MBIA Inc. and Subsidiaries
Quarterly Operating Supplement
March 31, 2022

First Quarter 2022

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)

	March 31, 2022	December 31, 2021
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (net of allowance for credit losses $3 and $-, amortized cost $2,710 and $2,016)	$ 2,677	$ 2,157
Investments carried at fair value	356	258
Investments pledged as collateral, at fair value (amortized cost $- and $4)	-	4
Short-term investments, at fair value (amortized cost $441 and $374)	441	374
Total investments	3,474	2,793
Cash and cash equivalents	147	151
Premiums receivable (net of allowance for credit losses $5 and $5)	177	178
Deferred acquisition costs	41	42
Insurance loss recoverable	366	1,296
Other assets	81	67
Assets of consolidated variable interest entities:		
Cash	4	9
Investments carried at fair value	53	60
Loans receivable at fair value	76	77
Other assets	24	23
Total assets	**$ 4,443**	**$ 4,696**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 308	$ 322
Loss and loss adjustment expense reserves	886	894
Long-term debt	2,344	2,331
Medium-term notes (includes financial instruments carried at fair value of $99 and $98)	589	590
Investment agreements	274	274
Derivative liabilities	99	131
Other liabilities	210	163
Liabilities of consolidated variable interest entities:		
Variable interest entity notes carried at fair value	285	291
Total liabilities	**4,995**	**4,996**
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	2,919	2,931
Retained earnings (deficit)	(531)	(458)
Accumulated other comprehensive income (loss), net of tax of $8 and $8	(82)	100
Treasury stock, at cost--228,329,115 and 228,630,003 shares	(3,154)	(3,169)
Total shareholders' equity of MBIA Inc.	(565)	(313)
Preferred stock of subsidiary	13	13
Total equity	**(552)**	**(300)**
Total liabilities and equity	**$ 4,443**	**$ 4,696**

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

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Revenues:		
Premiums earned:		
Scheduled premiums earned	$ 11	$ 15
Refunding premiums earned	4	5
Premiums earned (net of ceded premiums of $- and $1)	15	20
Net investment income	18	15
Net realized investment gains (losses)	(3)	(1)
Net gains (losses) on financial instruments at fair value and foreign exchange	17	52
Other net realized gains (losses)	(3)	-
Revenues of consolidated variable interest entities:		
Net gains (losses) on financial instruments at fair value and foreign exchange	(4)	(14)
Total revenues	40	72
Expenses:		
Losses and loss adjustment	49	98
Amortization of deferred acquisition costs	2	2
Operating	19	26
Interest	41	41
Expenses of consolidated variable interest entities:		
Operating	2	2
Interest	-	9
Total expenses	113	178
Income (loss) before income taxes	(73)	(106)
Provision (benefit) for income taxes	-	-
Net income (loss)	**$ (73)**	**$ (106)**
Net income (loss) per common share:		
Basic	$ (1.48)	$ (2.16)
Diluted	$ (1.48)	$ (2.16)
Weighted average number of common shares outstanding:		
Basic	49,631,448	49,258,110
Diluted	49,631,448	49,258,110

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

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net income (loss)	$ (73)	$ (106)
Less: Adjusted Net Income (Loss) Adjustments		
Income (loss) before income taxes of our international and structured finance insurance segment and eliminations	(5)	(44)
Adjustments before income taxes (3):		
Mark-to-market gains (losses) on financial instruments (4)	24	38
Foreign exchange gains (losses) (4)	6	17
Net realized investment gains (losses)	(2)	(1)
Adjusted net income adjustment for income taxes	-	-
Adjusted Net Income (loss)	$ (96)	$ (116)
Adjusted Net Income (loss) per diluted common share	$ (1.94)	$ (2.36)
Diluted Weighted Average Shares Outstanding	49.6	49.3

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

	2022 1st Qtr.	2022 2nd Qtr.	2022 3rd Qtr.	2022 4th Qtr.	2022 Year-to-Date
Adjusted Net Income (loss)	$ (96)				$ (96)

	2021 1st Qtr.	2021 2nd Qtr.	2021 3rd Qtr.	2021 4th Qtr.	2021 Full Year
Adjusted Net Income (loss)	$ (116)	$ 37	$ (76)	$ (106)	$ (261)

(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)

	3/31/2022	12/31/2021
Book Value Per Share	**$** (10.29)	**$** (5.73)
Management's book value per share adjustments:		
Remove negative book value of MBIA Corp. (2)	(36.16)	(35.94)
Remove net unrealized gains (losses) on available-for-sale securities included in other comprehensive income (loss)	(0.80)	2.02
Include net unearned premium revenue in excess of expected losses (3) (4)	3.39	3.58
Shares outstanding in millions	54.9	54.6

(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)

	1st Qtr.		2nd Qtr.		3rd Qtr.		4th Qtr.		Year-to-Date	
2022	**Cost**	**Gain/ Value Added**	**Cost**	**Gain/ Value Added**	**Cost**	**Gain/ Value Added**	**Cost**	**Gain/ Value Added**	**Cost**	**Gain/ Value Added**
Common Stock Repurchases	$ -	$ N/A							$ -	$ N/A
Debt										
MBIA Inc. Senior Unsecured	-	-							-	-
MBIA Inc. (Consolidated)	$ -	$ -							$ -	$ -

	1st Qtr.		2nd Qtr.		3rd Qtr.		4th Qtr.		Full Year	
2021	**Cost**	**Gain/ Value Added**	**Cost**	**Gain/ Value Added**	**Cost**	**Gain/ Value Added**	**Cost**	**Gain/ Value Added**	**Cost**	**Gain/ Value Added**
Common Stock Repurchases	$ -	$ N/A	$ -	$ N/A	$ -	$ N/A	$ -	$ N/A	$ -	$ N/A
Debt										
MBIA Inc. Senior Unsecured	-	-	-	-	-	-	-	-	-	-
MBIA GFL MTN's(1)	-	-	49.1	14.3	26.4	15.8	5.6	0.1	81.1	30.2
MBIA Inc. (Consolidated)	$ -	$ -	$ 49.1	$ 14.3	$ 26.4	$ 15.8	$ 5.6	$ 0.1	$ 81.1	$ 30.2

(1) 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)

	March 31, 2022	December 31, 2021
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (net of allowance for credit losses $3 and $-, amortized cost $2,172 and $1,507)	$ 2,128	$ 1,578
Investments carried at fair value	272	170
Investments pledged as collateral, at fair value (amortized cost $98 and $90)	92	91
Short-term investments at fair value (amortized cost $208 and $62)	208	62
Total investments	2,700	1,901
Cash and cash equivalents	19	70
Securities purchased under agreements to resell	90	90
Premiums receivable	129	129
Current income taxes	-	4
Deferred acquisition costs	69	72
Insurance loss recoverable	128	1,005
Other assets	61	43
Total assets	**$ 3,196**	**$ 3,314**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 269	$ 282
Loss and loss adjustment expense reserves	460	425
Securities sold under agreements to repurchase	90	90
Payable for investments purchased	19	7
Other liabilities	90	32
Total liabilities	**928**	**836**
Equity:		
Common stock, par value $30 per share; authorized, issued and outstanding shares — 500,000	15	15
Additional paid-in capital	1,665	1,665
Retained earnings	623	714
Accumulated other comprehensive income (loss), net of tax of $12 and $12	(35)	84
Total equity	**2,268**	**2,478**
Total liabilities and equity	**$ 3,196**	**$ 3,314**

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

	Three Months Ended March 31,	
	2022	**2021**
Revenues:		
Premiums earned:		
Scheduled premiums earned	$ 8	$ 10
Refunding premiums earned	5	7
Premiums earned	13	17
Net investment income	17	15
Net realized investment gains (losses)	(1)	(1)
Net gains (losses) on financial instruments at fair value and foreign exchange	(16)	(2)
Fees and reimbursements	2	-
Other net realized gains (losses)	(3)	-
Total revenues	12	29
Expenses:		
Losses and loss adjustment	87	109
Amortization of deferred acquisition costs	3	4
Operating	13	15
Total expenses	103	128
Income (loss) before income taxes	(91)	(99)
Provision (benefit) for income taxes	-	1
Net income (loss)	**$ (91)**	**$ (100)**

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 March 31, 2022

	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)
1st Qtr. 2022	35,178	69,525	269					1
2nd Qtr. 2022	34,736	68,576	262	5	2	1	8	2
3rd Qtr. 2022	33,480	66,427	255	5	2	1	8	3
4th Qtr. 2022	32,738	65,055	248	5	2	1	8	4
2023	29,993	59,591	222	19	7	4	30	10
2024	27,432	54,452	198	17	7	3	27	10
2025	25,032	49,565	176	15	7	3	25	10
2026	22,400	44,609	157	13	6	3	22	9
2027-2031	11,837	24,150	84	43	30	12	85	42
2032-2036	6,225	12,688	42	18	24	8	50	35
2037-2041	3,622	6,246	18	7	17	4	28	26
2042-2046	1,661	2,927	5	3	10	2	15	16
2047-2051	144	546	1	1	3	-	4	4
2052 and thereafter	-	-	-	-	1	-	1	-
Total				$151	$118	$42	$311	$171

(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

	3/31/2022	12/31/2021
Assets:		
Cash and Investments	$ 2,200	$ 1,896
Asset Swap Facility with MBIA Inc.	90	90
Other Assets	18	16
Total Assets	$ 2,308	$ 2,002
Liabilities:		
Unearned Premiums	$ 294	$ 311
Loss and LAE Reserves (1)	(201)	(386)
Contingency Reserve	399	402
Asset Swap Facility with MBIA Inc.	90	90
Other Liabilities	55	16
Total Liabilities	637	433
Total Policyholders' Surplus	1,671	1,569
Total Liabilities and Policyholders' Surplus	$ 2,308	$ 2,002

Claims-Paying Resources

	3/31/2022	12/31/2021
Policyholders' Surplus	$ 1,671	$ 1,569
Contingency Reserve	399	402
Statutory Capital	2,070	1,971
Unearned Premiums	294	311
Present Value of Installment Premiums (1)	122	121
Premium Resources (2)	416	432
Net Loss and LAE Reserves (1)	(201)	(386)
Salvage Reserves on Paid Claims (1)	661	944
Gross Loss and LAE Reserves	460	558
Total Claims-Paying Resources	$ 2,946	$ 2,961
Net Debt Service Outstanding	$ 67,648	$ 69,817
Gross Par Outstanding	$ 35,178	$ 36,451
Capital Ratio	33:1	35:1
Claims-Paying Resources Ratio	23:1	24:1
Leverage Ratio	17:1	18:1

(1) Calculated using a discount rate of 3.65% as of March 31, 2022 and December 31, 2021.
(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 March 31, 2022
(in millions)

GAAP Accounting Basis

Investments[(1)]		Market Value	% of Market Value		Amortized Cost	% Book Yield
Fixed-Maturity Securities:						
Long-Term Tax-Exempt	$	444	18	$	461	3.38
Long-Term Taxable		1,776	74		1,809	3.49
Short-Term		197	8		197	0.20
Total Fixed Maturity		2,417	100	$	2,467	3.20
Cash and Cash Equivalents		19				
Total Fixed Income Including Cash and Cash Equivalents		2,436				
Investments Carried at Fair Value		283				
Total	$	2,719				

Fixed Income Portfolio Including Cash and Cash Equivalents			
Corporate Obligations	$	1,100	45
State and Municipal Bonds		487	20
US Treasury		337	14
ABS		273	11
MBS		206	8
Cash and Cash Equivalents		19	1
Foreign Governments		14	1
Total	$	2,436	100

Effective Maturity Profile			
Cash and Cash Equivalents	$	19	1
≤ 1 yr		357	15
> 1 to 5 yrs		505	21
> 5 to 10 yrs		540	22
> 10 to 15 yrs		459	19
> 15 to 20 yrs		179	7
> 20 yrs		377	15
Total	$	2,436	100

Credit Quality Distribution of Long-Term Bonds Rating [(2)]			
Aaa	$	542	24
Aa		105	5
A		306	13
Baa		415	19
BIG		370	17
NR		482	22
	$	2,220	100

Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 12.79 years
Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 6.71 years

(1) Includes Asset Swap between National and MBIA Inc. with a notional amount of $90 million and a market value of $92 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)

2022	**1st Qtr.**	**2nd Qtr.**	**3rd Qtr.**	**4th Qtr.**	**Year-to-Date**
Beginning Cash (2)	**$ 65**				**$ 65**
Total Inflows(3)(4)	634				634
Gross Loss & LAE Payments (5)	326				326
Other Payments	10				10
Total Outflows	336				336
Operating Cash Flow	298				298
Investing Activities	(354)				(354)
Net Cash Flow	(56)				(56)
Ending Cash (2)	**$ 9**				**$ 9**
Other Liquid Assets(6)	301				301
Ending Liquidity Position	**$ 310**				**$ 310**

2021	**1st Qtr.**	**2nd Qtr.**	**3rd Qtr.**	**4th Qtr.**	**Full Year**
Beginning Cash (2)	**$ 82**	**$ 10**	**$ 279**	**$ 17**	**$ 82**
Total Inflows(3)	12	19	8	204	243
Gross Loss & LAE Payments	53	7	231	5	296
Tax Payments (Refunds)	-	2	2	-	4
Other Payments	17	8	6	11	42
Total Outflows	70	17	239	16	342
Operating Cash Flow	(58)	2	(231)	188	(99)
Financing Activities	-	-	-	(60)	(60)
Investing Activities	(14)	267	(31)	(80)	142
Net Cash Flow	(72)	269	(262)	48	(17)
Ending Cash (2)	**$ 10**	**$ 279**	**$ 17**	**$ 65**	**$ 65**
Other Liquid Assets(6)	288	117	165	134	134
Ending Liquidity Position	**$ 298**	**$ 396**	**$ 182**	**$ 199**	**$ 199**

(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) First quarter includes salvage proceeds received from Puerto Rico GO bond restructuring deal.
(5) First quarter includes $277 million payment to accelarate/commute National's remaining Puerto Rico GO bond exposure.
(6) 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 March 31, 2022			
	Par Outstanding [1]		Debt Service Outstanding [1]	
	Gross Amount	%	Gross Amount	%
United States				
California	$ 7,479	21.3	$ 16,615	23.9
New Jersey	2,977	8.4	4,419	6.4
Illinois	1,986	5.5	7,818	11.2
Hawaii	1,829	5.2	3,920	5.6
Texas	1,744	5.0	3,095	4.5
New York	1,498	4.3	2,251	3.2
Puerto Rico	1,485	4.2	2,106	3.0
Georgia	1,416	4.0	1,794	2.6
Oregon	1,325	3.8	2,293	3.3
Florida	1,214	3.5	1,434	2.1
Subtotal	22,953	65.2	45,745	65.8
Other States & Territories	9,413	26.8	18,136	26.1
Nationally Diversified	2,812	8.0	5,644	8.1
Total	$ 35,178	100.0	$ 69,525	100.0

By Bond Type

	Outstanding as of March 31, 2022			
	Par Outstanding [1]		Debt Service Outstanding [1]	
	Gross Amount	%	Gross Amount	%
Bond Type				
General Obligation[2]	$ 10,060	28.6	$ 21,118	30.4
Military Housing	6,868	19.5	14,179	20.4
Tax-Backed	6,600	18.8	13,778	19.8
Municipal Utilities	5,874	16.7	8,392	12.1
Transportation	2,521	7.2	7,510	10.8
General Obligation - lease	1,154	3.3	1,576	2.3
Higher Education	902	2.5	1,273	1.8
Health Care	665	1.9	965	1.4
Investor Owned Utilities[3]	453	1.3	629	0.9
Other[4]	81	0.2	105	0.1
Total	$ 35,178	100.0	$ 69,525	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 March 31, 2022(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	$ 1,784
2	Oregon School Boards Association General Obligation	OR	aa3	1,071	1,180	1,418
3	Army Hawaii Family Housing	HI	aa2	1,068	1,068	2,064
4	Camp Pendleton Quantico Housing Privatization	CA	aa2	988	988	1,958
5	San Diego Family Housing Privitization Military	CA	aa1	918	918	1,842
6	Puerto Rico Electric Power Authority	PR	d	809	809	1,064
7	Ohana Military Communities, LLC	HI	aa3	761	873	1,856
8	Atlantic Marine Corps Communities LLC	NC	NA(3)	621	621	1,259
9	Puerto Rico Highway and Transportation Authority Transportation Revenue	PR	d	549	549	875
10	Illinois Regional Transportation Authority	IL	a2	535	535	722
11	Great River Energy Public Power	MN	a3	531	531	752
12	Navy Mid-Atlantic Family Housing LLC	VA	aa2	517	517	1,006
13	LCOR Alexandria L.L.C. Federal Lease	VA	bbb1	513	513	729
14	New Jersey Transportation Trust Fund Authority	NJ	bbb2	459	577	748
15	Massachusetts Special Obligation Dedicated Tax Hotel/Motel	MA	bbb2	454	454	632
16	City of Chicago Board of Education	IL	bbb3	406	1,053	1,395
17	Alameda Corridor Transportation Authority Port Revenue Bonds	CA	a3	403	714	1,226
18	Navy Southeast	FL	bbb3	392	392	912
19	Illinois Metropolitan Pier & Exposition Authority	IL	bbb3	376	1,397	3,902
20	Phoenix Civic Improvement Corp State Payments	AZ	bbb1	360	360	647
21	Toll Road Investors Partnership II L.P. Dulles Greenway Project	VA	bbb3	346	1,071	2,746
22	Santa Clara County Pension Obligation	CA	aa3	336	398	627
23	Fort Drum Family Housing	NY	a2	320	320	682
24	City of Houston Combined Utility System Revenue Bonds	TX	a2	306	306	306
25	Oglethorpe Power Corporation	GA	bbb2	300	300	483
26	Arapahoe County E-470 Toll Road	CO	a3	298	953	1,499
27	New Jersey Economic Development Authority Lease	NJ	bbb2	264	264	316
28	Kentucky Municipal Power Agency	KY	bbb2	262	262	414
29	Pacific Beacon LLC	CA	a1	251	282	581
30	Fort Dix/McGuire AFB Military Housing	NJ	aa2	250	250	516
31	Philadelphia City Auth Industrial Dev GO	PA	bbb1	243	243	342
32	San Mateo County Community College District GO	CA	aa1	243	510	750
33	Tierra Vista Communities LLC	CO	a1	239	239	551
34	Cincinnati City School District General Obligation	OH	aa3	231	231	302
35	Sacramento County Water Financing Authority Water	CA	a2	229	229	346
36	New York State Power Authority	NY	aa2	221	221	400
37	Great Lakes Water Authority - Sewer System	MI	bbb1	208	208	248
38	Fresno County Pension Obligation	CA	aa3	203	425	599
39	Fort Hood Family Housing	TX	a1	203	203	318
40	Central Puget Sound Regional Transit Auth Sales	WA	aa2	198	198	229
41	Pacific Northwest Communities, LLC	WA	aa3	196	196	384
42	Georgia Municipal Electric Authority	GA	a3	195	195	208
43	District of Columbia Sales Tax-Stadium Revenue	DC	bbb1	179	179	261
44	Detroit City Water System	MI	bbb1	178	178	206
45	City of Bridgeport (CT) General Obligation	CT	bbb2	176	176	242
46	Atlanta Hartsfield Airport	GA	a2	166	166	166
47	Christus Health System	TX	a2	160	160	160
48	Massachusetts General Obligation	MA	a1	156	156	221
49	Virgin Islands Public Finance Authority Gross Receipts	VI	bb1	154	154	189
50	Milwaukee Public Schools GO	WI	a3	146	180	335
				$ 19,872	$ 24,186	$ 41,418
	Total Portfolio Exposure			$ 35,178	$ 45,922	$ 69,525
	50 Largest Credits as % of Total Portfolio			56.5%	52.7%	59.6%

(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 a3; Class II rated bbb2; Class III rated bbb2; and Class IV rated bb1.

National Public Finance Guarantee Corporation
as of March 31, 2022
(in millions)

Credit Quality Distribution[1][2]

	Gross Par Outstanding Amount	Gross Par Outstanding %	Gross Debt Service Outstanding Amount	Gross Debt Service Outstanding %
Public Finance				
AAA	$ 1,614	4.6%	$ 3,507	5.1%
AA	14,559	41.4%	25,879	37.2%
A	10,167	28.9%	19,597	28.2%
BBB	5,968	17.0%	13,002	18.7%
<BBB	2,870	8.1%	7,540	10.8%
Total	$ 35,178	100.0%	$ 69,525	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	$ 1,064
2	Puerto Rico Highway and Transportation Authority Transportation Revenue	549	549	875
3	City of Chicago Board of Education	406	1,053	1,395
4	Toll Road Investors Partnership II L.P. Dulles Greenway Project	346	1,071	2,746
5	Virgin Islands Public Finance Authority Gross Receipts	154	154	189
6	Atlantic Marine Corps Communities LLC (Class IV)	135	135	252
7	Frontier Communications OPCO	115	115	159
8	Harris County-Houston Sports Authority	77	243	488
9	University of Puerto Rico System Revenue	70	70	90
10	Atlantic City Casino Reinvestment Development Authority Parking Fee	69	69	77
	Total Top 10 BIG Outstanding	$ 2,730	$ 4,268	$ 7,335
	Total BIG Outstanding	$ 2,870	$ 4,439	$ 7,540
	Total National Outstanding	$ 35,178	$ 45,922	$ 69,525
	Top 10 BIG as % of National	**7.8%**	**9.3%**	**10.5%**
	Total BIG as % of National	**8.2%**	**9.7%**	**10.8%**
	Total BIG as % of National by National ratings	**5.8%**	**4.8%**	**4.7%**

(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)

	March 31, 2022	December 31, 2021
Assets		
Bonds	$ 207	$ 187
Cash, cash equivalents and short-term investments	261	304
Investment in MBIA Mexico	10	10
Total investments	478	501
Other assets	28	14
Total assets	**$ 508**	**$ 515**
Liabilities		
Unearned premiums	$ 45	$ 46
Contingency reserve	37	37
Borrowed money	69	68
Loss and LAE reserve (1)	203	266
Other liabilities	60	1
Total liabilities	**414**	**418**
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)	(1,933)	(1,930)
Total policyholders' surplus	**94**	**97**
Total liabilities and policyholders' surplus	**$ 508**	**$ 515**

(1) Calculated using a discount rate of 4.99% as of March 31, 2022 and December 31, 2021.

MBIA Insurance Corporation
Statutory Statements of Income
(in millions)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Gross premiums written	$ 2	$ 4
Ceded premiums written	(1)	(1)
Net premiums written	1	3
Underwriting income		
Net premiums earned	5	7
Losses and LAE incurred	10	27
Underwriting expenses incurred	4	5
Net underwriting income (loss)	(9)	(25)
Investment income		
Net investment income earned	1	(9)
Other income (expense)	(6)	-
Income (loss) before income taxes	(14)	(34)
Provision (benefit) for income taxes	-	-
Net income (loss)	**$ (14)**	**$ (34)**

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

2022	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-Date
Beginning Cash	**$ 57**				**$ 57**
Premiums and Fees	4				4
Salvage Received	3				3
Net Investment Income	1				1
Total Inflows	8				8
Gross Loss & LAE Payments [3]	10				10
Other Payments	3				3
Total Outflows	13				13
Operating Cash Flow	(5)				(5)
Net Cash Flow	(5)				(5)
Ending Cash	**$ 52**				**$ 52**
Other Liquid Assets [5]	220				220
Ending Liquidity Position	**$ 272**				**$ 272**

2021	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Cash	**$ 13**	**$ 55**	**$ 13**	**$ 35**	**$ 13**
Premiums and Fees	4	9	21	8	42
Salvage Received [2]	616	75	47	8	746
Net Investment Income	1	1	2	2	6
Other [3]	-	1	21	-	22
Total Inflows	621	86	91	18	816
Gross Loss & LAE Payments [3]	54	66	6	7	133
Other Payments	14	17	56	41	128
Total Outflows	68	83	62	48	261
Operating Cash Flow	553	3	29	(30)	555
Loan Payments [4]	(150)	-	(112)	-	(262)
Investing Activities	(361)	(45)	105	52	(249)
Net Cash Flow	42	(42)	22	22	44
Ending Cash	**$ 55**	**$ 13**	**$ 35**	**$ 57**	**$ 57**
Other Liquid Assets [5]	448	448	306	253	253
Ending Liquidity Position	**$ 503**	**$ 461**	**$ 341**	**$ 310**	**$ 310**

(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 prepayments 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 March 31, 2022

	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)
1st Qtr. 2022	4,502	5,985	45				2
2nd Qtr. 2022	4,348	5,760	40	5	2	7	4
3rd Qtr. 2022	4,289	5,645	39	1	2	3	7
4th Qtr. 2022	3,501	4,782	33	6	2	8	3
2023	3,079	4,168	27	6	9	15	8
2024	2,661	3,585	20	7	7	14	7
2025	2,283	3,069	13	7	7	14	6
2026	1,921	2,590	4	9	5	14	5
2027-2031	1,171	1,444	1	3	16	19	15
2032-2036	544	602	-	1	9	10	8
2037-2041	59	76	-	-	1	1	1
2042 and thereafter	-	-	-	-	-	-	-
Total				$ 45	$ 60	$ 105	$ 64

(1) Excludes $33 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

	3/31/2022	12/31/2021
Policyholders' Surplus	$ 94	$ 97
Contingency Reserve	37	37
Statutory Capital	131	134
Unearned Premiums	45	46
Present Value of Installment Premiums (1)	48	48
Premium Resources (2)	93	94
Net Loss and LAE Reserves (1)	203	266
Salvage Reserves on Paid Claims (1) (3)	299	231
Gross Loss and LAE Reserves	502	497
Total Claims-Paying Resources	$ 726	$ 725
Net Debt Service Outstanding	$ 5,749	$ 6,509
Capital Ratio	44:1	49:1
Claims-Paying Resources Ratio	8:1	9:1

(1) Calculated using a discount rate of 4.99% as of March 31, 2022 and December 31, 2021.
(2) The amounts consist of financial guarantee insurance premiums and insured credit derivative revenue.
(3) The March 31, 2022 balance includes salvage related to a permitted practice granted by the NYSDFS.

MBIA Insurance Corporation
Investment Portfolio Including Cash and Cash Equivalents
as of March 31, 2022
(in millions)

Statutory Accounting Basis

Investments		Book/ Adjusted Carry Value	% Book Yield		Market Value	% of Market Value
Bonds						
Long-Term Tax-Exempt	$	23	4.69	$	26	12
Long-Term Taxable		184	4.81		193	88
Total Bonds		207	4.79	$	219	100
Cash and Cash Equivalents		261				
Total Fixed Income Including Cash and Cash Equivalents		468				
Common Stocks		10				
Total	$	478				

Fixed Income Portfolio Including Cash and Cash Equivalents			% of Book/ Adjusted Carry Value
Cash and Cash Equivalents	$	261	56
State and Municipal		70	15
ABS		53	11
Corporate Obligations		41	9
MBS		39	8
US Treasury		4	1
Total	$	468	100
Effective Maturity Profile of Fixed Income Portfolio			
Cash and Cash Equivalents	$	261	56
≤ 1 yr		28	6
> 1 to 5 yrs		8	2
> 5 to 10 yrs		56	12
> 10 to 15 yrs		38	8
> 15 to 20 yrs		50	11
> 20 yrs		27	5
Total	$	468	100
Credit Quality Distribution of Long-Term Bonds Rating (1)			
Aaa	$	29	14
Aa		66	32
A		7	3
Baa		34	17
BIG		69	33
NR		2	1
	$	207	100

Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 5.67 years

Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 3.39 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 March 31, 2022 (1)(2)(3) Gross	%
Public Finance: Non-United States		
Sovereign and Sub-Sovereign (4)	$ 1,345	29.9
Transportation	1,068	23.7
Other (5)	90	2.0
International Utilities	12	0.3
Total Non-United States Public Finance	$ 2,515	55.9
Structured Finance - Global		
Mortgage Backed Residential	$ 960	21.3
Corporate Asset Backed	428	9.5
Collateralized Debt Obligations	228	5.0
Mortgage Backed Commercial	193	4.3
Consumer Asset Backed	178	4.0
Total Global Structured Finance	1,987	44.1
Grand Total	$ 4,502	100.0

Par Value by Geography

	Outstanding as of March 31, 2022 (1)(2)(3) Gross	%
United States	$ 1,378	30.6
Mexico	757	16.8
Australia	575	12.8
Canada	501	11.1
Chile	426	9.5
United Kingdom	411	9.1
Spain	114	2.5
Internationally Diversified	171	3.8
Other (6)	169	3.8
Total Non-United States	3,124	69.4
Total	$ 4,502	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 $33 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 March 31, 2022
1	MS CDO 29	$	120
2	Private Sovereign and Sub-Sovereign 55, 56, 67, 88, 89, 90		114
3	Hipotecaria Su Casita 2007-2		102
4	Morgan Stanley Mortgage Loan Trust 2006-15XS		101
5	MS CDO 27		69
6	GMAC Financiera Grupo Financiero HSBC 2007		61
7	Morgan Stanley Mortgage Loan Trust 2007-8XS		60
8	Morgan Stanley Mortgage Loan Trust 2007-10XS		52
9	Hipotecaria Su Casita 2007-1		46
10	Deutsche Bank Alt-A Securities Trust 2007-AR3		41
	Total Top 10 Below Investment Grade	$	766
	Total BIG Gross Par Outstanding	$	1,317
	Total MBIA Corp. Gross Par Outstanding	$	4,502
	Top 10 BIG Gross Par Outstanding as % of MBIA Corp. Gross Par Outstanding		**17.0%**
	Total BIG Gross Par Outstanding as % of MBIA Corp. Gross Par Outstanding		**29.3%**

(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)

	3/31/2022	12/31/2021
Assets:		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $586 and $624) (2)	$ 610	$ 692
Investments carried at fair value	48	49
Investments pledged as collateral, at fair value (amortized cost $- and $4)	-	4
Short-term investments at fair value (amortized cost $23 and $64)	23	63
Other investments	16	16
Total investments	697	824
Cash and cash equivalents	67	16
Other assets	34	33
Total Assets	**798**	**873**
Liabilities:		
Investment agreements (3)	274	274
Global Funding LLC, Medium-term Notes	589	590
MBIA Inc. Senior Unsecured	626	620
Income taxes	2	6
Derivative liabilities	98	130
Other liabilities	63	81
Total Liabilities	**1,652**	**1,701**
Total Equity	**$ (854)**	**$ (828)**

(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 $124 million and $159 million posted to derivative counterparties as of March 31, 2022 and December 31, 2021, respectively.
(3) Fair value of securities pledged as collateral for investment agreements were $282 million and $280 million as of March 31, 2022 and December 31, 2021, respectively.

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

2022	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-Date
Beginning Liquidity Position	**$ 239**				**$ 239**
Total Cash Inflows	4				4
MTN P&I Payments	1				1
Debt P&I Payments	4				4
Other Payments	15				15
Total Cash Outflows	20				20
Investment and Other Activity	(7)				(7)
Change in Liquidity Position	(23)				(23)
Ending Liquidity Position	**$ 216**				**$ 216**

2021	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Liquidity Position	**$ 294**	**$ 298**	**$ 238**	**$ 210**	**$ 294**
Total Cash Inflows	5	5	8	64	82
MTN P&I Payments	1	3	-	1	5
Debt P&I Payments	4	16	3	16	39
Contributions to Subsidiaries	-	-	-	(11)	(11)
Debt Buybacks	-	49	27	6	82
Other Payments	6	1	4	6	17
Total Cash Outflows	11	69	34	18	132
Investment and Other Activity	10	4	(2)	(17)	(5)
Change in Liquidity Position	4	(60)	(28)	29	(55)
Ending Liquidity Position	**$ 298**	**$ 238**	**$ 210**	**$ 239**	**$ 239**

(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.

<u>Variable Interest Entity (VIE)</u>: 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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