MBIA Inc. and Subsidiaries
Quarterly Operating Supplement
March 31, 2023

First Quarter 2023

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;
- 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 Annual Report on Form 10-K. 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, 2023	December 31, 2022
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $2,141 and $2,044)	$ 1,957	$ 1,812
Investments carried at fair value	355	511
Short-term investments, at fair value (amortized cost $367 and $353)	368	353
Total investments	2,680	2,676
Cash and cash equivalents	67	50
Premiums receivable (net of allowance for credit losses $0 and $0)	160	160
Deferred acquisition costs	35	35
Insurance loss recoverable	95	137
Assets held for sale	83	80
Other assets	67	73
Assets of consolidated variable interest entities:		
Cash	16	16
Investments carried at fair value	22	47
Loans receivable at fair value	83	78
Other assets	9	23
Total assets	**$ 3,317**	**$ 3,375**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 257	$ 266
Loss and loss adjustment expense reserves	379	439
Long-term debt	2,467	2,428
Medium-term notes (includes financial instruments carried at fair value of $42 and $41)	507	501
Investment agreements	233	233
Derivative liabilities	57	49
Liabilities held for sale	68	61
Other liabilities	81	94
Liabilities of consolidated variable interest entities:		
Variable interest entity debt (includes financial instruments carried at fair value of $154 and $172)	156	174
Derivative liabilities	11	6
Total liabilities	**4,216**	**4,251**
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	2,915	2,925
Retained earnings (deficit)	(746)	(653)
Accumulated other comprehensive income (loss), net of tax of $7 and $8	(221)	(283)
Treasury stock, at cost--228,221,641 and 228,333,444 shares	(3,143)	(3,154)
Total shareholders' equity of MBIA Inc.	(912)	(882)
Preferred stock of subsidiary and noncontrolling interest held for sale	13	6
Total equity	**(899)**	**(876)**
Total liabilities and equity	**$ 3,317**	**$ 3,375**

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Revenues:		
Premiums earned:		
Scheduled premiums earned	$ 10	$ 11
Refunding premiums earned	-	4
Premiums earned (net of ceded premiums of $- and $-)	10	15
Net investment income	26	18
Net realized investment gains (losses)	(3)	(3)
Net gains (losses) on financial instruments at fair value and foreign exchange	(13)	17
Other net realized gains (losses)	-	(3)
Revenues of consolidated variable interest entities:		
Net gains (losses) on financial instruments at fair value and foreign exchange	(3)	(4)
Other net realized gains (losses)	(15)	-
Total revenues	2	40
Expenses:		
Losses and loss adjustment	6	49
Amortization of deferred acquisition costs	2	2
Operating	22	19
Interest	51	41
Expenses of consolidated variable interest entities:		
Operating	4	2
Total expenses	85	113
Income (loss) from continuing operations before income taxes	(83)	(73)
Provision (benefit) for income taxes	-	-
Income (loss) from continuing operations	(83)	(73)
Income (loss) from discontinued operations, net of income taxes	(3)	-
Net income (loss)	(86)	(73)
Less: Net income (loss) from discontinued operations attributable to noncontrolling interests	7	-
Net income (loss) attributable to MBIA Inc.	$ (93)	$ (73)
Net income (loss) per common share attributable to MBIA Inc. - basic and diluted:		
Continuing operations	$ (1.67)	$ (1.48)
Discontinued operations	(0.19)	-
Net income (loss) per common share attributable to MBIA Inc. - basic and diluted	$ (1.86)	$ (1.48)
Weighted average number of common shares outstanding:		
Basic	49,945,917	49,631,448
Diluted	49,945,917	49,631,448

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, 2023	Three Months Ended March 31, 2022
Net income (loss)	$ (93)	$ (73)
Less: Adjusted Net Income (Loss) Adjustments		
Net Income (loss) from discontinued operations, net of noncontrolling interest	(10)	-
Income (loss) before income taxes of our international and structured finance insurance segment and eliminations	(69)	(5)
Adjustments before income taxes (3):		
Mark-to-market gains (losses) on financial instruments (4)	(7)	24
Foreign exchange gains (losses) (4)	(3)	6
Net realized investment gains (losses)	(3)	(2)
Adjusted net income adjustment for income taxes	-	-
Adjusted Net Income (loss)	$ (1)	$ (96)
Adjusted Net Income (loss) per diluted common share	$ (0.03)	$ (1.94)
Diluted Weighted Average Shares Outstanding	49.9	49.6

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

	2023 1st Qtr.	2023 2nd Qtr.	2023 3rd Qtr.	2023 4th Qtr.	Year-to-Date
Adjusted Net Income (loss)	$ (1)				$ (1)

	2022 1st Qtr.	2022 2nd Qtr.	2022 3rd Qtr.	2022 4th Qtr.	Full Year
Adjusted Net Income (loss)	$ (96)	$ (47)	$ (17)	$ 15	$ (145)

(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.
(4) 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)

	3/31/2023	12/31/2022
Book Value Per Share	$ (16.57)	$ (16.07)
Management's book value per share adjustments:		
Remove negative book value of MBIA Corp. (2)	(38.82)	(37.76)
Remove net unrealized gains (losses) on available-for-sale securities included in other comprehensive income (loss)	(3.14)	(3.96)
Include net unearned premium revenue in excess of expected losses (3) (4)	2.99	3.08
Shares outstanding in millions	55.0	54.9

(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)

2023	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	$ -	$ N/A							$ -	$ N/A
Debt										
MBIA Inc. Senior Unsecured	-	-							-	-
MBIA Inc. (Consolidated)	$ -	$ -							$ -	$ -

2022	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	$ -	$ N/A	$ -	$ N/A	$ -	$ N/A	$ -	$ N/A	$ -	$ N/A
Debt										
MBIA Inc. Senior Unsecured	-	-	-	-	-	-	-	-	-	-
MBIA GFL MTN's(1)	-	-	25.5	4.8	-	-	-	-	25.5	4.8
MBIA Inc. (Consolidated)	$ -	$ -	$ 25.5	$ 4.8	$ -	$ -	$ -	$ -	$ 25.5	$ 4.8

(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, 2023	December 31, 2022
Assets		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $1,719 and $1,607)	$ 1,584	$ 1,433
Investments carried at fair value	169	325
Investments pledged as collateral, at fair value (amortized cost $97 and $100)	85	87
Short-term investments at fair value (amortized cost $241 and $208)	241	208
Total investments	2,079	2,053
Cash and cash equivalents	14	14
Securities purchased under agreements to resell	83	85
Premiums receivable	122	123
Deferred acquisition costs	62	64
Insurance loss recoverable	63	106
Other assets	49	46
Total assets	**$ 2,472**	**$ 2,491**
Liabilities and Equity		
Liabilities:		
Unearned premium revenue	$ 231	$ 238
Loss and loss adjustment expense reserves	85	154
Securities sold under agreements to repurchase	83	85
Payable for investments purchased	3	-
Other liabilities	25	28
Total liabilities	**427**	**505**
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	499	482
Accumulated other comprehensive income (loss), net of tax of $12 and $12	(134)	(176)
Total equity	**2,045**	**1,986**
Total liabilities and equity	**$ 2,472**	**$ 2,491**

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

	Three Months Ended March 31,	
	2023	**2022**
Revenues:		
Premiums earned:		
Scheduled premiums earned	$ 7	$ 8
Refunding premiums earned	-	5
Premiums earned	7	13
Net investment income	23	17
Net realized investment gains (losses)	(2)	(1)
Net gains (losses) on financial instruments at fair value and foreign exchange	2	(16)
Fees and reimbursements	1	2
Other net realized gains (losses)	-	(3)
Total revenues	31	12
Expenses:		
Losses and loss adjustment	-	87
Amortization of deferred acquisition costs	2	3
Operating	12	13
Total expenses	14	103
Income (loss) before income taxes	17	(91)
Provision (benefit) for income taxes	-	-
Net income (loss)	**$ 17**	**$ (91)**

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, 2023

	Ending Gross Par Outstanding	Ending Gross Debt Service Outstanding	Gross Unearned Premiums	Expected Future Premiums Earnings (1) Upfronts	Installments	Accretion	Total	Net Cash Premiums Collected and Expected (2)
1st Qtr. 2023	31,051	62,017	231					1
2nd Qtr. 2023	30,510	60,941	225	4	2	1	7	2
3rd Qtr. 2023	29,399	58,944	219	4	2	1	7	3
4th Qtr. 2023	28,955	57,898	213	4	2	1	7	4
2024	26,456	52,864	190	16	7	3	26	10
2025	24,135	48,097	169	14	7	3	24	10
2026	21,538	43,214	150	12	7	3	22	9
2027	18,598	38,046	133	10	7	3	20	9
2028-2032	10,141	20,852	72	33	28	11	72	40
2033-2037	5,413	10,835	36	14	22	7	43	33
2038-2042	3,067	5,356	14	6	16	4	26	24
2043-2047	1,148	2,205	3	3	8	1	12	14
2048-2052	102	421	-	1	2	-	3	3
2053 and thereafter	-	-	-	-	-	-	-	-
Total				$121	$110	$38	$269	$161

(1) Actual future premium earnings will differ from the current projection due to refundings.
(2) Represents installment-based future net undiscounted collections.

Statutory Balance Sheets Summary

	3/31/2023	12/31/2022
Assets:		
Cash and Investments	$ 2,213	$ 2,037
Asset Swap Facility with MBIA Inc.	83	85
Other Assets	23	18
Total Assets	$ 2,319	$ 2,140
Liabilities:		
Unearned Premiums	$ 253	$ 262
Loss and LAE Reserves (1)	25	(140)
Contingency Reserve	379	379
Asset Swap Facility with MBIA Inc.	83	85
Other Liabilities	12	9
Total Liabilities	752	595
Total Policyholders' Surplus	1,567	1,545
Total Liabilities and Policyholders' Surplus	$ 2,319	$ 2,140

Claims-Paying Resources

	3/31/2023	12/31/2022
Policyholders' Surplus	$ 1,567	$ 1,545
Contingency Reserve	379	379
Statutory Capital	1,946	1,924
Unearned Premiums	253	262
Present Value of Installment Premiums (1)	110	110
Premium Resources (2)	363	372
Net Loss and LAE Reserves (1)	25	(140)
Salvage Reserves on Paid Claims (1)	63	288
Gross Loss and LAE Reserves	88	148
Total Claims-Paying Resources	$ 2,397	$ 2,444
Net Debt Service Outstanding	$ 60,328	$ 61,616
Gross Par Outstanding	$ 31,051	$ 31,652
Capital Ratio	31:1	32:1
Claims-Paying Resources Ratio	25:1	25:1
Leverage Ratio	16:1	16:1

(1) Calculated using a discount rate of 4.29% as of March 31, 2023 and December 31, 2022.
(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, 2023
(in millions)

GAAP Accounting Basis

Investments[(1)]		Market Value	% of Market Value		Amortized Cost	% Book Yield
Fixed-Maturity Securities:						
Long-Term Taxable	$	1,669	94	$	1,816	4.27
Short-Term		107	6		107	4.74
Total Fixed Maturity		1,776	100	$	1,923	4.30
Cash and Cash Equivalents		14				
Total Fixed Income Including Cash and Cash Equivalents		1,790				
Investments Carried at Fair Value		303				
Total	$	2,093				
Fixed Income Portfolio Including Cash and Cash Equivalents						
Corporate Obligations	$	1,009	56			
MBS		272	15			
US Treasury		237	13			
ABS		195	11			
State and Municipal Bonds		52	3			
Cash and Cash Equivalents		14	1			
Foreign Governments		11	1			
Total	$	1,790	100			
Effective Maturity Profile						
Cash and Cash Equivalents	$	14	1			
≤ 1 yr		151	8			
> 1 to 5 yrs		487	27			
> 5 to 10 yrs		391	22			
> 10 to 15 yrs		349	19			
> 15 to 20 yrs		99	6			
> 20 yrs		299	17			
Total	$	1,790	100			
Credit Quality Distribution of Long-Term Bonds Rating [(2)]						
Aaa	$	549	33			
Aa		73	4			
A		296	18			
Baa		403	24			
BIG		320	19			
NR		28	2			
	$	1,669	100			

Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 13.54 years

Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 6.41 years

(1) Includes Asset Swap between National and MBIA Inc. with a notional amount of $83 million and a market value of $85 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)

2023	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-Date
Beginning Cash (2)	**$ 10**				**$ 10**
Total Inflows(3)	192				192
Gross Loss & LAE Payments	21				21
Other Payments	13				13
Total Outflows	34				34
Operating Cash Flow	158				158
Investing Activities	(158)				(158)
Ending Cash (2)	**$ 10**				**$ 10**
Other Liquid Assets(6)	253				253
Ending Liquidity Position	**$ 263**				**$ 263**

2022	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Cash (2)	**$ 65**	**$ 9**	**$ 157**	**$ 10**	**$ 65**
Total Inflows(3)(4)	634	234	372	180	1,420
Gross Loss & LAE Payments (5)	326	9	103	558	996
Other Payments	10	38	33	7	88
Total Outflows	336	47	136	565	1,084
Operating Cash Flow	298	187	236	(385)	336
Financing Activities	-	-	-	(72)	(72)
Investing Activities	(354)	(39)	(383)	457	(319)
Net Cash Flow	(56)	148	(147)	-	(55)
Ending Cash (2)	**$ 9**	**$ 157**	**$ 10**	**$ 10**	**$ 10**
Other Liquid Assets(6)	301	363	721	220	220
Ending Liquidity Position	**$ 310**	**$ 520**	**$ 731**	**$ 230**	**$ 230**

(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 salvage proceeds received from Puerto Rico GO bond restructuring deal.
(5) First quarter includes $277 million payment to accelerate/commute National's remaining Puerto Rico GO bond exposure; fourth quarter includes $556 million payment to accelerate/commute National's remaining Puerto Rico HTA 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, 2023			
	Par Outstanding (1)		Debt Service Outstanding (1)	
	Gross Amount	%	Gross Amount	%
United States				
California	$ 6,438	20.7	$ 14,581	23.5
New Jersey	2,774	9.0	4,038	6.5
Hawaii	1,792	5.8	3,790	6.1
Illinois	1,775	5.7	7,238	11.7
Texas	1,526	4.9	2,816	4.5
Georgia	1,236	4.0	1,556	2.5
New York	1,212	3.9	1,860	3.0
Oregon	1,210	3.9	2,015	3.3
Florida	1,063	3.4	1,245	2.0
Virginia	936	3.0	3,468	5.6
Subtotal	19,962	64.3	42,607	68.7
Other States & Territories	8,204	26.4	13,736	22.1
Nationally Diversified	2,885	9.3	5,674	9.2
Total	$ 31,051	100.0	$ 62,017	100.0

By Bond Type

	Outstanding as of March 31, 2023			
	Par Outstanding (1)		Debt Service Outstanding (1)	
	Gross Amount	%	Gross Amount	%
Bond Type				
General Obligation(2)	$ 8,869	28.6	$ 18,662	30.1
Military Housing	6,742	21.7	13,667	22.1
Tax-Backed	5,464	17.6	11,931	19.2
Municipal Utilities	5,194	16.7	7,385	11.9
Transportation	2,144	6.9	6,663	10.8
General Obligation - Lease	922	3.0	1,265	2.0
Higher Education	781	2.5	1,102	1.8
Health Care	566	1.8	828	1.3
Investor Owned Utilities(3)	318	1.0	444	0.7
Other(4)	51	0.2	70	0.1
Total	$ 31,051	100.0	$ 62,017	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, 2023[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	$ 1,689
2	Army Hawaii Family Housing	HI	aa3	1,053	1,053	1,995
3	Oregon School Boards Association General Obligation	OR	aa3	987	1,047	1,223
4	Camp Pendleton Quantico Housing Privatization	CA	aa2	972	972	1,885
5	San Diego Family Housing Privitization Military	CA	aa1	903	903	1,772
6	Ohana Military Communities, LLC	HI	aa3	739	862	1,794
7	Puerto Rico Electric Power Authority	PR	d	710	710	926
8	Atlantic Marine Corps Communities LLC	NC	N/A[3]	612	612	1,214
9	Navy Mid-Atlantic Family Housing LLC	VA	aa2	509	509	971
10	Illinois Regional Transportation Authority	IL	a2	489	489	645
11	LCOR Alexandria L.L.C. Federal Lease	VA	bb2	485	485	666
12	Great River Energy Public Power	MN	a3	483	483	672
13	Massachusetts Special Obligation Dedicated Tax Hotel/Motel	MA	bbb2	426	426	580
14	Navy Southeast	FL	bbb3	388	388	884
15	New Jersey Transportation Trust Fund Authority	NJ	bbb2	374	503	643
16	Illinois Metropolitan Pier & Exposition Authority	IL	bbb3	364	1,470	3,845
17	Phoenix Civic Improvement Corp State Payments	AZ	aa3	355	355	623
18	City of Chicago Board of Education	IL	bbb3	354	980	1,268
19	Toll Road Investors Partnership II L.P. Dulles Greenway Project	VA	bbb3	331	1,070	2,650
20	Santa Clara County Pension Obligation	CA	aa3	330	389	595
21	Fort Drum Family Housing	NY	a2	316	316	658
22	Oglethorpe Power Corporation	GA	bbb2	300	300	466
23	Arapahoe County E-470 Toll Road	CO	a3	276	922	1,415
24	Alameda Corridor Transportation Authority Port Revenue Bonds	CA	a3	259	474	824
25	Kentucky Municipal Power Agency	KY	bbb2	255	255	394
26	Fort Dix/McGuire AFB Military Housing	NJ	aa2	247	247	498
27	Pacific Beacon LLC	CA	a1	244	278	562
28	Tierra Vista Communities LLC	CO	a1	236	236	534
29	Philadelphia City Auth Industrial Dev GO	PA	bbb1	234	234	319
30	Sacramento County Water Financing Authority Water	CA	a2	229	229	336
31	San Mateo County Community College District GO	CA	aa1	228	501	717
32	New Jersey Economic Development Authority Lease	NJ	bbb2	219	219	257
33	New York State Power Authority	NY	aa2	216	216	382
34	Cincinnati City School District General Obligation	OH	aa3	212	212	272
35	City of Houston Combined Utility System Revenue Bonds	TX	a2	203	203	203
36	Fort Hood Family Housing	TX	a1	195	195	296
37	Pacific Norhwest Communities LLC	WA	aa3	192	192	370
38	Fresno County Pension Obligation	CA	aa3	191	410	562
39	Georgia Municipal Electric Authority	GA	a3	190	190	200
40	Great Lakes Water Authority - Sewer System	MI	bbb1	189	189	222
41	Detroit City Water System	MI	bbb1	176	176	202
42	District of Columbia Sales Tax-Stadium Revenue	DC	bbb1	175	175	246
43	Central Puget Sound Regional Transit Auth Sales	WA	aa2	171	171	194
44	City of Bridgeport (CT) General Obligation	CT	bbb2	160	160	212
45	Milwaukee Public Schools GO	WI	a3	147	183	327
46	Lambert-Saint Louis City International Airport	MO	bbb1	146	146	197
47	Christus Health System	TX	a2	140	140	140
48	Georgia Municipal Association Grantor Trust	GA	bbb1	139	139	176
49	Virgin Islands Public Finance Authority Gross Receipts	VI	bb1	137	137	164
50	Essex County GO	NJ	a1	136	136	173
				$ 18,306	$ 22,571	$ 38,058
	Total Portfolio Exposure			$ 31,051	$ 41,351	$ 62,017
	50 Largest Credits as % of Total Portfolio			59.0%	54.6%	61.4%

(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, 2023
(in millions)

Credit Quality Distribution(1)(2)

	Gross Par Outstanding Amount	%	Gross Debt Service Outstanding Amount	%
Public Finance				
AAA	$ 1,388	4.5%	$ 3,167	5.1%
AA	13,243	42.6%	23,584	38.0%
A	9,524	30.7%	21,265	34.3%
BBB	4,870	15.7%	7,880	12.7%
<BBB	2,026	6.5%	6,121	9.9%
Total	$ 31,051	100.0%	$ 62,017	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	$ 710	$ 710	$ 926
2	City of Chicago Board of Education	354	980	1,268
3	Toll Road Investors Partnership II L.P. Dulles Greenway Project	331	1,070	2,650
4	Virgin Islands Public Finance Authority Gross Receipts	137	137	164
5	Atlantic Marine Corps Communities LLC (Class IV)	132	132	241
6	Frontier Communications OPCO	115	115	151
7	Harris County-Houston Sports Authority	76	258	488
8	University of Puerto Rico System Revenue	67	67	83
9	Atlantic City Casino Reinvestment Development Authority Parking Fee	54	54	58
10	Detroit City Downtown Development#1 TAB	19	19	24
	Total Top 10 BIG Outstanding	$ 1,995	$ 3,542	$ 6,053
	Total BIG Outstanding	$ 2,026	$ 3,599	$ 6,121
	Total National Outstanding	$ 31,051	$ 41,351	$ 62,017
	Top 10 BIG as % of National	**6.4%**	**8.6%**	**9.8%**
	Total BIG as % of National	**6.5%**	**8.7%**	**9.9%**
	Total BIG as % of National by National ratings	**5.8%**	**4.8%**	**4.5%**

(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, 2023		December 31, 2022	
Assets				
Bonds	$	176	$	178
Cash, cash equivalents and short-term investments		54		45
Investment in MBIA Mexico		15		14
Total investments		245		237
Other assets		4		5
Total assets	**$**	**249**	**$**	**242**
Liabilities				
Unearned premiums	$	36	$	36
Contingency reserve		5		5
Loss and LAE reserve (1)		64		35
Other liabilities		2		2
Total liabilities		**107**		**78**
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)		(1,885)		(1,863)
Total policyholders' surplus		**142**		**164**
Total liabilities and policyholders' surplus	**$**	**249**	**$**	**242**

(1) Calculated using a discount rate of 5.53% as of March 31, 2023 and December 31, 2022.

MBIA Insurance Corporation
Statutory Statements of Income
(in millions)

	Three Months Ended March 31,	
	2023	2022
Gross premiums written	$ 2	$ 2
Ceded premiums written	(1)	(1)
Net premiums written	1	1
Underwriting income		
Net premiums earned	3	5
Losses and LAE incurred	21	10
Underwriting expenses incurred	5	4
Net underwriting income (loss)	(23)	(9)
Investment income		
Net investment income earned	3	1
Other income (expense)	-	(6)
Income (loss) before income taxes	(20)	(14)
Provision (benefit) for income taxes	-	-
Net income (loss)	**$ (20)**	**$ (14)**

MBIA Insurance Corporation (excluding Subsidiary)

Liquidity Position (1)

(in millions)

2023	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-Date
Beginning Cash	**$ 6**				**$ 6**
Premiums and Fees	4				4
Salvage Received	26				26
Net Investment Income	2				2
Other (2)	1				1
Total Inflows	33				33
Gross Loss & LAE Payments (2)	25				25
Other Payments	6				6
Total Outflows	31				31
Operating Cash Flow	2				2
Net Cash Flow	2				2
Ending Cash	**$ 8**				**$ 8**
Other Liquid Assets (5)	43				43
Ending Liquidity Position	**$ 51**				**$ 51**

2022	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Cash	**$ 57**	**$ 52**	**$ 12**	**$ 41**	**$ 57**
Premiums and Fees	4	10	10	8	32
Salvage Received	3	2	19	9	33
Net Investment Income	1	3	3	4	11
Other (2)	-	-	18	-	18
Total Inflows	8	15	50	21	94
Gross Loss & LAE Payments (2)	10	11	8	71	100
Other Payments (3)	3	9	17	5	34
Total Outflows	13	20	25	76	134
Operating Cash Flow	(5)	(5)	25	(55)	(40)
Financing Activities (4)	-	(70)	(8)	-	(78)
Investing Activities	-	35	12	20	67
Net Cash Flow	(5)	(40)	29	(35)	(51)
Ending Cash	**$ 52**	**$ 12**	**$ 41**	**$ 6**	**$ 6**
Other Liquid Assets (5)	220	66	18	35	35
Ending Liquidity Position	**$ 272**	**$ 78**	**$ 59**	**$ 41**	**$ 41**

(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) 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.
(3) Includes reinsurance related payments to third parties in 3Q.
(4) Includes maturity of MZ Funding junior notes in 2Q.
(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, 2023

	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. 2023	3,343	4,504	36				1
2nd Qtr. 2023	3,243	4,359	32	4	1	5	3
3rd Qtr. 2023	3,090	4,156	31	1	2	3	1
4th Qtr. 2023	2,977	4,000	28	3	2	5	3
2024	2,551	3,412	20	8	7	15	7
2025	2,154	2,881	13	7	7	14	6
2026	1,772	2,387	4	9	5	14	4
2027	1,606	2,127	3	1	3	4	3
2028-2032	920	1,118	1	2	10	12	10
2033-2037	231	275	-	1	4	5	4
2038-2042	54	67	-	-	-	-	-
2043 and thereafter	-	-	-	-	-	-	-
Total				$ 36	$ 41	$ 77	$ 41

(1) Excludes $15 million and $19 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

	3/31/2023	12/31/2022
Policyholders' Surplus	$ 142	$ 164
Contingency Reserve	5	5
Statutory Capital	147	169
Unearned Premiums	36	36
Present Value of Installment Premiums (1)	33	34
Premium Resources (2)	69	70
Net Loss and LAE Reserves (1)	64	35
Salvage Reserves on Paid Claims (1) (3)	328	395
Gross Loss and LAE Reserves	392	430
Total Claims-Paying Resources	$ 608	$ 669
Net Debt Service Outstanding	$ 4,296	$ 4,395
Capital Ratio	29:1	26:1
Claims-Paying Resources Ratio	7:1	7:1

(1) Calculated using a discount rate of 5.53% as of March 31, 2023 and December 31, 2022.
(2) The amounts consist of financial guarantee insurance premiums and insured credit derivative revenue.
(3) The March 31, 2023 and December 31, 2022 balances include salvage related to a permitted practice granted by the NYSDFS.

MBIA Insurance Corporation
Investment Portfolio Including Cash and Cash Equivalents
as of March 31, 2023
(in millions)

Statutory Accounting Basis

Investments		Book/ Adjusted Carry Value	% Book Yield		Market Value	% of Market Value
Bonds						
Long-Term Tax-Exempt	$	24	4.69	$	25	14
Long-Term Taxable		152	5.81		149	86
Total Bonds		176	5.67	$	174	100
Cash and Cash Equivalents		54				
Total Fixed Income Including Cash and Cash Equivalents		230				
Common Stocks		15				
Total	$	245				

Fixed Income Portfolio Including Cash and Cash Equivalents			% of Book/ Adjusted Carry Value
State and Municipal	$	71	31
Cash and Cash Equivalents		54	23
Corporate Obligations		46	20
ABS		35	15
MBS		20	9
US Treasury		4	2
Total	$	230	100
Effective Maturity Profile of Fixed Income Portfolio			
Cash and Cash Equivalents	$	54	23
≤ 1 yr		4	2
> 1 to 5 yrs		11	5
> 5 to 10 yrs		66	29
> 10 to 15 yrs		53	23
> 15 to 20 yrs		16	7
> 20 yrs		26	11
Total	$	230	100
Credit Quality Distribution of Long-Term Bonds Rating (1)			
Aaa	$	11	6
Aa		57	32
A		7	4
Baa		34	19
BIG		55	32
NR		12	7
	$	176	100

Total Fixed Income Investments Including Cash and Cash Equivalents Average Maturity: 9.78 years

Total Fixed Income Investments Including Cash and Cash Equivalents Duration: 5.13 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, 2023 (1)(2)(3) Gross	%
Public Finance: Non-United States		
Sovereign and Sub-Sovereign (4)	$ 1,164	34.8
Transportation	452	13.5
Other (5)	85	2.6
International Utilities	10	0.3
Total Non-United States Public Finance	$ 1,711	51.2
Structured Finance - Global		
Mortgage Backed Residential	$ 801	24.0
Corporate Asset Backed	398	11.9
Mortgage Backed Commercial	174	5.2
Consumer Asset Backed	130	3.9
Collateralized Debt Obligations	129	3.8
Total Global Structured Finance	1,632	48.8
Grand Total	$ 3,343	100.0

Par Value by Geography

	Outstanding as of March 31, 2023 (1)(2)(3) Gross	%
United States	$ 1,136	34.0
Mexico	639	19.1
Canada	468	14.0
United Kingdom	392	11.7
Chile	376	11.3
France	84	2.5
Ireland	73	2.2
Australia	10	0.3
Internationally Diversified	165	4.9
Total Non-United States	2,207	66.0
Total	$ 3,343	100.0

(1) Excludes $0.7 billion guaranteed by MBIA Insurance Corporation for 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 $15 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.

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

	Obligor Name		Gross Par Outstanding as of March 31, 2023
1	MS CDO 29	$	117
2	Hipotecaria Su Casita 2007-2		115
3	Morgan Stanley Mortgage Loan Trust 2006-15XS		101
4	Morgan Stanley Mortgage Loan Trust 2007-8XS		60
5	Morgan Stanley Mortgage Loan Trust 2007-10XS		52
6	Hipotecaria Su Casita 2007-1		42
7	Morgan Stanley Mortgage Loan Trust 2006-17XS		38
8	Deutsche Bank Alt-A Securities Trust 2007-AR3		38
9	TBW Corp. Series 2006-6 Class A4, A5A		35
10	Deutsche Bank ALT 2007-1		29
	Total Top 10 Below Investment Grade	$	627
	Total BIG Gross Par Outstanding	$	950
	Total MBIA Corp. Gross Par Outstanding	$	3,343
	Top 10 BIG Gross Par Outstanding as % of MBIA Corp. Gross Par Outstanding		**18.8%**
	Total BIG Gross Par Outstanding as % of MBIA Corp. Gross Par Outstanding		**28.4%**

(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]

	3/31/2023	12/31/2022
Assets:		
Investments:		
Fixed-maturity securities held as available-for-sale, at fair value (amortized cost $458 and $468) [2]	$ 440	$ 436
Investments carried at fair value	38	39
Short-term investments at fair value (amortized cost $79 and $105)	79	105
Other investments	16	16
Total investments	573	596
Cash and cash equivalents	35	18
Other assets	30	31
Total Assets	**638**	**645**
Liabilities:		
Investment agreements [3]	233	233
Global Funding LLC, Medium-term Notes	507	501
MBIA Inc. Senior Unsecured	628	621
Derivative liabilities	57	48
Other liabilities	54	69
Total Liabilities	**1,479**	**1,472**
Total Equity	**$ (841)**	**$ (827)**

(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 $85 million and $73 million posted to derivative counterparties as of March 31, 2023 and December 31, 2022, respectively.
(3) Fair value of securities pledged as collateral for investment agreements were $228 million and $251 million as of March 31, 2023 and December 31, 2022, respectively.

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

2023	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-Date
Beginning Liquidity Position	**$ 230**				**$ 230**
Total Cash Inflows	5				5
MTN P&I Payments	4				4
Debt P&I Payments	4				4
Contributions to Subsidiaries	10				10
Other Payments	6				6
Total Cash Outflows	24				24
Investment and Other Activity	3				3
Change in Liquidity Position	(16)				(16)
Ending Liquidity Position	**$ 214**				**$ 214**

2022	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Full Year
Beginning Liquidity Position	**$ 239**	**$ 216**	**$ 188**	**$ 172**	**$ 239**
Total Cash Inflows	4	9	4	78	95
MTN P&I Payments	1	50	-	1	52
Debt P&I Payments	4	16	3	16	39
Contributions to Subsidiaries	-	2	5		7
Debt Buybacks	-	25	-		25
Other Payments	15	3	5	6	29
Total Cash Outflows	20	96	13	23	152
Investment and Other Activity	(7)	59	(7)	3	48
Change in Liquidity Position	(23)	(28)	(16)	58	(9)
Ending Liquidity Position	**$ 216**	**$ 188**	**$ 172**	**$ 230**	**$ 230**

(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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