MBIA Inc. and Subsidiaries
Quarterly Operating Supplement
September 30, 2021

Third Quarter 2021

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 National 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 insured 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;
- the impact on our insured portfolios or business operations caused by the global spread of the novel coronavirus COVID-19;
- 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 the Quarterly Report on Form 10-Q. The Company encourages readers to review these risk factors in their entirety.

MBIA Inc. (Consolidated)

MBIA Inc. and Subsidiaries
Consolidated Balance Sheets
(in millions except share and per share amounts)

	September 30, 2021	December 31, 2020
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $1,963 and $2,078)	$ 2,088	$ 2,257
Investments carried at fair value	246	196
Investments pledged as collateral, at fair value (amortized cost $4 and $6)	4	1
Short-term investments, at fair value (amortized cost $372 and $281)	372	282
Total investments	2,710	2,736
Cash and cash equivalents	108	158
Premiums receivable (net of allowance for credit losses $5 and $5)	185	216
Deferred acquisition costs	44	50
Insurance loss recoverable	1,537	1,677
Other assets	64	84
Assets of consolidated variable interest entities:		
Cash	4	9
Investments carried at fair value	63	77
Loans receivable at fair value	77	120
Loan repurchase commitments	-	604
Other assets	24	20
Total assets	**$ 4,816**	**$ 5,751**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 333	$ 405
Loss and loss adjustment expense reserves	850	990
Long-term debt	2,308	2,229
Medium-term notes (includes financial instruments carried at fair value of $102 and $110)	592	710
Investment agreements	271	269
Derivative liabilities	133	215
Other liabilities	194	161
Liabilities of consolidated variable interest entities:		
Variable interest entity notes (includes financial instruments carried at fair value of $292 and $350)	292	623
Total liabilities	**4,973**	**5,602**
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--283,186,115 and 283,186,115	283	283
Additional paid-in capital	2,936	2,962
Retained earnings (deficit)	(303)	(13)
Accumulated other comprehensive income (loss), net of tax of $8 and $8	90	115
Treasury stock, at cost--228,780,039 and 229,508,967 shares	(3,176)	(3,211)
Total shareholders' equity of MBIA Inc.	(170)	136
Preferred stock of subsidiary	13	13
Total equity	**(157)**	**149**
Total liabilities and equity	**$ 4,816**	**$ 5,751**

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

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Revenues:				
Premiums earned:				
Scheduled premiums earned	$ 26	$ 14	$ 53	$ 45
Refunding premiums earned	3	2	10	10
Premiums earned (net of ceded premiums of $14, $1, $16 and $3)	29	16	63	55
Net investment income	16	16	45	59
Fees and reimbursements	5	2	6	2
Net gains (losses) on financial instruments at fair value and foreign exchange	11	13	42	(26)
Net gains (losses) on extinguishment of debt	16	-	30	-
Revenues of consolidated variable interest entities:				
Net investment income	-	5	-	18
Net gains (losses) on financial instruments at fair value and foreign exchange	4	(4)	(10)	34
Other net realized gains (losses)	(9)	23	(14)	37
Total revenues	72	71	162	179
Expenses:				
Losses and loss adjustment	125	48	232	427
Amortization of deferred acquisition costs	-	2	5	7
Operating	23	21	70	61
Interest	40	43	122	135
Expenses of consolidated variable interest entities:				
Operating	2	1	5	4
Interest	5	14	18	42
Total expenses	195	129	452	676
Income (loss) before income taxes	(123)	(58)	(290)	(497)
Provision (benefit) for income taxes	-	-	-	-
Net income (loss)	**$ (123)**	**$ (58)**	**$ (290)**	**$ (497)**
Net income (loss) per common share:				
Basic	$ (2.49)	$ (1.11)	$ (5.87)	$ (7.97)
Diluted	$ (2.49)	$ (1.11)	$ (5.87)	$ (7.97)
Weighted average number of common shares outstanding:				
Basic	49,552,796	52,588,533	49,434,177	62,391,826
Diluted	49,552,796	52,588,533	49,434,177	62,391,826

MBIA Inc. and Subsidiaries
Adjusted Net Income (Loss) Reconciliation (Non-GAAP Basis) (1) (2)
(in millions except per share amounts)

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Net income (loss)	$ (123)	$ (58)	$ (290)	$ (497)
Less: Adjusted Net Income (Loss) Adjustments				
Income (loss) before income taxes of our international and structured finance insurance segment and eliminations	(80)	(59)	(223)	(338)
Adjustments before income taxes (3):				
Mark-to-market gains (losses) on financial instruments (4)	10	13	39	(47)
Foreign exchange gains (losses) (4)	5	(16)	18	(16)
Net gains (losses) on sales of investments (4)	2	22	1	41
Net gains (losses) on extinguishment of debt	16	-	30	-
Adjusted net income adjustment for income taxes	-	-	-	-
Adjusted Net Income (loss)	$ (76)	$ (18)	$ (155)	$ (137)
Adjusted Net Income (loss) per diluted common share	$ (1.54)	$ (0.34)	$ (3.14)	$ (2.20)
Diluted Weighted Average Shares Outstanding	49.6	52.6	49.4	62.4

Adjusted Net Income (Loss) Trend (1) (2)

	2021 1st Qtr.	2021 2nd Qtr.	2021 3rd Qtr.	2021 4th Qtr.	2021 Year-to-Date
Adjusted Net Income (loss)	$ (116)	$ 37	$ (76)		$ (155)

	2020 1st Qtr.	2020 2nd Qtr.	2020 3rd Qtr.	2020 4th Qtr.	2020 Full Year
Adjusted Net Income (loss)	$ (47)	$ (72)	$ (18)	$ (36)	$ (173)

(1) A non-GAAP measure. Please see glossary for an explanation of Adjusted Net Income (Loss).
(2) Totals may not add due to rounding.
(3) Adjustments exclude the International and Structured Finance Insurance segment and eliminations and include certain mark-to-market gains/losses on financial instruments in the U.S. Public Finance Insurance and Corporate segments.
(4) Gross amounts are reported within "Net gains (losses) on financial instruments at fair value and foreign exchange" on the Company's consolidated statements of operations.

MBIA Inc.

Book Value Adjustments Per Share (1)

	9/30/2021	12/31/2020
Book Value Per Share	$ (3.12)	$ 2.55
Management's book value per share adjustments:		
Remove negative book value of MBIA Corp. (2)	(35.00)	(31.97)
Remove net unrealized gains (losses) on available-for-sale securities included in other comprehensive income (loss)	1.81	2.86
Include net unearned premium revenue in excess of expected losses (3) (4)	3.71	4.29
Shares outstanding in millions	54.4	53.7

(1) Please see glossary for an explanation of book value adjustments.
(2) The book value of MBIA Corp. does not provide significant economic or shareholder value 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 in excess of expected losses, net of the related deferred acquisition costs.

Securities Buyback Activity
(in millions)

2021	1st Qtr. Cost	1st Qtr. Gain/ Value Added	2nd Qtr. Cost	2nd Qtr. Gain/ Value Added	3rd Qtr. Cost	3rd Qtr. Gain/ Value Added	4th Qtr. Cost	4th Qtr. Gain/ Value Added	Year-to-Date Cost	Year-to-Date Gain/ Value Added
Common Stock Repurchases (1)	$ -	$ N/A	$ -	$ N/A	$ -	$ N/A			$ -	$ N/A
Debt(3)										
MBIA Inc. Senior Unsecured	-	-	-	-	-	-			-	-
MBIA GFL MTN's(4)	-	-	49.1	14.2	26.4	15.8			75.5	30.0
MBIA Inc. (Consolidated)	$ -	$ -	$ 49.1	$ 14.2	$ 26.4	$ 15.8			$ 75.5	$ 30.0

2020	1st Qtr. Cost	1st Qtr. Gain/ Value Added	2nd Qtr. Cost	2nd Qtr. Gain/ Value Added	3rd Qtr. Cost	3rd Qtr. Gain/ Value Added	4th Qtr. Cost	4th Qtr. Gain/ Value Added	Full Year Cost	Full Year Gain/ Value Added
Common Stock Repurchases (1) (2)	$ 64.6	$ N/A	$ 71.5	$ N/A	$ 62.0	$ N/A	$ -	$ N/A	$ 198.1	$ N/A
Debt(3)										
MBIA Inc. Senior Unsecured	-	-	-	-	-	-	114.7	-	114.7	-
MBIA Inc. (Consolidated)	$ 64.6	$ -	$ 71.5	$ -	$ 62.0	$ -	$ 114.7	$ -	$ 312.8	$ -

(1) Presented on a trade date basis.
(2) Purchased by National.
(3) Presented on a cash settlement basis.
(4) MBIA Global Funding LLC.

National Public Finance Guarantee Corporation

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

	September 30, 2021	December 31, 2020
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $1,444 and $1,574)	$ 1,503	$ 1,623
Investments carried at fair value	169	158
Investments pledged as collateral, at fair value (amortized cost $90 and $101)	91	103
Short-term investments at fair value (amortized cost $62 and $103)	62	103
Total investments	1,825	1,987
Cash and cash equivalents	30	106
Securities purchased under agreements to resell	96	101
Premiums receivable	132	136
Current income taxes	4	10
Deferred acquisition costs	73	81
Insurance loss recoverable	1,237	1,176
Other assets	51	48
Total assets	**$ 3,448**	**$ 3,645**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 290	$ 328
Loss and loss adjustment expense reserves	386	468
Securities sold under agreements to repurchase	96	101
Payable for investments purchased	37	7
Other liabilities	35	37
Total liabilities	**844**	**941**
Equity:		
Common stock, par value $30 per share; authorized, issued and outstanding shares — 500,000	15	15
Additional paid-in capital	1,665	1,675
Retained earnings	853	952
Accumulated other comprehensive income (loss), net of tax of $12 and $12	71	62
Total equity	**2,604**	**2,704**
Total liabilities and equity	**$ 3,448**	**$ 3,645**

National Public Finance Guarantee Corporation
GAAP Statements of Operations
(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenues:				
Premiums earned:				
Scheduled premiums earned	$ 9	$ 10	$ 28	$ 32
Refunding premiums earned	4	2	13	10
Premiums earned	13	12	41	42
Net investment income	15	15	43	55
Fees and reimbursements	-	1	2	2
Net gains (losses) on financial instruments at fair value and foreign exchange	1	23	1	30
Total revenues	29	51	87	129
Expenses:				
Losses and loss adjustment	68	14	135	134
Amortization of deferred acquisition costs	2	-	9	7
Operating	15	12	41	35
Total expenses	85	26	185	176
Income (loss) before income taxes	(56)	25	(98)	(47)
Provision (benefit) for income taxes	(2)	43	-	(36)
Net income (loss)	**$ (54)**	**$ (18)**	**$ (98)**	**$ (11)**

National Public Finance Guarantee Corporation

(in millions)

GAAP Amortization of Gross Par, Gross Debt Service, Gross Unearned Premium and Net Cash Premiums Collected and Expected as of September 30, 2021

	Ending Gross Par Outstanding	Ending Gross Debt Service Outstanding	Gross Unearned Premiums[1]	Expected Future Premiums Earnings[1][2] Upfronts	Installments	Accretion	Total	Net Cash Premiums Collected and Expected[3]
3rd Qtr. 2021	37,715	73,658	290					4
4th Qtr. 2021	36,595	71,904	282	6	2	1	9	4
2022	33,547	66,105	253	22	7	4	33	10
2023	30,751	60,556	226	20	7	4	31	10
2024	28,117	55,312	201	18	7	3	28	10
2025	25,556	50,238	178	16	7	3	26	10
2026-2030	13,269	27,383	96	51	31	13	95	43
2031-2035	7,072	14,637	48	23	25	9	57	36
2036-2040	4,061	7,152	22	7	19	5	31	28
2041-2045	2,016	3,506	7	3	12	2	17	18
2046-2050	246	786	1	2	4	-	6	7
2051 and thereafter	-	-	-	-	1	-	1	-
Total				$168	$122	$44	$334	$176

(1) Excludes insured derivative premiums of $1 million.

(2) Actual future premium earnings will differ from the current projection due to refundings.

(3) Represents installment-based future net undiscounted collections.

Statutory Balance Sheets Summary

	9/30/2021	12/31/2020
Assets:		
Cash and Investments	$ 1,791	$ 2,021
Asset Swap Facility with MBIA Inc.	96	101
Other Assets	23	23
Total Assets	$ 1,910	$ 2,145
Liabilities:		
Unearned Premiums	$ 319	$ 355
Loss and LAE Reserves[1]	(577)	(301)
Contingency Reserve	410	445
Asset Swap Facility with MBIA Inc.	96	101
Other Liabilities	47	19
Total Liabilities	295	619
Total Policyholders' Surplus	1,615	1,526
Total Liabilities and Policyholders' Surplus	$ 1,910	$ 2,145

Claims-Paying Resources

	9/30/2021	12/31/2020
Policyholders' Surplus	$ 1,615	$ 1,526
Contingency Reserve	410	445
Statutory Capital	2,025	1,971
Unearned Premiums	319	355
Present Value of Installment Premiums[1]	126	129
Premium Resources[2]	445	484
Net Loss and LAE Reserves[1]	(577)	(301)
Salvage Reserves on Paid Claims[1]	1,126	961
Gross Loss and LAE Reserves	549	660
Total Claims-Paying Resources	$ 3,019	$ 3,115
Net Debt Service Outstanding	$ 71,700	$ 79,074
Gross Par Outstanding	$ 37,715	$ 41,856
Capital Ratio	35:1	40:1
Claims-Paying Resources Ratio	24:1	25:1
Leverage Ratio	19:1	21:1

(1) Calculated using a discount rate of 3.49% as of September 30, 2021 and December 31, 2020.

(2) The amounts consist of financial guarantee insurance premiums and insured credit derivative revenue.

National Public Finance Guarantee Corporation
Investment Portfolio Including Cash and Cash Equivalents
as of September 30, 2021
(in millions)

GAAP Accounting Basis

Investments[1]		Market Value	% of Market Value		Amortized Cost	% Book Yield
Fixed-Maturity Securities:						
Long-Term Tax-Exempt	$	2	-	$	2	6.23
Long-Term Taxable		1,592	99		1,532	3.56
Short-Term		19	1		19	0.50
Total Fixed Maturity		1,613	100	$	1,553	3.52
Cash and Cash Equivalents		30				
Total Fixed Income Including Cash and Cash Equivalents		1,643				
Investments Carried at Fair Value		212				
Total	$	1,855				

Fixed Income Portfolio Including Cash and Cash Equivalents			
Corporate Obligations	$	979	60
MBS		222	13
ABS		178	11
US Treasury		176	11
State and Municipal Bonds		53	3
Cash and Cash Equivalents		30	2
Foreign Governments		5	-
Total	$	1,643	100

Effective Maturity Profile			
Cash and Cash Equivalents	$	30	2
≤ 1 yr		179	11
> 1 to 5 yrs		319	19
> 5 to 10 yrs		349	21
> 10 to 15 yrs		369	23
> 15 to 20 yrs		96	6
> 20 yrs		301	18
Total	$	1,643	100

Credit Quality Distribution of Long-Term Bonds Rating [2]			
Aaa	$	501	31
Aa		103	7
A		253	16
Baa		334	21
BIG		385	24
NR		18	1
	$	1,594	100

Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 14.75 years
Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 7.50 years

(1) Includes Asset Swap between National and MBIA Inc. with a notional amount of $96 million and a market value of $91 million of encumbered assets.
(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.

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

2021	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-Date
Beginning Cash (2)	**$ 82**	**$ 10**	**$ 279**		**$ 82**
Total Inflows(3)	12	19	8		39
Gross Loss & LAE Payments	53	7	231		291
Tax Payments	-	2	2		4
Other Payments	17	8	6		31
Total Outflows	70	17	239		326
Operating Cash Flow	(58)	2	(231)		(287)
Investing Activities	(14)	267	(31)		222
Net Cash Flow	(72)	269	(262)		(65)
Ending Cash (2)	**$ 10**	**$ 279**	**$ 17**		**$ 17**
Other Liquid Assets(4)	288	117	165		165
Ending Liquidity Position	**$ 298**	**$ 396**	**$ 182**		**$ 182**

2020	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Cash (2)	**$ 30**	**$ 71**	**$ 372**	**$ 30**	**$ 30**
Total Inflows(3)	20	31	40	18	109
Gross Loss & LAE Payments	68	33	338	4	443
Other Payments	15	8	10	9	42
Total Outflows	83	41	348	13	485
Operating Cash Flow	(63)	(10)	(308)	5	(376)
Financing Activities	-	-	-	(81)	(81)
Investing Activities	104	311	(34)	128	509
Net Cash Flow	41	301	(342)	52	52
Ending Cash (2)	**$ 71**	**$ 372**	**$ 30**	**$ 82**	**$ 82**
Other Liquid Assets(4)	328	186	317	277	277
Ending Liquidity Position	**$ 399**	**$ 558**	**$ 347**	**$ 359**	**$ 359**

(1) Presented on a direct cash flow basis for transactions settled within the reporting periods. Liquidity Position excludes assets designated to alternative investment strategy portfolios.

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

(3) Includes investment income, salvage, premium receipts and other.

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

National Public Finance Guarantee Corporation
Insured Portfolio Profile
(in millions)

By Geography

	Outstanding as of September 30, 2021			
	Par Outstanding (1)		Debt Service Outstanding (1)	
	Gross Amount	%	Gross Amount	%
United States				
California	$ 7,704	20.4	$ 17,079	23.2
New Jersey	3,424	9.1	4,971	6.7
Illinois	2,313	6.1	8,451	11.4
Puerto Rico	1,866	5.0	2,640	3.6
Hawaii	1,846	4.9	3,985	5.4
Texas	1,779	4.7	3,164	4.3
New York	1,674	4.5	2,479	3.4
Georgia	1,555	4.1	1,964	2.7
Oregon	1,330	3.5	2,330	3.2
Florida	1,321	3.5	1,563	2.1
Subtotal	24,812	65.8	48,626	66.0
Other States & Territories	10,072	26.7	19,293	26.2
Nationally Diversified	2,831	7.5	5,739	7.8
Total	$ 37,715	100.0	$ 73,658	100.0

By Bond Type

	Outstanding as of September 30, 2021			
	Par Outstanding (1)		Debt Service Outstanding (1)	
	Gross Amount	%	Gross Amount	%
Bond Type				
General Obligation(2)	$ 10,949	29.0	$ 22,694	30.8
Tax-Backed	7,255	19.2	14,647	19.9
Military Housing	6,933	18.4	14,440	19.6
Municipal Utilities	6,265	16.6	9,006	12.2
Transportation	2,718	7.2	7,872	10.7
General Obligation - lease	1,342	3.6	1,801	2.5
Higher Education	956	2.6	1,355	1.8
Health Care	751	2.0	1,082	1.5
Investor Owned Utilities(3)	462	1.2	653	0.9
Other(4)	84	0.2	108	0.1
Total	$ 37,715	100.0	$ 73,658	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 stadium related financings, municipal housing and certain non-profit enterprises.

National Public Finance Guarantee Corporation
Insured Portfolio - 50 Largest Credits
By Gross Par Outstanding as of September 30, 2021[(1)]
(in millions)

	Obligor Name	State	Internal Rating[(2)]	Gross Par Outstanding	Gross Par Plus CABs Accreted Interest	Gross Debt Service Outstanding
1	New Jersey Economic Development Authority State Pension Obligation Lease	NJ	bbb2	$ 1,284	$ 1,284	$ 1,832
2	Army Hawaii Family Housing	HI	aa2	1,075	1,075	2,099
3	Oregon School Boards Association General Obligation	OR	aa3	1,071	1,175	1,446
4	Camp Pendleton Quantico Housing Privatization	CA	aa2	996	996	1,994
5	San Diego Family Housing Privitization Military	CA	aa1	925	925	1,877
6	Puerto Rico Electric Power Authority	PR	d	809	809	1,085
7	New Jersey Transportation Trust Fund Authority	NJ	bbb2	788	901	1,095
8	Ohana Military Communities, LLC	HI	aa3	771	878	1,887
9	Atlantic Marine Corps Communities LLC	NC	NA[(3)]	626	626	1,281
10	Puerto Rico Highway and Transportation Authority Transportation Revenue	PR	d	549	549	889
11	Illinois Regional Transportation Authority	IL	a2	542	542	746
12	Great River Energy Public Power	MN	a3	531	531	768
13	LCOR Alexandria L.L.C. Federal Lease	VA	bbb1	527	527	760
14	Navy Mid-Atlantic Family Housing LLC	VA	aa2	521	521	1,024
15	Massachusetts Special Obligation Dedicated Tax Hotel/Motel	MA	bbb2	480	480	671
16	Illinois Metropolitan Pier & Exposition Authority	IL	bbb3	465	1,428	4,015
17	City of Chicago Board of Education	IL	bbb3	458	1,148	1,519
18	Alameda Corridor Transportation Authority Port Revenue Bonds	CA	a3	410	734	1,268
19	Navy Southeast	FL	bbb3	394	394	926
20	Puerto Rico General Obligation	PR	d	380	380	495
21	Toll Road Investors Partnership II L.P. Dulles Greenway Project	VA	bbb3	363	1,103	2,844
22	Phoenix Civic Improvement Corp State Payments	AZ	bbb1	360	360	657
23	New Jersey Economic Development Authority Lease	NJ	bbb2	336	336	398
24	Santa Clara County Pension Obligation	CA	aa3	336	395	636
25	Fort Drum Family Housing	NY	a2	322	322	695
26	City of Houston Combined Utility System Revenue Bonds	TX	a2	306	306	306
27	Oglethorpe Power Corporation	GA	bbb2	300	300	491
28	Arapahoe County E-470 Toll Road	CO	a3	298	926	1,499
29	Kentucky Municipal Power Agency	KY	bbb1	262	262	420
30	Pacific Beacon LLC	CA	a1	254	284	591
31	Fort Dix/McGuire AFB Military Housing	NJ	aa2	252	252	524
32	Cincinnati City School District General Obligation	OH	aa3	248	248	326
33	Philadelphia City Auth Industrial Dev GO	PA	bbb1	243	243	349
34	San Mateo County Community College District GO	CA	aa1	242	498	750
35	Tierra Vista Communities LLC	CO	a1	240	240	559
36	Sacramento County Water Financing Authority Water	CA	a2	229	229	350
37	New York State Power Authority	NY	aa2	226	226	412
38	Central Puget Sound Regional Transit Auth Sales	WA	aa2	224	224	260
39	Atlanta City Water & Sewer	GA	a2	210	210	236
40	Georgia Municipal Electric Authority	GA	a3	209	209	224
41	Great Lakes Water Authority - Sewer System	MI	bbb1	209	209	252
42	Fort Hood Family Housing	TX	a1	208	208	329
43	Fresno County Pension Obligation	CA	aa3	203	415	601
44	Pacific Northwest Communities, LLC	WA	aa3	197	197	392
45	City of Bridgeport (CT) General Obligation	CT	bbb2	192	192	265
46	District of Columbia Sales Tax-Stadium Revenue	DC	bbb1	183	183	270
47	Detroit City Water System	MI	bbb1	178	178	208
48	Virgin Islands Public Finance Authority Gross Receipts	VI	bb1	170	170	209
49	Atlanta Hartsfield Airport	GA	a2	166	166	166
50	Christus Health System	TX	a2	160	160	160
				$ 20,928	$ 25,154	$ 43,056
	Total Portfolio Exposure			**$** 37,715	**$** 48,530	**$** 73,658
	50 Largest Credits as % of Total Portfolio			55.5%	51.8%	58.5%

(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 through to the current reporting period is included in gross par plus CABs accreted interest; interest accretion on CABs after the issuance of our insurance policy through to the final expected maturity of the exposure is included in debt service.

(2) 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.).

(3) Credit Rating Not Applicable. Credit consists of four classes of bonds which are independently rated as follows: Class I rated a1; Class II rated a3; Class III rated a3; and Class IV rated bb1.

National Public Finance Guarantee Corporation
as of September 30, 2021
(in millions)

Credit Quality Distribution[1][2]

	Gross Par Outstanding		Gross Debt Service Outstanding	
	Amount	%	Amount	%
Public Finance				
AAA	$ 1,744	4.6%	$ 3,657	5.0%
AA	15,035	39.9%	26,708	36.2%
A	10,986	29.1%	21,135	28.7%
BBB	6,611	17.5%	13,829	18.8%
<BBB	3,339	8.9%	8,329	11.3%
Total	$ 37,715	100.0%	$ 73,658	100.0%

Top 10 Below Investment Grade (BIG) Credits by Gross Par Outstanding [1][2]

	Obligor Name	Gross Par Outstanding	Gross Par Plus CABs Accreted Interest	Gross Debt Service Outstanding
1	Puerto Rico Electric Power Authority	$ 809	$ 809	$ 1,085
2	Puerto Rico Highway and Transportation Authority Transportation Revenue	549	549	889
3	City of Chicago Board of Education	458	1,148	1,519
4	Puerto Rico General Obligation	380	380	495
5	Toll Road Investors Partnership II L.P. Dulles Greenway Project	363	1,103	2,844
6	Virgin Islands Public Finance Authority Gross Receipts	170	170	209
7	Atlantic Marine Corps Communities LLC (Class IV)	136	136	257
8	Frontier Communications OPCO	115	115	163
9	Harris County-Houston Sports Authority	76	236	487
10	University of Puerto Rico System Revenue	70	70	91
	Total Top 10 BIG Outstanding	$ 3,126	$ 4,716	$ 8,039
	Total BIG Outstanding	$ 3,339	$ 4,959	$ 8,329
	Total National Outstanding	$ 37,715	$ 48,530	$ 73,658
	Top 10 BIG as % of National	**8.3%**	**9.7%**	**10.9%**
	Total BIG as % of National	**8.9%**	**10.2%**	**11.3%**
	Total BIG as % of National by National ratings	**6.4%**	**5.3%**	**5.2%**

(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.

(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 through to the current reporting period is included in gross par plus CABs accreted interest; interest accretion on CABs after the issuance of our insurance policy through to the final expected maturity of the exposure is included in debt service.

MBIA Insurance Corporation and Subsidiary

MBIA Insurance Corporation
Statutory Balance Sheets
(in millions)

	September 30, 2021	December 31, 2020
Assets		
Bonds	$ 162	$ 84
Cash, cash equivalents and short-term investments	331	127
Investment in MBIA Mexico	9	7
Total investments	502	218
Interest and dividends accrued	2	-
Other assets	5	3
Total assets	**$ 509**	**$ 221**
Liabilities		
Unearned premiums	$ 50	$ 79
Contingency reserve	37	167
Borrowed money	70	339
Loss and LAE reserve (1)	240	(478)
Other liabilities	6	8
Total liabilities	**403**	**115**
Policyholders' Surplus		
Common stock	15	15
Preferred stock	3	3
Surplus notes	953	953
Gross paid in and contributed surplus	1,056	1,056
Unassigned surplus (deficit)	(1,921)	(1,921)
Total policyholders' surplus	**106**	**106**
Total liabilities and policyholders' surplus	**$ 509**	**$ 221**

(1) Calculated using a discount rate of 5.10% as of September 30, 2021 and December 31, 2020.

MBIA Insurance Corporation
Statutory Statements of Income
(in millions)

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Gross premiums written	$ 23	$ 7	$ 37	$ 21
Ceded premiums written	(9)	(4)	(14)	(8)
Net premiums written	14	3	23	13
Underwriting income				
Net premiums earned	33	6	49	22
Losses and LAE incurred	51	23	111	144
Underwriting expenses incurred	(2)	4	7	14
Net underwriting income (loss)	(16)	(21)	(69)	(136)
Investment income				
Net investment income earned	(4)	(9)	(18)	(26)
Net investment gain (loss)	(4)	(9)	(18)	(26)
Other income (expense)	3	(5)	(2)	14
Income (loss) before income taxes	(17)	(35)	(89)	(148)
Provision (benefit) for income taxes	-	-	-	-
Net income (loss)	**$ (17)**	**$ (35)**	**$ (89)**	**$ (148)**

MBIA Insurance Corporation (excluding Subsidiary)
Liquidity Position [(1)]
(in millions)

2021	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-Date
Beginning Cash	**$ 13**	**$ 55**	**$ 13**		**$ 13**
Premiums and Fees	4	9	21		34
Salvage Received [(2)]	616	75	47		738
Net Investment Income	1	1	2		4
Other [(3)]	-	1	21		22
Total Inflows	621	86	91		798
Gross Loss & LAE Payments [(3)]	54	66	6		126
Other Payments	14	17	56		87
Total Outflows	68	83	62		213
Operating Cash Flow	553	3	29		585
Loan Payments [(4)]	(150)	-	(112)		(262)
Investing Activities	(361)	(45)	105		(301)
Net Cash Flow	42	(42)	22		22
Ending Cash	**$ 55**	**$ 13**	**$ 35**		**$ 35**
Other Liquid Assets [(5)]	448	448	306		306
Ending Liquidity Position	**$ 503**	**$ 461**	**$ 341**		**$ 341**

2020	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Cash	**$ 17**	**$ 28**	**$ 13**	**$ 12**	**$ 17**
Premiums and Fees	4	11	6	11	32
Salvage Received	10	11	12	16	49
Net Investment Income	-	1	-	-	1
Other [(3)]	-	-	32	2	34
Total Inflows	14	23	50	29	116
Gross Loss & LAE Payments [(3)]	9	8	9	11	37
Other Payments	13	13	40	18	84
Total Outflows	22	21	49	29	121
Operating Cash Flow	(8)	2	1	-	(5)
Investing Activities	19	(17)	(2)	1	1
Net Cash Flow	11	(15)	(1)	1	(4)
Ending Cash	**$ 28**	**$ 13**	**$ 12**	**$ 13**	**$ 13**
Other Liquid Assets [(5)]	92	110	117	117	117
Ending Liquidity Position	**$ 120**	**$ 123**	**$ 129**	**$ 130**	**$ 130**

(1) Presented on a direct cash flow basis for transactions settled within the reporting periods. Liquidity Position excludes assets of branch and subsidiary, which are not readily available to MBIA Insurance Corporation.
(2) Includes $600 million Credit Suisse recoverable received in February.
(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) Optional prepayment made on MZ Funding senior notes.
(5) May include assets with stated maturities greater than 12 months that are deemed to be liquid.

MBIA Insurance Corporation
(in millions)

Statutory Amortization of Gross Par, Gross Debt Service and Net Unearned Premium and Future Premiums as of September 30, 2021

	Ending Gross Par Outstanding (1)	Ending Gross Debt Service Outstanding (1)	Net Unearned Premiums (2)	Expected Future Premium Earnings (2)	Expected Future Earnings on Premiums Not Yet Received (3)	Total	Net Cash Premiums Collected and Expected (4)
3rd Qtr. 2021	5,693	7,390	50				10
4th Qtr. 2021	5,334	6,938	43	7	1	8	4
2022	3,618	4,945	32	11	11	22	15
2023	3,206	4,336	26	6	9	15	8
2024	2,812	3,772	19	7	7	14	7
2025	2,427	3,243	12	7	7	14	6
2026-2030	1,317	1,655	1	11	19	30	18
2031-2035	811	902	-	1	9	10	9
2036-2040	68	90	-	-	1	1	2
2041 and thereafter	-	-	-	-	-	-	-
Total				$ 50	$ 64	$ 114	$ 69

(1) Excludes $34 million and $42 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) Undiscounted, based on the Company's estimate of the remaining life for its insured exposures.
(4) Represents installment-based future undiscounted collections net of amounts to be ceded to reinsurers which is based on the Company's estimate of the remaining life for its insured exposures.

Claims-Paying Resources

	9/30/2021	12/31/2020
Policyholders' Surplus	$ 106	$ 106
Contingency Reserve	37	167
Statutory Capital	143	273
Unearned Premiums	50	79
Present Value of Installment Premiums (1)	51	73
Premium Resources (2)	101	152
Net Loss and LAE Reserves (1)	240	(478)
Salvage Reserves on Paid Claims (1)	244	1,045
Gross Loss and LAE Reserves	484	567
Total Claims-Paying Resources	$ 728	$ 992
Net Debt Service Outstanding	$ 7,137	$ 9,327
Capital Ratio	50:1	34:1
Claims-Paying Resources Ratio	10:1	9:1

(1) Calculated using a discount rate of 5.10% as of September 30, 2021 and December 31, 2020.
(2) 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, 2021
(in millions)

Statutory Accounting Basis

Investments		Book/ Adjusted Carry Value	% Book Yield		Market Value	% of Market Value
Bonds						
Long-Term Tax-Exempt	$	22	4.69	$	30	8
Long-Term Taxable		140	4.44		154	44
Short-Term		170	0.08		170	48
Total Bonds		332	2.23	$	354	100
Cash and Cash Equivalents		161				
Total Fixed Income Including Cash and Cash Equivalents		493				
Common Stocks		9				
Total	$	502				

Fixed Income Portfolio Including Cash and Cash Equivalents			% of Book/ Adjusted Carry Value
Cash and Cash Equivalents	$	161	33
US Treasury		117	24
Corporate Obligations		74	15
State and Municipal		69	14
ABS		44	9
MBS		28	5
Total	$	493	100

Effective Maturity Profile of Fixed Income Portfolio			
Cash and Cash Equivalents	$	161	33
≤ 1 yr		184	37
> 1 to 5 yrs		13	3
> 5 to 10 yrs		27	5
> 10 to 15 yrs		22	5
> 15 to 20 yrs		59	12
> 20 yrs		27	5
Total	$	493	100

Credit Quality Distribution of Long-Term Bonds Rating (1)			
Aaa	$	13	8
Aa		72	44
A		7	4
Baa		30	19
BIG		35	22
NR		5	3
	$	162	100

Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 5.69 years

Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 3.30 years

(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 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.

MBIA Insurance Corporation and Subsidiary
Insured Portfolio Profile
(in millions)

Par Value by Bond Type

	Outstanding as of September 30, 2021 (1)(2)(3)	
	Gross	%
Public Finance: Non-United States		
Sovereign and Sub-Sovereign (4)	$ 1,796	31.5
Transportation	1,234	21.7
International Utilities	468	8.2
Other (5)	94	1.7
Total Non-United States Public Finance	$ 3,592	63.1
Structured Finance - Global		
Mortgage Backed Residential	$ 1,017	17.9
Corporate Asset Backed	446	7.8
Collateralized Debt Obligations	232	4.1
Consumer Asset Backed	204	3.6
Mortgage Backed Commercial	202	3.5
Total Global Structured Finance	2,101	36.9
Grand Total	$ 5,693	100.0

Par Value by Geography

	Outstanding as of September 30, 2021 (1)(2)(3)	
	Gross	%
United States	$ 1,496	26.3
Australia	1,154	20.3
Canada	789	13.8
Mexico	759	13.3
United Kingdom	557	9.8
Chile	464	8.2
Spain	119	2.1
Other (6)	184	3.2
Internationally Diversified	171	3.0
Total Non-United States	4,197	73.7
Total	$ 5,693	100.0

(1) Excludes $0.9 billion guaranteed by MBIA Insurance Corporation for MZ Funding notes, investment agreements, and medium-term notes issued by various affiliated companies.
(2) Includes consolidated insured Variable Interest Entities (VIEs) and insured Credit Derivatives.
(3) Excludes $34 million of gross 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 supported by a Sovereign State, Region or Department.
(5) Includes a municipal-owned entity backed by the sponsoring local government and a tax-backed transaction.
(6) Includes France and Ireland.

MBIA Insurance Corporation and Subsidiary
Top 10 Below Investment Grade (BIG) Credits [1]
(in millions)

	Obligor Name		Gross Par Outstanding as of September 30, 2021
1	MS CDO 29	$	124
2	Private Sovereign and Sub-Sovereign 55, 56, 67, 88, 89, 90		119
3	Private Secondary-Domestic RMBS Transaction		101
4	Hipotecaria Su Casita 2007-2		95
5	MS CDO 27		69
6	RMBS Secondary		61
7	GMAC Financiera Grupo Financiero HSBC 2007		56
8	RMBS Secondary Domestic 26		52
9	Hipotecaria Su Casita 2007-1		48
10	Deutsche Bank Alt-A Securities Trust 2007-AR3		47
	Total Top 10 Below Investment Grade	$	772
	Total BIG Gross Par Outstanding	$	1,365
	Total MBIA Corp. Gross Par Outstanding	$	5,693
	Top 10 BIG Gross Par Outstanding as % of MBIA Corp. Gross Par Outstanding		**13.6%**
	Total BIG Gross Par Outstanding as % of MBIA Corp. Gross Par Outstanding		**24.0%**

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

MBIA Inc. (Parent Company)

MBIA Inc.
(in millions)

Corporate Segment Balance Sheets (1)

	9/30/2021	12/31/2020
Assets:		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $622 and $692) (2)	$ 690	$ 791
Investments carried at fair value	46	40
Investments pledged as collateral, at fair value (amortized cost $4 and $11) (3)	4	6
Short-term investments at fair value (amortized cost $14 and $38)	14	38
Other investments	16	16
Total investments	770	891
Cash and cash equivalents	29	29
Other assets	26	34
Total Assets	**826**	**954**
Liabilities:		
Investment agreements (4)	271	269
Global Funding LLC, Medium-term Notes	592	710
MBIA Inc. Senior Unsecured	626	619
Income taxes	6	15
Derivative liabilities	132	164
Other liabilities	69	67
Total Liabilities	**1,696**	**1,844**
Total Equity	**$ (870)**	**$ (890)**

(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 $163 million and $214 million posted to derivative counterparties as of September 30, 2021 and December 31, 2020, respectively.
(3) Represents assets of the tax escrow under the Company's tax sharing agreement, excluding MBIA Inc. common shares.
(4) Fair value of securities pledged as collateral for investment agreements were $282 million as of September 30, 2021 and December 31, 2020.

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

2021	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-Date
Beginning Liquidity Position	**$ 294**	**$ 298**	**$ 238**		**$ 294**
Total Cash Inflows	5	5	8		18
MTN P&I Payments	1	3	-		4
Debt P&I Payments	4	16	3		23
Debt Buybacks	-	49	27		76
Other Payments	6	1	4		11
Total Cash Outflows	11	69	34		114
Investment and Other Activity	10	4	(2)		12
Change in Liquidity Position	4	(60)	(28)		(84)
Ending Liquidity Position	**$ 298**	**$ 238**	**$ 210**		**$ 210**

2020	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Liquidity Position	**$ 375**	**$ 314**	**$ 325**	**$ 335**	**$ 375**
Total Cash Inflows	7	25	4	85	121
MTN P&I Payments	1	3	-	1	5
Debt P&I Payments	5	18	6	133	162
Contributions to Subsidiaries	67	(21)	(10)	(5)	31
Other Payments	9	3	3	3	18
Total Cash Outflows	82	3	(1)	132	216
Investment and Other Activity	14	(11)	5	6	14
Change in Liquidity Position	(61)	11	10	(41)	(81)
Ending Liquidity Position	**$ 314**	**$ 325**	**$ 335**	**$ 294**	**$ 294**

(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.
(2) Liquidity Position may include assets with stated maturities greater than 12 months that are deemed to be liquid.
(3) Excludes tax escrow investments held under the tax sharing agreement.

Glossary

Adjusted Net Income (Loss): Adjusted Net Income (Loss) is a useful measurement of performance because it measures income from the Company excluding its international and structured finance insurance segment, comprising the results of MBIA Corp. which given its capital structure and business prospects, we do not expect its financial performance to have a material economic impact on MBIA Inc. Also excluded from Adjusted Net Income (Loss) are investment portfolio realized gains and losses, gains and losses on financial instruments at fair value and foreign exchange, and realized gains and losses on extinguishment of debt. The Company applies a zero effective tax rate for federal income tax purposes to its pre-tax adjustments, if applicable. Trends in the underlying profitability of the Company's businesses can be more clearly identified without the fluctuating effects of the excluded items previously noted. Adjusted Net Income (Loss) as defined by the Company does not include all revenues and expenses required by GAAP. Adjusted Net Income (Loss) is not a substitute for and should not be viewed in isolation from GAAP net income.

Adjusted Net Income (Loss) per diluted common share represents that amount of Adjusted Net Income (Loss) allocated to each fully diluted weighted-average common share outstanding for the measurement period.

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 Value Adjustments: Management adjusts GAAP book value to remove the book value of MBIA Corp. and for certain items which the Company believes will reverse from GAAP book value through GAAP earnings and comprehensive income, as well as 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 when measuring financial performance and for which the likelihood and amount can be reasonably estimated. The following provides a description of management's adjustments to GAAP book value:

- *Negative Book value of MBIA Corp.* – We remove the negative book value of MBIA Corp. based on our view that given MBIA Corp.'s current financial condition, the regulatory regime in which it operates, the priority given to its policyholders, surplus note holders and preferred stock holders with respect to the distribution of assets, and its legal structure, it is not and will not likely be in a position to upstream any economic benefit to MBIA Inc. Further, MBIA Inc. does not face any material financial liability arising from MBIA Corp.

- *Net unrealized (gains) losses on available-for-sale ("AFS") securities excluding MBIA Corp.* – We remove net unrealized gains and losses on AFS securities recorded in accumulated other comprehensive income since they will reverse from GAAP book value when such securities mature. Gains and losses from sales and impairments of AFS securities are recorded in book value through earnings.

- *Net unearned premium revenue in excess of expected losses of National* - We include net unearned premium revenue in excess of expected losses. Net unearned premium revenue in excess of expected losses consists of the financial guarantee unearned premium revenue of National in excess of expected insurance losses, net of reinsurance and deferred acquisition costs. In accordance with GAAP, a loss reserve on a financial guarantee policy is only recorded when expected losses exceed the amount of unearned premium revenue recorded for that policy. As a result, we only add to GAAP book value the amount of unearned premium revenue in excess of expected losses for each policy in order to reflect the full amount of our expected losses. The Company's net unearned premium revenue will be recognized in GAAP book value in future periods, however, actual amounts could differ from estimated amounts due to such factors as credit defaults and policy terminations, among others.

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 Appreciation Bonds: Long-term bonds which pay no current interest, but accrete or compound in value from the date of issuance to the date of maturity.

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.

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.

Leverage Ratio: Gross par outstanding divided by statutory capital (policyholders' surplus plus contingency reserve).

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.

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