Ohana Military Communities, LLC	HI	aa3		847		2,135
12	Puerto Rico General Obligation	PR	d		836		1,126
13	New York State Thruway Authority	NY	a2		800		1,111
14	California General Obligation	CA	a1		779		998
15	Illinois Regional Transportation Authority	IL	aa3		755		1,119
16	Great River Energy Public Power	MN	a3		739		1,141
17	Puerto Rico Sales Tax Financing Corporation	PR	d		684		4,170
18	San Jose City Redev Agcy Merged Area Red Proj TAB	CA	bbb2		681		972
19	Atlantic Marine Corps Communities LLC Lejeune Cherry Point	NC	aa3		656		1,455
20	Long Island Power Authority Electric	NY	a3		653		780
21	LCOR Alexandria L.L.C. Federal Lease	VA	bbb1		618		1,010
22	Great Lakes Water Authority - Sewer System	MI	bbb1		597		891
23	New Jersey Turnpike Authority	NJ	a2		594		730
24	Illinois Metropolitan Pier & Exposition Authority	IL	bbb2		592		4,738
25	Massachusetts Special Obligation Dedicated Tax Hotel/Motel	MA	a2		575		882
26	Puerto Rico Highway and Transportation Authority Transportation Revenue	PR	d		558		1,010
27	Navy Mid-Atlantic Family Housing LLC	VA	aa2		548		1,164
28	JFK International Air Terminal Airport	NY	bbb3		533		682
29	New York State Power Authority	NY	aa2		501		878
30	Alameda Corridor Transportation Authority Port Revenue Bonds	CA	a3		500		1,470
31	City of Houston Combined Utility System Revenue Bonds	TX	a2		477		497
32	Arapahoe County E-470 Toll Road	CO	bbb1		475		2,142
33	Sacramento County Sanitation District Finance Authority Sewer	CA	a1		454		707
34	Toll Road Investors Partnership II L.P. Dulles Greenway Project	VA	bbb3		416		3,285
35	Oglethorpe Power Corporation	GA	a3		410		736
36	Navy Southeast	FL	bbb3		407		1,040
37	District of Columbia Sales Tax-Stadium Revenue	DC	bbb1		397		661
38	New York City General Obligation	NY	aa3		388		485
39	Houston City Airport System	TX	a1		382		517
40	Santa Clara County Pension Obligation	CA	aa3		358		752
41	New Jersey Economic Development Authority Lease	NJ	a3		354		490
42	Sacramento County Water Financing Authority Water	CA	a2		353		550
43	Denver City and County Airport System	CO	a1		352		496
44	San Francisco International Airport	CA	a2		345		399
45	Georgia Municipal Electric Authority	GA	a2		342		389
46	Atlanta City Water & Sewer	GA	a3		340		420
47	Fort Drum Family Housing	NY	aa3		336		781
48	California State Public Works Board Lease	CA	a2		328		422
49	Pedernales Electric Cooperative	TX	a2		326		512
50	Cincinnati City School District General Obligation	OH	aa3		309		445
		Total		$	31,551	$	64,262
	Total Portfolio Exposure			**$**	82,145	**$**	148,833
	50 Largest Credits as % of Total Portfolio				38.4%		43.2%

(1) 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.).

(2) For exposure classified as Capital Appreciation Bonds (CABs) by the company, gross par reflects the par amount at the time of issuance of the insurance policy; interest accretion on CABs after the issuance of our insurance policy is included in debt service.

U.S. Public Finance Insurance
(National Public Finance Guarantee Corporation)
as of September 30, 2017
(dollars in millions)

Credit Quality Distribution[1]

	Gross Par Outstanding [2]			Gross Debt Service Outstanding [2]		
		Amount	%		Amount	%
Public Finance						
AAA	$	3,615	4.4%	$	5,958	4.0%
AA		33,140	40.3%		55,617	37.4%
A		27,854	33.9%		47,095	31.6%
BBB		11,431	14.0%		22,831	15.3%
<BBB		6,105	7.4%		17,332	11.7%
Total	$	82,145	100.0%	$	148,833	100.0%

Top 10 Below Investment Grade (BIG) Credits by Gross Par Outstanding [1]

	Obligor Name		Gross Par Outstanding [2]		Gross Debt Service Outstanding [2]
1	Puerto Rico Electric Power Authority	$	1,151	$	1,637
2	City of Chicago Board of Education		853		2,160
3	Puerto Rico General Obligation		836		1,126
4	Puerto Rico Sales Tax Financing Corporation		684		4,170
5	Illinois Metropolitan Pier & Exposition Authority		592		4,738
6	Puerto Rico Highway and Transportation Authority Transportation Revenue		558		1,010
7	Virgin Islands Public Finance Authority Gross Receipts		197		272
8	Atlantic City Casino Reinvestment Development Authority Parking Fee		139		173
9	Frontier Communications Corporation		139		232
10	North Las Vegas Water & Sewer		117		178
	Total Top 10 BIG Outstanding	$	5,266	$	15,696
	Total BIG Outstanding	$	6,105	$	17,332
	Total National Outstanding	$	82,145	$	148,833
	Top 10 BIG as % of National		**6.4%**		**10.5%**
	Total BIG as % of National		**7.4%**		**11.6%**
	Total BIG as % of National by National ratings		**5.4%**		**6.8%**

(1) Ratings are as of the end of the period, as last provided by the rating agencies and may be out-of-date. Ratings are derived using the S&P Priority Method; where S&P's underlying rating is used, when available, Moody's underlying rating is used if the S&P underlying rating is not available and an internal underlying rating is used if neither S&P's nor Moody's underlying ratings are available. For credits where National has insured a credit that was already insured by another bond insurer, the underlying rating used is the higher of the underlying rating of the uninsured credit or the bond insurer's credit rating.

(2) For exposure classified as Capital Appreciation Bonds (CABs) by the company, gross par reflects the par amount at the time of issuance of the insurance policy; interest accretion on CABs after the issuance of our insurance policy is included in debt service.

International and Structured Finance Insurance Segment

(MBIA Insurance Corporation and Subsidiaries)

MBIA Insurance Corporation
Statutory Balance Sheets
(in millions)

	September 30,2017	December 31, 2016
Assets		
Bonds	$ 80	$ 91
Cash and short-term investments	119	221
Investment in MBIA UK	-	194
Investment in MBIA Mexico	6	6
Total investments	205	512
Interest and dividends accrued	1	1
Other assets	4	2
Total other assets	5	3
Total assets	**210**	**515**
Liabilities		
Unearned premiums	213	215
Contingency reserve	221	254
Borrowed money	377	-
Loss and LAE reserve (1)	(864)	(207)
Accrued expenses	2	13
Other liabilities	9	2
Total liabilities	**(42)**	**277**
Policyholders' Surplus		
Common stock	15	15
Preferred stock	276	276
Surplus Notes	953	953
Paid in Capital	783	783
Unassigned surplus	(1,775)	(1,788)
Total policyholders' surplus	**252**	**238**
Total liabilities and policyholders' surplus	**$ 210**	**$ 515**

(1) As of September 30, 2017 and December 31, 2016, the discount rate was 5.15%.

MBIA Insurance Corporation (excluding subsidiaries)
Statutory Statements of Income
(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Underwriting income				
Gross premiums written	$ 10	$ 13	$ 37	$ 48
Ceded premiums written	(3)	(4)	(8)	(10)
Net premiums written	7	9	29	38
Net premiums earned	12	19	42	58
Losses and LAE incurred	63	74	162	193
Underwriting expenses incurred	4	(13)	10	1
Net underwriting loss	(55)	(42)	(130)	(136)
Investment income				
Net investment gain	(21)	1	(28)	3
Net realized gain (loss)	9	-	271	(1)
Net investment gain (loss)	(12)	1	243	2
Other income (expense)				
Non-operating income (expense)	(7)	1	16	(10)
Income (loss) before taxes	(74)	(40)	129	(144)
Income tax provision	-	-	-	-
Net income (loss)	**$ (74)**	**$ (40)**	**$ 129**	**$ (144)**

MBIA Insurance Corporation (excluding Subsidiaries)

Liquidity Position [1]

(in millions)

2017	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to- date
Beginning Cash & Cash Equivalents [2]	**$ 194**	**$ 41**	**$ 21**		**$ 194**
Premiums and Fees	9	17	11		37
Salvage Received	48	20	13		81
Net Investment Income	-	-	1		1
Other [3]	-	40	-		40
Total Inflows	57	77	25		159
Gross Loss & LAE Payments [3] [4]	825	65	37		927
Operating & Other Expenses	12	9	12		33
Total Outflows	837	74	49		960
Operating Cash Flow	(780)	3	(24)		(801)
Financing Activities	710	-	-		710
Investing Activities	(83)	(23)	24		(82)
Net Cash Flow	(153)	(20)	-		(173)
Ending Cash & Cash Equivalents [2]	**$ 41**	**$ 21**	**$ 21**		**$ 21**
Other Liquid Assets [5]	70	94	72		72
Ending Liquidity Position	**$ 111**	**$ 115**	**$ 93**		**$ 93**

2016	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Cash & Cash Equivalents [2]	**$ 257**	**$ 50**	**$ 201**	**$ 45**	**$ 257**
Premiums and Fees	39	20	32	20	111
Salvage Received	24	43	17	14	98
Net Investment Income	1	-	1	1	3
Other [3]	-	-	11	2	13
Total Inflows	64	63	61	37	225
Gross Loss & LAE Payments [3]	41	45	91	49	226
Operating & Other Expenses	10	7	19	24	60
Total Outflows	51	52	110	73	286
Operating Cash Flow	13	11	(49)	(36)	(61)
Investing Activities	(220)	140	(107)	185	(2)
Net Cash Flow	(207)	151	(156)	149	(63)
Ending Cash & Cash Equivalents [2]	**$ 50**	**$ 201**	**$ 45**	**$ 194**	**$ 194**
Other Liquid Assets [5]	228	87	193	7	7
Ending Liquidity Position	**$ 278**	**$ 288**	**$ 238**	**$ 201**	**$ 201**

(1) Presented on a direct cash flow basis for transactions settled within the reporting periods. Ending Liquidity Position excludes short-term assets of branches and subsidiaries, which are not readily available to MBIA Insurance Corporation.
(2) Reported for NY operations of MBIA Corp.
(3) May include payments/reinsurance recoveries on U.S. Public Finance transactions insured by MBIA Insurance Corporation that have been reinsured by National Public Finance Guarantee Corporation.
(4) Includes $771 million Zohar II Note maturity.
(5) Includes other assets with expected maturities of less than 12 months deemed to be liquid but not included in cash and cash equivalents.

MBIA Insurance Corporation
(dollars in millions)

Amortization of Gross Par, Gross Debt Service and Net Unearned Premium and Future Premiums

	Ending Gross Par Outstanding (1)	Ending Gross Debt Service Outstanding (1)	Net Unearned Premiums (2)	Expected Future Premium Earnings (2)(3)	Estimated Cash Receivable (4)	Total	Net Cash Premiums Collected and Expected (5)(6)
3rd Qtr. 2017	16,696	23,172	213				6
4th Qtr. 2017	15,785	21,991	198	14	3	17	11
2018	14,210	19,551	185	13	30	43	32
2019	12,634	17,192	172	13	28	41	27
2020	10,101	14,001	150	22	29	51	27
2021	8,373	11,743	135	15	22	37	21
2022-2026	3,849	5,523	34	101	83	184	81
2027-2031	2,158	3,033	1	33	48	81	45
2032-2036	1,157	1,601	-	1	18	19	17
2037 and thereafter	-	-	-	1	15	16	15
Total				$ 213	$ 276	$ 489	$ 276

(1) Excludes $41 million and $54 million of gross par and gross debt service, respectively, where MBIA Corp. insured exposure has been fully offset by way of loss remediation transactions.
(2) Statutory accounting basis.
(3) Actual future premium earnings will differ from the current projection due to changes in prepayment speeds, settlements and terminations.
(4) Undiscounted, based on the Company's estimate of the remaining life for its insured exposures.
(5) Represents installment-based future undiscounted collections net of amounts to be ceded to reinsurers.
(6) Based on the Company's estimate of the remaining life for its insured exposures.

Claims-Paying Resources

	9/30/2017	12/31/2016
Balance Sheet		
Policyholders' Surplus	$ 252	$ 238
Contingency Reserve	221	254
Statutory Capital (1) (2)	473	492
Unearned Premiums	213	319
Present Value of Installment Premiums (3)	201	424
Premium Resources (4)	414	743
Net Loss and LAE Reserves (3)	(864)	(207)
Salvage Reserves	1,498	917
Gross Loss and LAE Reserves	634	710
Total Claims-Paying Resources	$ 1,521	$ 1,945
Net Debt Service Outstanding	$ 22,325	$ 43,215
Capital Ratio	47:1	88:1
Claims-Paying Resources Ratio	15:1	22:1

(1) The 2016 results included a loss of $114 million to adjust the carrying value of MBIA UK to its estimated fair value less costs to sell. As the sale of MBIA UK was completed in the first quarter of 2017, there were additional accounting adjustments associated with its sale in the first quarter of 2017, which resulted in a $133 million increase to statutory capital. The impact of the sale of MBIA UK, giving full effect over the two quarters, resulted in a net increase of $32 million to statutory capital.
(2) Includes a $112 million reduction to policyholders' surplus as of December 31, 2016 related to the NYIL 1408 penalty; there was no NYIL 1408 penalty as of September 30, 2017 as a result of the sale of MBIA UK.
(3) Calculated using a discount rate of 5.15% as of September 30, 2017 and December 31, 2016.
(4) The amounts consist of Financial Guarantee insurance premiums and Insured Credit Derivative revenue.

MBIA Insurance Corporation
Investment Portfolio Including Cash and Cash Equivalents
as of September 30, 2017
(dollars in millions)

Statutory Accounting Basis

Investments		Book/ Adjusted Carry Value	% Book Yield		Market Value	% of Market Value
Bonds						
Long-Term Tax-Exempt[1]	$	19	5.09	$	24	20
Long-Term Taxable		61	5.38		67	55
Short-Term		31	0.88		31	25
Total Fixed-Maturity		111	4.09	$	122	100
Cash and Cash Equivalents		88				
Total Fixed Income Including Cash and Cash Equivalents		199				
Common Stocks		6				
Total	$	205				

Fixed Income Portfolio Including Cash and Cash Equivalents			% of Book/ Adjusted Carry Value
Cash and Cash Equivalents	$	88	44
State and Municipal Bonds[1]		67	34
Money Markets		31	16
MBS		10	5
US Treasury		3	1
Total	$	199	100

Effective Maturity Profile of Fixed Income Portfolio			
Cash and Cash Equivalents	$	88	44
≤ 1 yr		31	16
> 1 to 5 yrs[1]		5	2
> 5 to 10 yrs		-	-
> 10 to 15 yrs		2	1
> 15 to 20 yrs		32	16
> 20 yrs		41	21
Total	$	199	100

Credit Quality Distribution of Long-Term Bonds

Rating[2]			
Aaa	$	9	11
Aa		49	61
A		12	15
C[1]		10	13
	$	80	100

Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 6.82 years

Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 5.00 years

(1) Includes $398 thousand of Puerto Rico Sales Tax Finance Corporation bonds (uninsured), a NAIC designated 6 security, carried at market value.
(2) Ratings are as of the end of the period, as last provided by the rating agencies and may be out-of-date. Ratings are derived using the Moody's Priority Method; where Moody's underlying rating is used, when available, S&P's underlying rating is used if the Moody's underlying rating is not available and an internal underlying rating is used for MBIA wrapped investments if neither Moody's nor S&P's underlying ratings are available.

International and Structured Finance Insurance
(MBIA Insurance Corporation and Subsidiaries)
Insured Portfolio Profile
(dollars in millions)

Par Value by Bond Type

	Outstanding as of September 30, 2017 [1][2][3] Gross	%
Public Finance: Non-United States		
Transportation	$ 3,794	22.7
Sovereign and Sub-Sovereign [4]	2,805	16.8
International Utilities	1,694	10.1
Other [5]	115	0.7
Total Non-United States Public Finance	$ 8,408	50.3
Structured Finance - Global		
Mortgage Backed Residential	$ 3,842	23.0
Corporate Asset Backed [6]	2,476	14.8
Collateralized Debt Obligations [7]	832	5.0
Consumer Asset Backed	810	4.9
Mortgage Backed Commercial	328	2.0
Total Global Structured Finance	8,288	49.7
Grand Total	$ 16,696	100.0

Par Value by Geography

	Outstanding as of September 30, 2017 [1][2][3] Gross	%
United States	$ 7,546	45.2
Australia	2,263	13.5
Chile	2,055	12.3
Canada	1,283	7.7
United Kingdom	1,187	7.1
Mexico	1,029	6.2
Spain	589	3.5
Subtotal	$ 8,406	50.3
Other [8]	560	3.4
Internationally Diversified	184	1.1
Total Non-United States	9,150	54.8
Total	$ 16,696	100.0

(1) Excludes $1.2 billion relating to investment agreements and medium term notes issued by various affiliated companies and guaranteed by MBIA Insurance Corporation.
(2) Includes consolidated insured Variable Interest Entities (VIEs) and insured Credit Derivatives.
(3) Excludes $41 million of gross and net par where MBIA Corp.'s insured exposure has been fully offset by way of loss remediation transactions.
(4) Includes Regions, Departments or their equivalent in each jurisdiction as well as sovereign owned entities that are Sovereign State, Region or Department.
(5) Includes municipal-owned entities backed by the sponsoring local government and a tax-backed transaction.
(6) Includes $1.2 billion of structured insurance securitizations.
(7) Includes a transaction (represented by a structured pool of commercial real estate assets) that does not include typical CDO structuring characteristics, cash flow waterfalls, or interest and over-collateralization coverage tests.
(8) Includes France, Ireland, New Zealand, Trinidad and Tobago, and Turkey.

International and Structured Finance Insurance
(MBIA Insurance Corporation and Subsidiaries)
(dollars in millions)

Top 10 Below Investment Grade (BIG) Credits [(1)]

	Obligor Name	Gross Par Outstanding
1	Structured Insurance Securitization Private 13-16	$ 575
2	Private Sovereign and Sub-Sovereign 48,49,52,55-57,67,76,86-90	265
3	Private Sovereign and Sub-Sovereign 100-103	200
4	GMACM 2006-HE4	147
5	Countrywide Home Equity Series 2007-S1/Second Lien RMBS	141
6	Countrywide Home Equity Master Trust Series 2006-S10	139
7	MS CDO 29	137
8	Structured CMBS Pool 28	136
9	Private Transaction 6	124
10	Deutsche Bank Alt-A Securities Trust 2007-AR3	119
	Total Top 10 Below Investment Grade	$ 1,983
	Total BIG Gross Par Outstanding	$ 5,297
	Total MBIA Gross Par Outstanding	$ 16,696
	Top 10 BIG Gross Par Outstanding as % of MBIA Gross Par Outstanding	**11.9%**
	Total BIG Gross Par Outstanding as % of MBIA Gross Par Outstanding	**31.7%**

(1) MBIA internal ratings are as of the end of the period and determined before giving effect to MBIA's guarantee.

Net Payment Activity on Second-lien RMBS Exposure

2017	**1st Qtr.**	**2nd Qtr.**	**3rd Qtr.**	**4th Qtr.**	**Year-to-date**
Paid Claims [(1)]	$ 9	$ 15	$ 13		$ 37
Collections on Paid Claims [(2)]	(43)	(11)	(11)		(65)
Paid LAE (net of collections)	2	(3)	2		1
Net Payments	$ (32)	$ 1	$ 4		$ (27)

2016	**1st Qtr.**	**2nd Qtr.**	**3rd Qtr.**	**4th Qtr.**	**Full Year**
Paid Claims [(1)]	$ 10	$ 22	$ 59	$ 12	$ 103
Collections on Paid Claims [(2)]	(20)	(38)	(13)	(12)	(83)
Paid LAE (net of collections)	2	3	3	2	10
Net Payments	$ (8)	$ (13)	$ 49	$ 2	$ 30

2015	**1st Qtr.**	**2nd Qtr.**	**3rd Qtr.**	**4th Qtr.**	**Full Year**
Paid Claims [(1)]	$ 16	$ 13	$ 18	$ 7	$ 54
Collections on Paid Claims [(2)]	(27)	(20)	(22)	(19)	(88)
Paid LAE (net of collections)	1	4	5	4	14
Net Payments	$ (10)	$ (3)	$ 1	$ (8)	$ (20)

(1) For a subset of the MBIA-insured second-lien RMBS transactions, MBIA's gross claim payment is net of excess spread generated by the transaction.
(2) Includes excess spread, subsequent recoveries and proceeds from sales of previously charged-off loans, and mortgage insurance collected by the insured transactions that were paid to MBIA for reimbursements of paid claims. For a subset of the MBIA-insured transactions, claims reimbursements are paid to MBIA even as MBIA continues to pay claims on the transactions.

MBIA Inc. (Parent Company)

MBIA Inc.

(in millions)

Corporate Segment Balance Sheets (1)

		9/30/2017		12/31/2016
Assets:				
Investments:				
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $715 and $746) (2)	$	769	$	788
Investments carried at fair value (amortized cost $28 and $28)		30		31
Investments pledged as collateral, at fair value (amortized cost $177 and $243) (3)		175		238
Short-term investments held as available-for-sale, at fair value (amortized cost $175 and $287)		175		287
Other investments		17		18
Total investments		1,166		1,362
Cash and cash equivalents		13		13
Deferred income taxes, net		-		1,073
Other assets		26		31
Total Assets		**1,205**		**2,479**
Liabilities:				
Investment agreements (4)		350		399
Global Funding LLC, Medium-term Notes		898		895
MBIA Inc. Senior Unsecured		716		712
Income taxes (5)		747		712
Derivative liabilities		204		213
Other liabilities		78		124
Total Liabilities		**2,993**		**3,055**
Total Equity	**$**	**(1,788)**	**$**	**(576)**

(1) In addition to the assets and liabilities included in the Corporate segment, MBIA Inc. has investments in subsidiaries not included in the Corporate segment balance sheets.

(2) Includes securities at fair value of $250 million and $276 million posted to derivative counterparties as of September 30, 2017 and December 31, 2016, respectively.

(3) Represents assets of the tax escrow under the Company's tax sharing agreement, excluding MBIA Inc. shares.

(4) Fair value of securities and cash pledged as collateral for investment agreements were $381 million and $422 million as of September 30, 2017 and December 31, 2016, respectively.

(5) Represents cumulative cash receipts (net of refunds) which are to be paid in accordance with the Company's tax sharing agreement when MBIA Insurance Corporation or MBIA Inc. have taxable earnings.

MBIA Inc. (Parent Company)
Liquidity Position [(1)(2)(3)]
(in millions)

2017	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-date
Beginning Liquidity Position	**$ 403**	**$ 340**	**$ 287**		**$ 403**
Total Cash Inflows	101	2	2		105
Operating & Other Expenses	9	7	5		21
MTN P&I Payments	69	3	-		72
Debt P&I Payments	8	15	8		31
Share Repurchases	28	32	-		60
Contributions to Subsidiaries	9	11	(5)		15
Total Cash Outflows	123	68	8		199
Investment and Other Activity	(41)	13	13		(15)
Change in Liquidity Position	(63)	(53)	7		(109)
Ending Liquidity Position	**$ 340**	**$ 287**	**$ 294**		**$ 294**

2016	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Liquidity Position	**$ 416**	**$ 371**	**$ 295**	**$ 237**	**$ 416**
Total Cash Inflows	110	16	19	145	290
Operating & Other Expenses	9	6	6	5	26
MTN P&I Payments	2	56	71	6	135
Debt P&I Payments	8	15	8	20	51
Share Repurchases	97	9	-	-	106
Contributions to Subsidiaries	45	5	5	(45)	10
Total Cash Outflows	161	91	90	(14)	328
Investment and Other Activity	6	(1)	13	7	25
Change in Liquidity Position	(45)	(76)	(58)	166	(13)
Ending Liquidity Position	**$ 371**	**$ 295**	**$ 237**	**$ 403**	**$ 403**

(1) Presented on a direct cash flow basis for transactions settled within the reported periods. Liquidity Position excludes assets that are not readily available for sale, such as pledged assets for investment agreements.
Liquidity Positions shown for prior periods are lower than earlier reported Liquidity Positions for the same periods, as the definition of Liquidity Position has been modified to exclude certain assets that were previously included in Liquidity Position.

(2) Liquidity Position consists of cash and other liquid assets with expected maturities less than 12 months deemed to be liquid but not included in cash and cash equivalents. Excludes funds placed in escrow until the expiration of National's two-year net operating loss that are not readily available for sale, such as pledged assets for investment agreements.

(3) Excludes tax escrow investments held under the tax sharing agreement.

Glossary

Adjusted Book Value (ABV): Adjusted Book Value ("ABV"), a non-GAAP measure, is used by the Company to supplement its analysis of GAAP book value. The Company uses ABV as a measure of fundamental value and considers the change in ABV an important measure of periodic financial performance. ABV adjusts GAAP book value by removing the GAAP book value amounts for items that are not expected to impact shareholder value and to add in the impact of certain items which the Company believes will be realized in GAAP book value in future periods. The Company has limited such adjustments to those items that it deems to be important to fundamental value and performance and which the likelihood and amount can be reasonably estimated. ABV assumes no new business activity. The Company has presented ABV to allow investors and analysts to evaluate the Company using the same measure that MBIA's management regularly uses to measure financial performance. ABV is not a substitute for and should not be viewed in isolation from GAAP book value.

ABV per share represents that amount of ABV allocated to each common share outstanding at the measurement date

Amortized Cost: The purchase price of a fixed-maturity security, net of any discount received or premium paid. Amortized cost is adjusted each reporting period to reflect the repayment of principal (par) by the issuer of a security and the accretion of a discount or the amortization of a premium.

Below Investment Grade (BIG): Any security rated below BBB- by S&P or Baa3 by Moody's or bbb- by MBIA.

Book Yield: Yield of fixed-maturity investment based upon the purchase price or book value of a bond and the timing of future cash flows. The book yield includes appreciation (depreciation) on current amortized cost amounts for fixed-maturity investments purchased at a discount (premium).

Capital Ratio: Net debt service outstanding divided by statutory capital.

Collateralized Debt Obligations (CDO): A debt instrument that is secured (collateralized) by a pool of other securities, typically loans and bonds. CDOs can include all types of loans and bonds, including high-yield bonds, emerging market bonds, asset-backed transactions and middle-market bank loans. Collateralized Bond Obligations (CBOs), Collateralized Loan Obligations (CLOs), and Collateralized Mortgage Obligations (CMOs) are types of CDOs.

Claims-paying Resources (CPR): CPR is a key measure of the resources available to National and MBIA Corp. to pay claims under their respective insurance policies. CPR consists of total financial resources and reserves calculated on a statutory basis. CPR has been a common measure used by financial guarantee insurance companies to report and compare resources and continues to be used by MBIA's management to evaluate changes in such resources. The Company has provided CPR to allow investors and analysts to evaluate National and MBIA Corp. using the same measure that MBIA's management uses to evaluate their resources to pay claims under their respective insurance policies. There is no directly comparable GAAP measure.

Claims-paying Resources Ratio: Net debt service outstanding divided by the sum of the capital base, unearned premium reserve (after-tax), present value of installment premiums (after-tax) and gross loss and loss adjustment expense (LAE) reserves.

Combined Operating Income: The sum of Operating Income of U.S. Public Finance Insurance (National) and Corporate Segments net of eliminations. See "Operating Income" definition.

Commercial Mortgage Backed Securities (CMBS): A type of mortgage-backed security, the word is used to distinguish it from residential mortgage-backed securities (RMBS). Commercial mortgages represent mortgage loans for non-residential properties such as office buildings, retail stores, etc.

Deferred Acquisition Cost (DAC): Deferred acquisition costs include those expenses that relate primarily to, and vary with, the acquisition of new insurance business. The Company periodically conducts a study to determine which operating costs have been incurred to acquire new insurance business and qualify for deferral. For business produced directly by National or MBIA Corp., such costs include compensation of employees involved in underwriting and deferred issuance functions, certain rating agency fees, state premium taxes and certain other underwriting expenses, reduced by ceding commission income on premiums ceded to reinsurers. DAC also include ceding commissions paid by the Company in connection with assuming business from other financial guarantors. DAC, net of ceding commissions received, related to non-derivative insured financial guarantee transactions are deferred and amortized over the period in which the related premiums are earned. Acquisition costs related to insured derivative transactions are expensed as incurred.

Excess Spread: A type of internal credit enhancement used in asset securitization that represents the positive difference between the interest rate received on the underlying asset and the coupon rate paid to investors.

Operating Income: Operating Income (Loss) is a useful measurement of performance because it measures income from our core operating segments, unaffected by investment portfolio realized gains and losses, gains and losses on financial instruments at fair value and foreign exchange, realized gains and losses on extinguishment of debt, and expense from the establishment of a full valuation allowance against the Company's deferred tax asset. Operating Income (Loss) also excludes net income of our International and Structured Finance Insurance segment. Our Combined Operating Income (Loss) represents the operating income of our U.S. Public Finance Insurance segment and our Corporate segment. Trends in the underlying profitability of the Company's businesses can be more clearly identified without the fluctuating effects of the excluded items noted above. Operating Income (Loss) is disclosed on an after-tax basis and adjustments to net income are typically tax-effected at 35% unless a specific adjustment, or component thereof, is not taxable. Due to the Company's net operating loss, a zero effective tax rate is applied against Operating Income (Loss) in periods when a full valuation allowance has been established against its net deferred tax asset. Operating Income (Loss) as defined by MBIA does not include all revenues and expenses required by GAAP.

Operating Income per share represents that amount of Operating Income allocated to each fully diluted weighted-average common share outstanding for the measurement period. .

Par Value: Par Value is the principal (par) amount of the debt. Capital appreciation bonds are reported at the par amount at the time of issuance of the insurance policy.

Residential Mortgage Backed Securities (RMBS): A type of mortgage-backed debt obligation whose cash flows come from residential debt, such as mortgages, home-equity loans and subprime mortgages. A residential mortgage-backed security is comprised of a pool of mortgage loans created by banks and other financial institutions. The cash flows from each of the pooled mortgages is packaged by a special purpose entity into classes and tranches, which then issues securities and can be purchased by investors.

Variable Interest Entity (VIE): A VIE is a legal entity, such as a Special Purpose Entity, trust, limited liability corporation, partnership, or corporation, that has (i) insufficient equity to finance its activities without additional subordinated financing, or (ii) in which the equity holders do not have the power, through voting rights or otherwise, to direct the economic activities or do not absorb losses or receive residual returns of the entity, or (iii) in which the voting rights of some investors are not proportional to their obligation to absorb losses or receive residual returns and substantially all the entity's activities are conducted on behalf of an investor with disproportionately few voting rights. Refer to Controlling Financial Interest.

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