



QUARTERLY STATEMENT
AS OF MARCH 31, 2020
OF THE CONDITION AND AFFAIRS OF THE
FINANCIAL GUARANTY INSURANCE COMPANY

NAIC Group Code 00000, 00000 NAIC Company Code 12815 Employer's ID Number 13-2710717
Organized under the Laws of New York, State of Domicile or Port of Entry New York
Country of Domicile United States
Incorporated/Organized 04/10/1972 Commenced Business 07/01/1972
Statutory Home Office 463 7th Avenue, Suite 1600 New York, NY, US 10018
Main Administrative Office 463 7th Avenue, Suite 1600 New York, NY, US 10018 212-312-3000
Mail Address 463 7th Avenue, Suite 1600 New York, NY, US 10018
Primary Location of Books and Records 463 7th Avenue, Suite 1600 New York, NY, US 10018 212-312-3000
Internet Web Site Address http://www.fgic.com
Statutory Statement Contact Karen L. Brenner 212-312-3041
karen.brenner@fgic.com (E-Mail Address) 212-312-3093 (Fax Number)

OFFICERS

Table with 4 columns: Name, Title, Name, Title. Includes Timothy S. Travers (Chief Executive Officer), Karen L. Brenner (VP, Controller and Chief Accounting Officer), A. Edward Turi, III (Executive Vice President and General Counsel).

OTHER OFFICERS

Empty line for other officers.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Name, Name, Name. Includes Jamie B. Stewart, Jr., Chairman; Derek M. Donnelly; Cono R. Fusco; Edward J. Grzybowski; Paula A. Price; Timothy S. Travers; A. Edward Turi, III.

State of New York
County of New York ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Timothy S. Travers Chief Executive Officer
A. Edward Turi, III Executive Vice President and General Counsel
Karen L. Brenner VP, Controller and Chief Accounting Officer

- a. Is this an original filing? Yes [X] No [ ]
b. If no:
1. State the amendment number
2. Date filed
3. Number of pages attached

Subscribed and sworn to before me this day of

STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY

ASSETS

|   | Current Statement Date |                         |   | 4<br>December 31<br>Prior Year Net<br>Admitted Assets |
|---|------------------------|-------------------------|---|---|
|   | 1<br>Assets            | 2<br>Nonadmitted Assets | 3<br>Net Admitted Assets<br>(Cols. 1 - 2) |   |
| 1. Bonds .....  | 1,983,714,790          |                         | 1,983,714,790                             | 2,020,221,244   |
| 2. Stocks:  |                        |                         |   |   |
| 2.1 Preferred stocks .....  |                        |                         | 0   | 0   |
| 2.2 Common stocks .....   | 33,200,000             |                         | 33,200,000                                | 33,200,000  |
| 3. Mortgage loans on real estate:   |                        |                         |   |   |
| 3.1 First liens .....   |                        |                         | 0   | 0   |
| 3.2 Other than first liens .....  |                        |                         | 0   | 0   |
| 4. Real estate:   |                        |                         |   |   |
| 4.1 Properties occupied by the company (less<br>\$ ..... encumbrances) .....  |                        |                         | 0   | 0   |
| 4.2 Properties held for the production of income<br>(less \$ ..... encumbrances) .....  |                        |                         | 0   | 0   |
| 4.3 Properties held for sale (less<br>\$ ..... encumbrances) .....  |                        |                         | 0   | 0   |
| 5. Cash (\$ .....39,217,347 ),<br>cash equivalents (\$ .....61,389,264 )<br>and short-term investments (\$ .....6,290,452 ) .....                           | 106,897,063            |                         | 106,897,063                               | 91,598,342  |
| 6. Contract loans (including \$ ..... premium notes) .....  |                        |                         | 0   | 0   |
| 7. Derivatives .....  | 0                      |                         | 0   | 0   |
| 8. Other invested assets .....  | 8,855,993              |                         | 8,855,993                                 | 8,857,808   |
| 9. Receivables for securities .....   | 1,450                  |                         | 1,450                                     | 9,203   |
| 10. Securities lending reinvested collateral assets .....   |                        |                         | 0   | 0   |
| 11. Aggregate write-ins for invested assets .....   | 61,591,277             | 0                       | 61,591,277                                | 38,763,875  |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) .....   | 2,194,260,573          | 0                       | 2,194,260,573                             | 2,192,650,472   |
| 13. Title plants less \$ ..... charged off (for Title insurers<br>only) .....   |                        |                         | 0   | 0   |
| 14. Investment income due and accrued .....   | 17,725,359             |                         | 17,725,359                                | 18,832,608  |
| 15. Premiums and considerations:  |                        |                         |   |   |
| 15.1 Uncollected premiums and agents' balances in the course of<br>collection .....   |                        |                         | 0   | 0   |
| 15.2 Deferred premiums, agents' balances and installments booked but<br>deferred and not yet due (including \$ ..... earned<br>but unbilled premiums) ..... |                        |                         | 0   | 0   |
| 15.3 Accrued retrospective premiums (\$ ..... ) and<br>contracts subject to redetermination (\$ ..... ) .....   |                        |                         | 0   | 0   |
| 16. Reinsurance:  |                        |                         |   |   |
| 16.1 Amounts recoverable from reinsurers .....  | 34,412                 |                         | 34,412                                    | 41,126  |
| 16.2 Funds held by or deposited with reinsured companies .....  |                        |                         | 0   | 0   |
| 16.3 Other amounts receivable under reinsurance contracts .....   |                        |                         | 0   | 0   |
| 17. Amounts receivable relating to uninsured plans .....  |                        |                         | 0   | 0   |
| 18.1 Current federal and foreign income tax recoverable and interest thereon .....  | 5,751,408              |                         | 5,751,408                                 | 2,875,704   |
| 18.2 Net deferred tax asset .....   |                        |                         | 0   | 0   |
| 19. Guaranty funds receivable or on deposit .....   |                        |                         | 0   | 0   |
| 20. Electronic data processing equipment and software .....   | 86,446                 | 86,446                  | 0   | 0   |
| 21. Furniture and equipment, including health care delivery assets<br>(\$ ..... ) .....   | 261,861                | 261,861                 | 0   | 0   |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates .....  |                        |                         | 0   | 0   |
| 23. Receivables from parent, subsidiaries and affiliates .....  | 306,911                |                         | 306,911                                   | 60,918  |
| 24. Health care (\$ ..... ) and other amounts receivable .....  |                        |                         | 0   | 0   |
| 25. Aggregate write-ins for other-than-invested assets .....  | 110                    | 0                       | 110                                       | 8,088   |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and<br>Protected Cell Accounts (Lines 12 to 25) .....                                     | 2,218,427,080          | 348,307                 | 2,218,078,773                             | 2,214,468,916   |
| 27. From Separate Accounts, Segregated Accounts and Protected<br>Cell Accounts .....  |                        |                         | 0   | 0   |
| 28. Total (Lines 26 and 27) .....   | 2,218,427,080          | 348,307                 | 2,218,078,773                             | 2,214,468,916   |
| <b>DETAILS OF WRITE-INS</b>   |                        |                         |   |   |
| 1101. Other Invested Assets .....   | 61,591,277             |                         | 61,591,277                                | 38,763,875  |
| 1102. ....  |                        |                         |   |   |
| 1103. ....  |                        |                         |   |   |
| 1198. Summary of remaining write-ins for Line 11 from overflow page .....   | 0                      | 0                       | 0   | 0   |
| 1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....  | 61,591,277             | 0                       | 61,591,277                                | 38,763,875  |
| 2501. Premium Taxes and State Income Tax Refunds .....  | 110                    |                         | 110                                       | 110   |
| 2502. Miscellaneous Receivables .....   | 0                      |                         | 0   | 7,978   |
| 2503. ....  |                        |                         | 0   | 0   |
| 2598. Summary of remaining write-ins for Line 25 from overflow page .....   | 0                      | 0                       | 0   | 0   |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....  | 110                    | 0                       | 110                                       | 8,088   |

STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

|   | 1<br>Current<br>Statement Date | 2<br>December 31,<br>Prior Year |
|---|--------------------------------|---------------------------------|
| 1. Losses (current accident year \$ ..... )   | 1,649,780,468                  | 1,678,683,115                   |
| 2. Reinsurance payable on paid losses and loss adjustment expenses  |                                | 0                               |
| 3. Loss adjustment expenses   | 11,334,747                     | 9,407,651                       |
| 4. Commissions payable, contingent commissions and other similar charges  |                                | 0                               |
| 5. Other expenses (excluding taxes, licenses and fees)  | 16,524,395                     | 27,362,368                      |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes)  | 5,377                          | 9,962                           |
| 7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses))  |                                | 0                               |
| 7.2 Net deferred tax liability  |                                | 0                               |
| 8. Borrowed money \$ ..... and interest thereon \$ .....  |                                | 0                               |
| 9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ ..... 935,696 and including warranty reserves of \$ ..... and accrued accident and health experience rating refunds including \$ ..... for medical loss ratio rebate per the Public Health Service Act) | 36,219,692                     | 36,112,299                      |
| 10. Advance premium   |                                | 0                               |
| 11. Dividends declared and unpaid:  |                                |                                 |
| 11.1 Stockholders   |                                | 0                               |
| 11.2 Policyholders  |                                | 0                               |
| 12. Ceded reinsurance premiums payable (net of ceding commissions)  | 145,814                        | 1,017                           |
| 13. Funds held by company under reinsurance treaties  |                                | 0                               |
| 14. Amounts withheld or retained by company for account of others   |                                | 0                               |
| 15. Remittances and items not allocated   |                                | 0                               |
| 16. Provision for reinsurance (including \$ ..... certified)  |                                | 0                               |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates   |                                | 0                               |
| 18. Drafts outstanding  |                                | 0                               |
| 19. Payable to parent, subsidiaries and affiliates  |                                | 0                               |
| 20. Derivatives   | 0                              | 0                               |
| 21. Payable for securities  | 42,165,752                     | 6,155,000                       |
| 22. Payable for securities lending  |                                | 0                               |
| 23. Liability for amounts held under uninsured plans  |                                | 0                               |
| 24. Capital notes \$ ..... and interest thereon \$ .....  |                                | 0                               |
| 25. Aggregate write-ins for liabilities   | 395,502,528                    | 390,337,504                     |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)   | 2,151,678,773                  | 2,148,068,916                   |
| 27. Protected cell liabilities  |                                | 0                               |
| 28. Total liabilities (Lines 26 and 27)   | 2,151,678,773                  | 2,148,068,916                   |
| 29. Aggregate write-ins for special surplus funds   | 0                              | 0                               |
| 30. Common capital stock  | 15,000,000                     | 15,000,000                      |
| 31. Preferred capital stock   | 300,000,000                    | 300,000,000                     |
| 32. Aggregate write-ins for other than special surplus funds  | 0                              | 0                               |
| 33. Surplus notes   |                                | 0                               |
| 34. Gross paid in and contributed surplus   |                                | 0                               |
| 35. Unassigned funds (surplus)  | (248,600,000)                  | (248,600,000)                   |
| 36. Less treasury stock, at cost:   |                                |                                 |
| 36.1 ..... shares common (value included in Line 30 \$ ..... )  |                                | 0                               |
| 36.2 ..... shares preferred (value included in Line 31 \$ ..... )   |                                | 0                               |
| 37. Surplus as regards policyholders (Lines 29 to 35, less 36)  | 66,400,000                     | 66,400,000                      |
| 38. Totals (Page 2, Line 28, Col. 3)  | 2,218,078,773                  | 2,214,468,916                   |
| <b>DETAILS OF WRITE-INS</b>   |                                |                                 |
| 2501. Contingency Reserve   | 395,164,682                    | 390,153,581                     |
| 2502. Other Liabilities   | 337,846                        | 183,923                         |
| 2503. ....  |                                |                                 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page   | 0                              | 0                               |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)  | 395,502,528                    | 390,337,504                     |
| 2901. ....  |                                | 0                               |
| 2902. ....  |                                |                                 |
| 2903. ....  |                                |                                 |
| 2998. Summary of remaining write-ins for Line 29 from overflow page   | 0                              | 0                               |
| 2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)  | 0                              | 0                               |
| 3201. ....  |                                | 0                               |
| 3202. ....  |                                | 0                               |
| 3203. ....  |                                | 0                               |
| 3298. Summary of remaining write-ins for Line 32 from overflow page   | 0                              | 0                               |
| 3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)  | 0                              | 0                               |

## STATEMENT OF INCOME

|   | 1<br>Current Year<br>to Date | 2<br>Prior Year<br>to Date | 3<br>Prior Year Ended<br>December 31 |
|---|------------------------------|----------------------------|--------------------------------------|
| <b>UNDERWRITING INCOME</b>  |                              |                            |                                      |
| 1. Premiums earned:   |                              |                            |                                      |
| 1.1 Direct (written \$ 1,847,858 )  | 1,597,648                    | 1,814,615                  | 7,701,629                            |
| 1.2 Assumed (written \$ )   |                              | 0                          | 0                                    |
| 1.3 Ceded (written \$ 211,663 )   | 68,846                       | 70,825                     | 271,582                              |
| 1.4 Net (written \$ 1,636,195 )   | 1,528,802                    | 1,743,790                  | 7,430,047                            |
| DEDUCTIONS:   |                              |                            |                                      |
| 2. Losses incurred (current accident year \$ ):   |                              |                            |                                      |
| 2.1 Direct  | (7,502,004)                  | 19,286,369                 | 90,613,836                           |
| 2.2 Assumed   |                              | 0                          | 0                                    |
| 2.3 Ceded   | 1,619,719                    | 269,768                    | 1,809,747                            |
| 2.4 Net   | (9,121,723)                  | 19,016,601                 | 88,804,089                           |
| 3. Loss adjustment expenses incurred  | 3,392,529                    | 15,480                     | (148,268)                            |
| 4. Other underwriting expenses incurred   | 6,885,494                    | 6,675,331                  | 29,207,130                           |
| 5. Aggregate write-ins for underwriting deductions  | 0                            | 0                          | 0                                    |
| 6. Total underwriting deductions (Lines 2 through 5)  | 1,156,300                    | 25,707,412                 | 117,862,951                          |
| 7. Net income of protected cells  | 0                            | 0                          | 0                                    |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)  | 372,502                      | (23,963,622)               | (110,432,904)                        |
| <b>INVESTMENT INCOME</b>  |                              |                            |                                      |
| 9. Net investment income earned   | 19,436,280                   | 19,252,977                 | 80,361,551                           |
| 10. Net realized capital gains (losses) less capital gains tax of \$ 560,089  | (6,430,803)                  | 17,556,471                 | 42,764,262                           |
| 11. Net investment gain (loss) (Lines 9 + 10)   | 13,005,477                   | 36,809,448                 | 123,125,813                          |
| <b>OTHER INCOME</b>   |                              |                            |                                      |
| 12. Net gain or (loss) from agents' or premium balances charged off<br>(amount recovered \$ amount charged off \$ )                                     |                              | 0                          | 0                                    |
| 13. Finance and service charges not included in premiums  |                              | 0                          | 0                                    |
| 14. Aggregate write-ins for miscellaneous income  | (3,797,952)                  | (8,415,173)                | 812,946                              |
| 15. Total other income (Lines 12 through 14)  | (3,797,952)                  | (8,415,173)                | 812,946                              |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)     | 9,580,027                    | 4,430,653                  | 13,505,855                           |
| 17. Dividends to policyholders  |                              | 0                          | 0                                    |
| 18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17) | 9,580,027                    | 4,430,653                  | 13,505,855                           |
| 19. Federal and foreign income taxes incurred   | (3,435,793)                  | (5,385,836)                | (11,781,949)                         |
| 20. Net income (Line 18 minus Line 19)(to Line 22)  | 13,015,820                   | 9,816,489                  | 25,287,804                           |
| <b>CAPITAL AND SURPLUS ACCOUNT</b>  |                              |                            |                                      |
| 21. Surplus as regards policyholders, December 31 prior year  | 66,400,000                   | 66,400,000                 | 66,400,000                           |
| 22. Net income (from Line 20)   | 13,015,820                   | 9,816,489                  | 25,287,804                           |
| 23. Net transfers (to) from Protected Cell accounts   |                              | 0                          | 0                                    |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of<br>\$ (1,674,956)  | (6,301,018)                  | (1,549,726)                | (536,219)                            |
| 25. Change in net unrealized foreign exchange capital gain (loss)   |                              | (2,145)                    | (1,619)                              |
| 26. Change in net deferred income tax   | (4,550,660)                  | (1,130,878)                | (3,018,245)                          |
| 27. Change in nonadmitted assets  | 2,846,959                    | 770,323                    | 3,066,663                            |
| 28. Change in provision for reinsurance   |                              | 0                          | 0                                    |
| 29. Change in surplus notes   |                              | 0                          | 0                                    |
| 30. Surplus (contributed to) withdrawn from protected cells   |                              | 0                          | 0                                    |
| 31. Cumulative effect of changes in accounting principles   |                              | 0                          | 0                                    |
| 32. Capital changes:  |                              |                            |                                      |
| 32.1 Paid in  |                              | 0                          | 0                                    |
| 32.2 Transferred from surplus (Stock Dividend)  |                              | 0                          | 0                                    |
| 32.3 Transferred to surplus   |                              | 0                          | 0                                    |
| 33. Surplus adjustments:  |                              |                            |                                      |
| 33.1 Paid in  |                              | 0                          | 0                                    |
| 33.2 Transferred to capital (Stock Dividend)  |                              | 0                          | 0                                    |
| 33.3 Transferred from capital   |                              | 0                          | 0                                    |
| 34. Net remittances from or (to) Home Office  |                              | 0                          | 0                                    |
| 35. Dividends to stockholders   |                              | 0                          | 0                                    |
| 36. Change in treasury stock  |                              | 0                          | 0                                    |
| 37. Aggregate write-ins for gains and losses in surplus   | (5,011,101)                  | (7,904,063)                | (24,798,384)                         |
| 38. Change in surplus as regards policyholders (Lines 22 through 37)  | 0                            | 0                          | 0                                    |
| 39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)   | 66,400,000                   | 66,400,000                 | 66,400,000                           |
| <b>DETAILS OF WRITE-INS</b>   |                              |                            |                                      |
| 0501.   |                              | 0                          | 0                                    |
| 0502.   |                              | 0                          | 0                                    |
| 0503.   |                              | 0                          | 0                                    |
| 0598. Summary of remaining write-ins for Line 5 from overflow page  | 0                            | 0                          | 0                                    |
| 0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)   | 0                            | 0                          | 0                                    |
| 1401. Other Income  | (12,568)                     | 95,956                     | 322,089                              |
| 1402. Salvage and Subrogation Income  | (3,785,384)                  | (8,511,129)                | 490,857                              |
| 1403.   |                              |                            |                                      |
| 1498. Summary of remaining write-ins for Line 14 from overflow page   | 0                            | 0                          | 0                                    |
| 1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)  | (3,797,952)                  | (8,415,173)                | 812,946                              |
| 3701. (Increase) Decrease in Contingency Reserves   | (5,011,101)                  | (7,904,063)                | (24,798,384)                         |
| 3702.   |                              | 0                          | 0                                    |
| 3703.   |                              |                            |                                      |
| 3798. Summary of remaining write-ins for Line 37 from overflow page   | 0                            | 0                          | 0                                    |
| 3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)  | (5,011,101)                  | (7,904,063)                | (24,798,384)                         |

STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY

CASH FLOW

|   | 1<br>Current Year<br>To Date | 2<br>Prior Year<br>To Date | 3<br>Prior Year Ended<br>December 31 |
|---|------------------------------|----------------------------|--------------------------------------|
| <b>Cash from Operations</b>   |                              |                            |                                      |
| 1. Premiums collected net of reinsurance.....   | 1,934,917                    | 1,904,703                  | 4,211,843                            |
| 2. Net investment income .....  | 22,276,367                   | 20,600,531                 | 89,926,140                           |
| 3. Miscellaneous income .....   | 2,873,901                    | 3,505,474                  | 14,170,576                           |
| 4. Total (Lines 1 to 3) .....   | 27,085,185                   | 26,010,708                 | 108,308,559                          |
| 5. Benefit and loss related payments .....  | 19,780,924                   | 16,779,284                 | 127,915,806                          |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                             | 0                            | 0                          | 0                                    |
| 7. Commissions, expenses paid and aggregate write-ins for deductions .....  | 19,181,149                   | 15,014,164                 | 32,705,599                           |
| 8. Dividends paid to policyholders .....  | 0                            | 0                          | 0                                    |
| 9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....                 | 0                            | 0                          | (5,742,440)                          |
| 10. Total (Lines 5 through 9) .....   | 38,962,073                   | 31,793,448                 | 154,878,965                          |
| 11. Net cash from operations (Line 4 minus Line 10) .....   | (11,876,888)                 | (5,782,740)                | (46,570,406)                         |
| <b>Cash from Investments</b>  |                              |                            |                                      |
| 12. Proceeds from investments sold, matured or repaid:  |                              |                            |                                      |
| 12.1 Bonds .....  | 118,464,892                  | 124,524,327                | 653,364,896                          |
| 12.2 Stocks .....   | 0                            | 135,559,283                | 135,559,283                          |
| 12.3 Mortgage loans .....   | 0                            | 0                          | 0                                    |
| 12.4 Real estate .....  | 0                            | 0                          | 0                                    |
| 12.5 Other invested assets .....  | 3,606,019                    | 3,161,207                  | 22,135,500                           |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....                                   | 0                            | 402                        | 776                                  |
| 12.7 Miscellaneous proceeds .....   | 33,710,615                   | 3,761,656                  | 0                                    |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) .....   | 155,781,526                  | 267,006,875                | 811,060,455                          |
| 13. Cost of investments acquired (long-term only):  |                              |                            |                                      |
| 13.1 Bonds .....  | 97,541,891                   | 208,878,883                | 690,798,493                          |
| 13.2 Stocks .....   | 0                            | 0                          | 0                                    |
| 13.3 Mortgage loans .....   | 0                            | 0                          | 0                                    |
| 13.4 Real estate .....  | 0                            | 0                          | 0                                    |
| 13.5 Other invested assets .....  | 30,797,378                   | 18,079,233                 | 18,951,560                           |
| 13.6 Miscellaneous applications .....   | 0                            | 0                          | 5,917,322                            |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) .....  | 128,339,269                  | 226,958,116                | 715,667,375                          |
| 14. Net increase (or decrease) in contract loans and premium notes .....  | 0                            | 0                          | 0                                    |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....   | 27,442,258                   | 40,048,759                 | 95,393,080                           |
| <b>Cash from Financing and Miscellaneous Sources</b>  |                              |                            |                                      |
| 16. Cash provided (applied):  |                              |                            |                                      |
| 16.1 Surplus notes, capital notes .....   | 0                            | 0                          | 0                                    |
| 16.2 Capital and paid in surplus, less treasury stock.....  | 0                            | 0                          | 0                                    |
| 16.3 Borrowed funds .....   | 0                            | 0                          | 0                                    |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities .....                                       | 0                            | 0                          | 0                                    |
| 16.5 Dividends to stockholders .....  | 0                            | 0                          | 0                                    |
| 16.6 Other cash provided (applied).....   | (266,649)                    | 505,007                    | 852,918                              |
| 17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)..... | (266,649)                    | 505,007                    | 852,918                              |
| <b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>  |                              |                            |                                      |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....               | 15,298,720                   | 34,771,026                 | 49,675,592                           |
| 19. Cash, cash equivalents and short-term investments:  |                              |                            |                                      |
| 19.1 Beginning of year.....   | 91,598,342                   | 41,922,750                 | 41,922,750                           |
| 19.2 End of period (Line 18 plus Line 19.1) .....   | 106,897,063                  | 76,693,777                 | 91,598,342                           |

# STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY

## NOTES TO FINANCIAL STATEMENTS

### Organization and Background

Financial Guaranty Insurance Company (the "Company" or "FGIC"), a New York stock insurance corporation, is a wholly owned subsidiary of FGIC Corporation ("FGIC Corp."), a Delaware corporation which emerged from a proceeding under Chapter 11 of the United States Bankruptcy Code on April 19, 2013.

FGIC previously issued financial guaranty insurance policies insuring public finance, structured finance and other obligations, but it is no longer engaged in the business of writing new insurance policies. FGIC operates in accordance with the terms and conditions set forth in the Rehabilitation Plan (defined below). FGIC's primary regulator is the New York State Department of Financial Services (the "NYSDFS"). FGIC UK Limited ("FGIC UK"), a wholly owned United Kingdom insurance subsidiary of FGIC, previously issued financial guaranties covering public finance, structured finance and other obligations, but it is no longer engaged in the business of writing new financial guaranties. FGIC UK's primary regulator is the UK Prudential Regulation Authority.

On June 28, 2012, the Supreme Court of the State of New York (the "Rehabilitation Court") issued an order pursuant to Article 74 of the New York Insurance Law (the "NYIL") placing FGIC in rehabilitation and appointing the Superintendent of Financial Services of the State of New York as FGIC's rehabilitator.

On June 11, 2013, the Rehabilitation Court approved the First Amended Plan of Rehabilitation for FGIC, dated June 4, 2013, together with all exhibits and the plan supplement thereto (as the same may be amended from time to time, collectively, the "Rehabilitation Plan") in an order issued pursuant to Article 74 of the NYIL. The Rehabilitation Plan became effective on August 19, 2013 (the "Effective Date"), whereupon FGIC's rehabilitation proceeding terminated. By notice dated on the Effective Date, FGIC's rehabilitator set the initial cash payment percentage ("CPP") at 17%.

On the Effective Date, FGIC emerged from its rehabilitation proceeding as a solvent insurance company under the NYIL, with its policies restructured in a manner intended to ensure it remains solvent and the Rehabilitation Plan became the exclusive means for resolving and paying (i) all policy claims, whenever arising, (ii) all other claims arising during, or relating to, the period prior to the Effective Date and (iii) all equity interests in FGIC in existence as of the commencement date of FGIC's rehabilitation proceeding (June 28, 2012), in each case other than claims (including policy claims) paid in full by FGIC prior to such date. Claims arising during or relating to the period on and after the Effective Date (other than policy claims) are not covered by the Rehabilitation Plan and will be resolved and paid by FGIC in the ordinary course of business.

As of the Effective Date, any and all policies in force as of the Effective Date (except for certain policies that were novated on that date) were automatically modified by the Rehabilitation Plan.

The Rehabilitation Plan, including the restructured policy terms attached to the Rehabilitation Plan as Exhibit B (the "Restructured Policy Terms"), supersedes any and all provisions of each policy that are inconsistent with the Rehabilitation Plan. FGIC is responsible for administering, reviewing, verifying, reconciling, objecting to, compromising or otherwise resolving all claims (including policy claims) not resolved prior to the Effective Date, in each case in compliance with the Rehabilitation Plan and any applicable guidelines the NYSDFS has issued or may issue to carry out the purposes and effects of the Rehabilitation Plan ("NYSDFS Guidelines").

With respect to any policy claim permitted by FGIC, pursuant to the Rehabilitation Plan and the applicable policy (as modified by the Rehabilitation Plan), FGIC is obligated to pay in cash to the applicable policy payee only an upfront amount equal to the product of the then-existing CPP and the amount of such permitted policy claim (subject to any setoff rights FGIC may have). The portion of such permitted policy claim not paid or deemed to be paid by FGIC generally comprises a deferred payment obligation ("DPO") with respect to the applicable policy. The DPO with respect to any policy generally represents the aggregate amount of all permitted policy claims under such policy minus the aggregate amount paid, or deemed to be paid, in cash by FGIC with respect to such policy (other than DPO Accretion, defined below) from and after the Effective Date, subject to further adjustments as provided in the Rehabilitation Plan. From and after the Effective Date, each policy with an outstanding DPO accrues an amount ("DPO Accretion") in accordance with the Rehabilitation Plan based on such DPO at a rate of 3% per annum (on a daily basis on the basis of a 365-day year). The DPO for any policy and any related DPO Accretion shall only be payable by FGIC when, if and to the extent provided in the Restructured Policy Terms and the Rehabilitation Plan. In the absence of an upward adjustment of the CPP, FGIC shall have no obligation to pay any portion of any DPO or DPO Accretion.

FGIC is required to re-evaluate the CPP (at least annually) pursuant to the procedures set forth in the Restructured Policy Terms to determine whether the CPP should remain the same or be adjusted upward or downward (each, a "CPP Revaluation"). All CPP Revaluations require review and approval by the board of directors of FGIC, and any change in the CPP (among other things) requires the approval of the NYSDFS. In October 2019, in connection with FGIC's annual CPP Revaluation for 2019, the NYSDFS approved an upward adjustment to the CPP from 38.5% to 43.5%.

The percentage of permitted policy claims that FGIC ultimately pays in cash in accordance with the Rehabilitation Plan, and the timing of any such payments, are subject to various factors and the outcome of future events, including the performance of FGIC's insured and investment portfolios and the results of FGIC's litigation and other loss mitigation efforts, and no assurance can be given with respect to the amount of any such percentage or the timing of any such payments. Based on the magnitude of FGIC's accrued and projected policy claims, while the CPP may further increase over time, FGIC expects to make payments in cash pursuant to the Rehabilitation Plan of only a fractional portion of its permitted policy claims and it does not expect to make any payments pursuant to the Rehabilitation Plan with respect to non-policy claims or equity interests.

References to and descriptions of provisions of the Restructured Policy Terms, the Rehabilitation Plan (and related agreements) and orders of the Rehabilitation Court included in these Financial Statements are merely summaries thereof, and do not contain all information necessary to fully understand such provisions and orders. Please refer to the specific terms, requirements and conditions of the Restructured Policy Terms, the Rehabilitation Plan (and related agreements) and orders of the Rehabilitation Court for a full understanding thereof, which in all cases shall govern, rather than any summary description contained in these Financial Statements.

**STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies and Going Concern**

**A. Accounting Practices**

The accompanying financial statements of the Company have been prepared in conformity with statutory accounting practices prescribed or permitted by the NYSDFS as well as those accounting practices detailed in NYSDFS Guidelines, as described below ("SAP").

**NYSDFS Guidelines**

Pursuant to the provisions of the Rehabilitation Plan, the NYSDFS has issued NYSDFS Guidelines that define certain accounting practices for FGIC for reporting periods ending on or after the Effective Date. In accordance with such NYSDFS Guidelines, for reporting periods ending on or after the Effective Date, FGIC records loss reserves at the applicable reporting date in an amount equal to the excess of (i) the amount of FGIC's admitted assets minus FGIC's minimum required statutory surplus to policyholders at the reporting date (the "Minimum Surplus Amount," currently \$66.4 million) over (ii) the sum of FGIC's statutory reserves excluding loss reserves (e.g., unearned premiums, contingency reserves, loss adjustment expense reserves) and other liabilities. In accordance with such NYSDFS Guidelines, the loss reserve amount comprises the total amount of (i) the sum, net of reinsurance, of (x) the total amount of all policy claims submitted to FGIC in accordance with the Rehabilitation Plan that are unpaid (excluding any portions of such policy claims that are being disputed by FGIC) and (y) the net present value of the total amount of all policy claims that the Company expects to receive in the future in accordance with the Rehabilitation Plan (using the prescribed statutory discount rate which is based on the average rate of return on FGIC's admitted assets) (such sum is referred to as the "Claims Reserve"), (ii) the DPO for all policies at such reporting date and (iii) the DPO Accretion for all policies at such reporting date, minus an adjustment (the "Policy Revision Adjustment") in an amount that will permit FGIC to report a surplus to policyholders at such reporting date equal to the Minimum Surplus Amount (See also Note 25, Changes in Incurred Losses and Loss Adjustment Expenses).

A reconciliation of the Company's net income and capital and surplus between NAIC statutory accounting practices and procedures ("NAIC SAP") and practices prescribed and permitted by the State of New York is shown below:

|   | <b>SSAP</b> | <b>F/S</b>  | <b>F/S</b>    | <b>2020</b>          | <b>2019</b>          |
|---|-------------|-------------|---------------|----------------------|----------------------|
|   | <b>#</b>    | <b>Page</b> | <b>Line #</b> |                      |                      |
| <b>NET INCOME</b>   |             |             |               |                      |                      |
| (1) Company state basis (Page 4, Line 20, Columns 1 & 3)                      | XXX         | XXX         | XXX           | \$ 13,015,820        | \$ 25,287,804        |
| (2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP: |             |             |               | -                    | -                    |
| (3) State Permitted Practices that are an increase/(decrease) from NAIC SAP:  |             |             |               | -                    | -                    |
| (4) NAIC SAP(1-2-3=4)   | XXX         | XXX         | XXX           | <u>\$ 13,015,820</u> | <u>\$ 25,287,804</u> |
| <b>SURPLUS</b>  |             |             |               |                      |                      |
| (5) Company state basis (Page 3, Line 37, Columns 1 & 2)                      | XXX         | XXX         | XXX           | \$ 66,400,000        | \$ 66,400,000        |
| (6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP: |             |             |               | -                    | -                    |
| (7) State Permitted Practices that are an increase/(decrease) from NAIC SAP:  |             |             |               | -                    | -                    |
| (8) NAIC SAP(5-6-7=8)   | XXX         | XXX         | XXX           | <u>\$ 66,400,000</u> | <u>\$ 66,400,000</u> |

**B. Use of Estimates in the Preparation of the Financial Statements**

The preparation of financial statements in conformity with SAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates, and those differences could be material.

**C. Accounting Policies - No significant changes**

(2) There have been no changes in the measurement method of SVO-Identified investments since the prior annual statement.

(6) All loan-backed and structured securities (e.g., asset-backed and mortgage-backed securities) are valued at amortized cost using the interest method, including anticipated prepayments. All such securities are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using the retrospective method.

**D. Going Concern - None**

**2. Accounting Changes and Corrections of Errors**

Certain 2019 amounts have been reclassified to conform to the 2020 presentation.

There were no changes in accounting principles and/or significant corrections of errors during the three months ended March 31, 2020.

**3. Business Combinations and Goodwill**

None

**STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

**4. Discontinued Operations**

None

**5. Investments**

A. Mortgage Loans, including Mezzanine Real Estate Loans - None

B. Debt Restructuring - None

C. Reverse Mortgages - None

D. Loan-Backed Securities

(1) Prepayment assumptions for loan-backed and structured securities are obtained from dealer surveys or internal estimates and are based on the current interest rate and economic environment.

(2) The following summarizes those securities held at March 31, 2020 for which OTTI was recorded during the three months ended March 31, 2020:

|   | <b>1</b>              |   | <b>2</b>           |   | <b>3</b>          |
|---|-----------------------|---|--------------------|---|-------------------|
|   | <b>Amortized Cost</b> |   | <b>Other-Than-</b> |   | <b>Fair Value</b> |
|   | <b>Basis Before</b>   |   | <b>Temporary</b>   |   | <b>1-2</b>        |
|   | <b>Other-Than-</b>    |   | <b>Impairment</b>  |   |                   |
|   | <b>Temporary</b>      |   | <b>Recognized</b>  |   |                   |
|   | <b>Impairment</b>     |   | <b>in Loss</b>     |   |                   |
| OTTI recognized 1st quarter   |                       |   |                    |   |                   |
| a. Intent to sell   | \$                    | - | \$                 | - | \$                |
| b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis |                       | - |                    | - | -                 |
| c. Total 1st quarter  | \$                    | - | \$                 | - | \$                |
| OTTI recognized 2nd quarter   |                       |   |                    |   |                   |
| d. Intent to sell   | \$                    | - | \$                 | - | \$                |
| e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis |                       | - |                    | - | -                 |
| f. Total 2nd quarter  | \$                    | - | \$                 | - | \$                |
| OTTI recognized 3rd quarter   |                       |   |                    |   |                   |
| g. Intent to sell   | \$                    | - | \$                 | - | \$                |
| h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis |                       | - |                    | - | -                 |
| i. Total 3rd quarter  | \$                    | - | \$                 | - | \$                |
| OTTI recognized 4th quarter   |                       |   |                    |   |                   |
| j. Intent to sell   | \$                    | - | \$                 | - | \$                |
| k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis |                       | - |                    | - | -                 |
| l. Total 4th quarter  | \$                    | - | \$                 | - | \$                |
| m. Annual aggregate total   |                       |   | \$                 | - |                   |

(3) For each security, by CUSIP, with an other-than-temporary impairment, recognized in the current reporting period by the reporting entity, as the present value of cash flows expected to be collected is less than the amortized cost basis of the securities:

| <b>1</b>     | <b>2</b>  | <b>3</b>                                     | <b>4</b>  | <b>5</b>  | <b>6</b>                          | <b>7</b>  |
|--------------|---|--|---|---|-----------------------------------|---|
| <b>CUSIP</b> | <b>Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI</b> | <b>Present Value of Projected Cash Flows</b> | <b>Recognized Other-Than-Temporary Impairment</b> | <b>Amortized Cost After Other-Than-Temporary Impairment</b> | <b>Fair Value at Time of OTTI</b> | <b>Date of Financial Statement Where Reported</b> |
| 06540JBG6    | \$ 6,091,354  | \$ 5,932,160                                 | \$ 159,194  | \$ 5,932,160  | \$ 5,829,935                      | 3/31/2020   |
| Total        | XXX   | XXX  | \$ 159,194  | XXX   | XXX                               | XXX   |



STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

- (4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses:

|                        |                     |
|------------------------|---------------------|
| 1. Less than 12 months | \$ 6,184,334        |
| 2. 12 months or longer | <u>\$ 1,871,570</u> |

b. The aggregate related fair value of securities with unrealized losses:

|                        |                      |
|------------------------|----------------------|
| 1. Less than 12 months | \$ 167,594,441       |
| 2. 12 months or longer | <u>\$ 36,164,615</u> |

- (5) For all investments in loan-backed and structured securities acquired prior to October 1, 2015, a decline in the fair value of any such security below its cost basis as of a reporting date is automatically treated as an other-than-temporary impairment (“OTTI”).

FGIC conducts an impairment review no less than quarterly for all investments in loan-backed and structured securities acquired on or after October 1, 2015, in each case which have fair values lower than their respective cost bases as of the review date. The analysis of a security’s decline in value is performed at the lot level. FGIC first determines whether it intends to sell the security. For loan-backed and structured securities, FGIC also determines whether it is more likely than not that it will be unable to hold the security for a period of time to recover its amortized cost basis. The impairment for any loan-backed and structured security that FGIC determines it intends to sell or it is more likely than not that it will be unable to hold for a period of time to recover its amortized cost basis, is considered to be an OTTI.

For loan-backed and structured securities that the Company does not intend to sell and has not determined that it is unable to hold until recovery of their amortized cost bases, the Company estimates the cash flows expected to be collected over the term of each security as of the review date and calculates the present value of those expected cash flows using a discount rate equal to the original effective yield of the security, or in the case of floating rate securities, the then-current coupon. If the present value of future expected cash flows is less than the amortized cost basis of the security, the carrying value of such security is reduced to such present value as of the reporting date, establishing a new cost basis, with a charge to realized loss at such date for the entire reduction. Such realized losses are recorded through income and the new cost basis is not adjusted for subsequent recoveries in fair value. Amortization of premium or discount, as applicable, from the date the security is written down is based on the new cost basis.

- E. Dollar Repurchase Agreements and/or Securities Lending Transactions - None
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowing - None
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing - None
- H. Repurchase Agreements Transactions Accounted for as a Sale - None
- I. Reverse Repurchase Agreements Transactions Accounted for as a Sale - None
- J. Real Estate - None
- K. Low-Income Housing Tax Credits - None

**STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

| Restricted Asset Category  | Gross (Admitted & Nonadmitted) Restricted |  |  |   |                  |                       |                                  |
|--|---|--|--|---|------------------|-----------------------|----------------------------------|
|  | Current Year                              |  |  |   |                  | 6                     | 7                                |
|  | 1   | 2  | 3  | 4   | 5                |                       |                                  |
|  | Total General Account (G/A)               | G/A Supporting Protected Cell Account Activity (a) | Total Protected Cell Account Restricted Assets | Protected Cell Account Assets Supporting G/A Activity (b) | Total (1 plus 3) | Total From Prior Year | Increase/ (Decrease) (5 minus 6) |
| a. Subject to contractual obligation for which liability is not shown              | \$ -                                      | \$ -   | \$ -   | \$ -  | \$ -             | \$ -                  | \$ -                             |
| b. Collateral held under security lending agreements                               | -   | -  | -  | -   | -                | -                     | -                                |
| c. Subject to repurchase agreements  | -   | -  | -  | -   | -                | -                     | -                                |
| d. Subject to reverse repurchase agreements  | -   | -  | -  | -   | -                | -                     | -                                |
| e. Subject to dollar repurchase agreements   | -   | -  | -  | -   | -                | -                     | -                                |
| f. Subject to dollar reverse repurchase agreements                                 | -   | -  | -  | -   | -                | -                     | -                                |
| g. Placed under option contracts   | -   | -  | -  | -   | -                | -                     | -                                |
| h. Letter stock or securities restricted as to sale - excluding FHLB capital stock | -   | -  | -  | -   | -                | -                     | -                                |
| i. FHLB capital stock  | -   | -  | -  | -   | -                | -                     | -                                |
| j. On deposit with states  | 4,606,042                                 | -  | -  | -   | 4,606,042        | 4,532,695             | 73,347                           |
| k. On deposit with other regulatory bodies   | -   | -  | -  | -   | -                | -                     | -                                |
| l. Pledged as collateral to FHLB (including assets backing funding agreements)     | -   | -  | -  | -   | -                | -                     | -                                |
| m. Pledged as collateral not captured in other categories                          | -   | -  | -  | -   | -                | -                     | -                                |
| n. Other restricted assets   | 44,605,554                                | -  | -  | -   | 44,605,554       | 44,257,580            | 347,974                          |
| o. Total restricted assets   | \$49,211,596                              | \$ -   | \$ -   | \$ -  | \$49,211,596     | \$48,790,275          | \$ 421,321                       |

(a) Subset of column 1

(b) Subset of column 3

**STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

| Restricted Asset Category  | Current Year                          |   |  |             |
|--|---------------------------------------|---|--|-------------|
|  | 8                                     | 9   | Percentage                                       |             |
|  |                                       |   | 10   | 11          |
| Total Nonadmitted Restricted   | Total Admitted Restricted (5 minus 8) | Gross (Admitted & Nonadmitted) Restricted to Total Assets (c) | Admitted Restricted to Total Admitted Assets (d) |             |
| a. Subject to contractual obligation for which liability is not shown              | \$ -                                  | \$ -  | - %  | - %         |
| b. Collateral held under security lending agreements                               | -                                     | -   | -  | -           |
| c. Subject to repurchase agreements  | -                                     | -   | -  | -           |
| d. Subject to reverse repurchase agreements  | -                                     | -   | -  | -           |
| e. Subject to dollar repurchase agreements   | -                                     | -   | -  | -           |
| f. Subject to dollar reverse repurchase agreements                                 | -                                     | -   | -  | -           |
| g. Placed under option contracts   | -                                     | -   | -  | -           |
| h. Letter stock or securities restricted as to sale - excluding FHLB capital stock | -                                     | -   | -  | -           |
| i. FHLB capital stock  | -                                     | -   | -  | -           |
| j. On deposit with states  | -                                     | 4,606,042   | 0.2  | 0.2         |
| k. On deposit with other regulatory bodies   | -                                     | -   | -  | -           |
| l. Pledged as collateral to FHLB (including assets backing funding agreements)     | -                                     | -   | -  | -           |
| m. Pledged as collateral not captured in other categories                          | -                                     | -   | -  | -           |
| n. Other restricted assets   | -                                     | 44,605,554  | 2.0  | 2.0         |
| <b>o. Total restricted assets</b>  | <b>\$ -</b>                           | <b>\$ 49,211,596</b>  | <b>2.2%</b>                                      | <b>2.2%</b> |

(c) Column 5 divided by asset page, column 1, Line 28

(d) Column 9 divided by asset page, column 3, Line 28

(2) None

(3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

| Description of Assets                 | Gross (Admitted & Nonadmitted) Restricted          |  |  |                  |                       |                                  | 8                                      | Percentage  |  |             |
|---------------------------------------|--|--|--|------------------|-----------------------|----------------------------------|--|---|--|-------------|
|                                       | Current Year                                       |  |  |                  |                       | 6                                |  | 7   | 9  | 10          |
|                                       | 1  | 2  | 3  | 4                | 5                     |                                  |  |   |  |             |
| Total General Account (G/A)           | G/A Supporting Protected Cell Account Activity (a) | Total Protected Cell Account Restricted Assets | Protected Cell Account Supporting G/A Activity (b) | Total (1 plus 3) | Total From Prior Year | Increase/ (Decrease) (5 minus 6) | Total Current Year Admitted Restricted | Gross (Admitted & Nonadmitted) Restricted to Total Assets | Admitted Restricted to Total Admitted Assets |             |
| On deposit with institutional trustee | \$44,605,554                                       | \$ -   | \$ -   | \$ -             | \$44,605,554          | \$44,257,580                     | \$ 347,974                             | \$44,605,554  | 2.0%   | 2.0%        |
| <b>Total (c)</b>                      | <b>\$44,605,554</b>                                | <b>\$ -</b>                                    | <b>\$ -</b>  | <b>\$ -</b>      | <b>\$44,605,554</b>   | <b>\$44,257,580</b>              | <b>\$ 347,974</b>                      | <b>\$44,605,554</b>                                       | <b>2.0%</b>                                  | <b>2.0%</b> |

(a) Subset of column 1

(b) Subset of column 3

(c) Total line for columns 1 through 7 should equal 5L(1)n columns 1 through 7 respectively and total line for columns 8 through 10 should equal 5L(1)n columns 9 through 11 respectively

(4) None

M. Working Capital Finance Investments - None

N. Offsetting and Netting of Assets and Liabilities - None

O. 5GI Securities - None

P. Short Sales - None

Q. Prepayment Penalty and Acceleration Fees - No significant changes

**STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

The amortized cost and fair value of the Company's admitted investments in bonds, surplus notes, other invested assets, short-term investments and cash equivalents are as follows:

|   | <b>Amortized<br/>Cost</b> | <b>Gross<br/>Unrealized<br/>Holding<br/>Gains</b> | <b>Gross<br/>Unrealized<br/>Holding<br/>Losses</b> | <b>Fair<br/>Value</b>  |
|---|---------------------------|---|--|------------------------|
| <b>March 31, 2020</b>   |                           |   |  |                        |
| Bonds:  |                           |   |  |                        |
| Obligations of states and political subdivisions                          | \$ 162,295,232            | \$ 24,974,664                                     | \$ (447,623)                                       | \$ 186,822,273         |
| Loan-backed and structured securities                                     | 574,748,319               | 15,963,795  | (8,055,904)  | 582,656,210            |
| Obligations of the U.S. government and its agencies and instrumentalities | 100,112,261               | 22,620,425  | -  | 122,732,686            |
| Corporate obligations   | 1,146,558,978             | 47,485,410  | (17,613,915)                                       | 1,176,430,473          |
| <b>Total bonds</b>  | <b>1,983,714,790</b>      | <b>111,044,294</b>                                | <b>(26,117,442)</b>                                | <b>2,068,641,642</b>   |
| Surplus notes   | 8,855,993                 | 832,574   | -  | 9,688,567              |
| Other invested assets   | 61,591,277                | 16,592,644  | -  | 78,183,921             |
| Short-term investments  | 6,290,452                 | 9,145   | -  | 6,299,597              |
| Cash equivalents  | 61,389,264                | -   | -  | 61,389,264             |
| <b>Total</b>  | <b>\$2,121,841,776</b>    | <b>\$ 128,478,657</b>                             | <b>\$ (26,117,442)</b>                             | <b>\$2,224,202,991</b> |

|   | <b>Amortized<br/>Cost</b> | <b>Gross<br/>Unrealized<br/>Holding<br/>Gains</b> | <b>Gross<br/>Unrealized<br/>Holding<br/>Losses</b> | <b>Fair<br/>Value</b>  |
|---|---------------------------|---|--|------------------------|
| <b>December 31, 2019</b>  |                           |   |  |                        |
| Bonds:  |                           |   |  |                        |
| Obligations of states and political subdivisions                          | \$ 160,745,333            | \$ 22,985,149                                     | \$ (40,577)  | \$ 183,689,905         |
| Loan-backed and structured securities                                     | 568,862,468               | 7,064,552   | (2,195,292)  | 573,731,728            |
| Obligations of the U.S. government and its agencies and instrumentalities | 102,676,639               | 7,054,237   | (287,928)  | 109,442,948            |
| Corporate obligations   | 1,187,936,804             | 84,381,029  | (696,493)  | 1,271,621,340          |
| <b>Total bonds</b>  | <b>2,020,221,244</b>      | <b>121,484,967</b>                                | <b>(3,220,290)</b>                                 | <b>2,138,485,921</b>   |
| Surplus notes   | 8,857,808                 | 1,614,323   | -  | 10,472,131             |
| Other invested assets   | 38,763,875                | 31,633,577  | -  | 70,397,452             |
| Short-term investments  | 600,910                   | -   | (66)   | 600,844                |
| Cash equivalents  | 80,737,043                | -   | -  | 80,737,043             |
| <b>Total</b>  | <b>\$2,149,180,880</b>    | <b>\$ 154,732,867</b>                             | <b>\$ (3,220,356)</b>                              | <b>\$2,300,693,391</b> |

The Company has recorded OTTI of \$9.2 million and \$1.0 million on certain bonds for the three months ended March 31, 2020 and 2019, respectively. OTTI on bonds is included in "Net realized capital gains or losses net of tax" in the statutory-basis statements of operations and represents the difference between the cost bases of these securities and their fair values (or, in the case of loan-backed and structured securities, the present value of expected cash flows) at the reporting date. The Company has recorded OTTI of \$6.7 million and \$11.9 million on other invested assets for the three months ended March 31, 2020 and 2019, respectively. OTTI on other invested assets is included in "Other income" in the statutory-basis statements of operations and represents the difference between the cost bases of these securities and their fair values at the reporting date.

The amortized cost and fair value of investments in bonds (including loan-backed and structured securities) at March 31, 2020, by contractual maturity date, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

|  | <b>Amortized<br/>Cost</b> | <b>Fair<br/>Value</b>  |
|--|---------------------------|------------------------|
| Due in one year                        | \$ 2,551,723              | \$ 2,557,809           |
| Due after one through five years       | 496,095,199               | 505,177,984            |
| Due after five years through ten years | 363,311,087               | 366,384,472            |
| Due after ten years                    | 547,008,462               | 611,865,167            |
| Loan-backed and structured securities  | 574,748,319               | 582,656,210            |
| <b>Total</b>                           | <b>\$1,983,714,790</b>    | <b>\$2,068,641,642</b> |

**STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

Net investment income was derived from the following sources:

|   | <b>Three Months Ended</b>  |                            |
|---|----------------------------|----------------------------|
|   | <b>March 31,</b>           |                            |
|   | <b>2020</b>                | <b>2019</b>                |
|   | <hr/>                      | <hr/>                      |
| Income from bonds   | \$ 19,503,292              | \$ 19,283,131              |
| Income from surplus notes                                     | 102,616                    | 102,709                    |
| Income from cash, cash equivalents and short-term investments | 354,409                    | 384,277                    |
| Total investment income                                       | <hr/> 19,960,317           | <hr/> 19,770,117           |
| Investment expenses   | (524,037)                  | (517,140)                  |
| Net investment income   | <hr/> <u>\$ 19,436,280</u> | <hr/> <u>\$ 19,252,977</u> |

For the three months ended March 31, 2020 and 2019, proceeds from dispositions of investments in bonds were \$118.5 million and \$124.5 million, respectively. For the three months ended March 31, 2020 and 2019, gross realized gains of \$4.1 million and \$3.8 million, respectively, were realized on such dispositions. For the three months ended March 31, 2020 and 2019, gross realized losses of \$0.7 million and \$1.4 million, respectively, were realized on such dispositions.

For the three months ended March 31, 2020 and 2019, proceeds from dispositions of investments in common stock were \$0.0 million and \$135.6 million, respectively. Gross realized gains on such dispositions were \$0.0 million and \$20.9 million for the three months ended March 31, 2020 and 2019, respectively. There were no gross realized losses on such dispositions for the three months ended March 31, 2020 and 2019. The Company sold all its investments in common stocks in February 2019.

The carrying values of the Company's investment in the common stock of SCA entities were \$33.2 million as of both March 31, 2020 and December 31, 2019. There were no changes in such carrying values for the period ended March 31, 2020 and the year ended December 31, 2019.

**6. Joint Ventures, Partnerships and Limited Liability Companies**

None

**7. Investment Income**

All investment income due and accrued was admitted at March 31, 2020.

**8. Derivative Instruments**

None

**STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

**9. Income Taxes**

A. The components of the net deferred tax asset/(liability) at March 31, 2020 and December 31, 2019 are as follows:

(1)

| <b>3/31/2020</b>  |                |                            |                |
|---|----------------|----------------------------|----------------|
| <b>(1)</b>  | <b>(2)</b>     | <b>(3)</b>                 |                |
| <b>Ordinary</b>   | <b>Capital</b> | <b>(Col 1+2)<br/>Total</b> |                |
| (a.) Gross deferred tax assets  | \$ 689,563,580 | \$ 33,072,565              | \$ 722,636,145 |
| (b.) Statutory valuation allowance adjustments                            | 442,249,386    | 33,003,410                 | 475,252,796    |
| (c.) Adjusted gross deferred tax assets (1a-1b)                           | 247,314,194    | 69,155                     | 247,383,349    |
| (d.) Deferred tax assets nonadmitted                                      | -              | -                          | -              |
| (e.) Subtotal net admitted deferred tax asset (1c-1d)                     | 247,314,194    | 69,155                     | 247,383,349    |
| (f.) Deferred tax liabilities   | 247,314,194    | 69,155                     | 247,383,349    |
| (g.) Net admitted deferred tax asset/(net deferred tax liability) (1e-1f) | \$ -           | \$ -                       | \$ -           |

| <b>12/31/2019</b>   |                |                            |                |
|---|----------------|----------------------------|----------------|
| <b>(4)</b>  | <b>(5)</b>     | <b>(6)</b>                 |                |
| <b>Ordinary</b>   | <b>Capital</b> | <b>(Col 4+5)<br/>Total</b> |                |
| (a.) Gross deferred tax assets  | \$ 694,954,781 | \$ 29,876,671              | \$ 724,831,452 |
| (b.) Statutory valuation allowance adjustments                            | 445,902,886    | 29,807,516                 | 475,710,402    |
| (c.) Adjusted gross deferred tax assets (1a-1b)                           | 249,051,895    | 69,155                     | 249,121,050    |
| (d.) Deferred tax assets nonadmitted                                      | 2,875,704      | -                          | 2,875,704      |
| (e.) Subtotal net admitted deferred tax asset (1c-1d)                     | 246,176,191    | 69,155                     | 246,245,346    |
| (f.) Deferred tax liabilities   | 246,176,191    | 69,155                     | 246,245,346    |
| (g.) Net admitted deferred tax asset/(net deferred tax liability) (1e-1f) | \$ -           | \$ -                       | \$ -           |

| <b>Change</b>   |                              |                            |                |
|---|------------------------------|----------------------------|----------------|
| <b>(7)</b>  | <b>(8)</b>                   | <b>(9)</b>                 |                |
| <b>(Col 1-4)<br/>Ordinary</b>   | <b>(Col 2-5)<br/>Capital</b> | <b>(Col 7+8)<br/>Total</b> |                |
| (a.) Gross deferred tax assets  | \$ (5,391,201)               | \$ 3,195,894               | \$ (2,195,307) |
| (b.) Statutory valuation allowance adjustments                            | (3,653,500)                  | 3,195,894                  | (457,606)      |
| (c.) Adjusted gross deferred tax assets (1a-1b)                           | (1,737,701)                  | -                          | (1,737,701)    |
| (d.) Deferred tax assets nonadmitted                                      | (2,875,704)                  | -                          | (2,875,704)    |
| (e.) Subtotal net admitted deferred tax asset (1c-1d)                     | 1,138,003                    | -                          | 1,138,003      |
| (f.) Deferred tax liabilities   | 1,138,003                    | -                          | 1,138,003      |
| (g.) Net admitted deferred tax asset/(net deferred tax liability) (1e-1f) | \$ -                         | \$ -                       | \$ -           |

In accordance with SSAP 101, *Income Taxes* ("SSAP 101"), the Company evaluates its deferred income tax asset to determine whether a valuation allowance is required. SSAP 101 requires that companies assess whether a valuation allowance should be established based on the consideration of all available evidence using a "more likely than not" standard. In making such judgments, significant weight is given to evidence that can be objectively verified. Management believes it is more likely than not that the amortization of the net unearned premium reserve, collection of future installment premiums on contracts already written, and income from the investment portfolio will not generate sufficient taxable income to realize the entire deferred tax asset that currently exists. Accordingly, a valuation allowance of \$475.3 million was established against the Company's domestic net deferred tax asset as of March 31, 2020. The Company will continue to analyze the need for a valuation allowance on a quarterly basis. The Company's tax returns are subject to routine audits by the Internal Revenue Service and other taxing authorities.

(2) None

(3) None

(4) None

B. None

**STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

C. Current income taxes incurred consist of the following major components:

|   | (1)<br>3/31/2020      | (2)<br>12/31/2019     | (3)<br>(Col 1-2)<br>Change |
|---|-----------------------|-----------------------|----------------------------|
| (1) Current Income Tax                          |                       |                       |                            |
| (a.) Federal                                    | \$ (3,435,793)        | \$ (11,781,672)       | \$ 8,345,879               |
| (b.) Foreign                                    | -                     | (277)                 | 277                        |
| (c.) Subtotal                                   | (3,435,793)           | (11,781,949)          | 8,346,156                  |
| (d.) Federal income tax on net capital gains    | 560,089               | 8,905,649             | (8,345,560)                |
| (e.) Utilization of capital loss carry-forwards | -                     | -                     | -                          |
| (f.) Other                                      | -                     | -                     | -                          |
| (g.) Federal and foreign income taxes incurred  | <u>\$ (2,875,704)</u> | <u>\$ (2,876,300)</u> | <u>\$ 596</u>              |

The tax effects of temporary differences that give rise to significant portions of the net deferred tax asset at March 31, 2020 and December 31, 2019 are presented below by tax component:

|   |                       |                       |                     |
|---|-----------------------|-----------------------|---------------------|
| (2) Deferred Tax Assets:  |                       |                       |                     |
| (a.) Ordinary   |                       |                       |                     |
| (1) Discounting of unpaid losses                                  | \$ -                  | \$ -                  | \$ -                |
| (2) Unearned premium reserve                                      | 760,613               | 758,358               | 2,255               |
| (3) Policyholder reserves   | -                     | -                     | -                   |
| (4) Investments   | -                     | -                     | -                   |
| (5) Deferred acquisition costs                                    | -                     | -                     | -                   |
| (6) Policyholder dividends accrual                                | -                     | -                     | -                   |
| (7) Fixed assets  | -                     | -                     | -                   |
| (8) Compensation and benefits accrual                             | 766,468               | 3,115,509             | (2,349,041)         |
| (9) Pension accrual   | -                     | -                     | -                   |
| (10) Receivables - nonadmitted                                    | -                     | -                     | -                   |
| (11) Net operating loss carry-forward                             | 673,053,765           | 675,026,214           | (1,972,449)         |
| (12) Tax credit carry-forward                                     | 809,414               | 3,685,118             | (2,875,704)         |
| (13) Other (including items <5% of total ordinary tax assets)     | 14,173,320            | 12,369,582            | 1,803,738           |
| (99) Subtotal   | 689,563,580           | 694,954,781           | (5,391,201)         |
| (b.) Statutory valuation allowance adjustment                     | 442,249,386           | 445,902,886           | (3,653,500)         |
| (c.) Nonadmitted  | -                     | 2,875,704             | (2,875,704)         |
| (d.) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)       | 247,314,194           | 246,176,191           | 1,138,003           |
| (e.) Capital  |                       |                       |                     |
| (1) Investments   | 13,443,271            | 10,247,377            | 3,195,894           |
| (2) Net capital loss carry-forward                                | -                     | -                     | -                   |
| (3) Real estate   | -                     | -                     | -                   |
| (4) Other (including items <5% of total capital tax assets)       | -                     | -                     | -                   |
| (5) Unrealized loss - subsidiary                                  | 19,629,294            | 19,629,294            | -                   |
| (99) Subtotal   | 33,072,565            | 29,876,671            | 3,195,894           |
| (f.) Statutory valuation allowance adjustment                     | 33,003,410            | 29,807,516            | 3,195,894           |
| (g.) Nonadmitted  | -                     | -                     | -                   |
| (h.) Admitted capital deferred tax assets (2e99 - 2f - 2g)        | 69,155                | 69,155                | -                   |
| (i.) Admitted deferred tax assets (2d + 2h)                       | <u>\$ 247,383,349</u> | <u>\$ 246,245,346</u> | <u>\$ 1,138,003</u> |
| (3) Deferred Tax Liabilities:                                     |                       |                       |                     |
| (a.) Ordinary   |                       |                       |                     |
| (1) Investments   | \$ 533,601            | \$ 533,601            | \$ -                |
| (2) Fixed assets  | 416,059               | 411,579               | 4,480               |
| (3) Deferred and uncollected premium                              | -                     | -                     | -                   |
| (4) Policyholder reserves   | -                     | -                     | -                   |
| (5) Other (including items <5% of total ordinary tax liabilities) | 212                   | 50,943                | (50,731)            |
| (6) Tax basis losses incurred adjustment                          | 246,364,322           | 245,180,068           | 1,184,254           |
| (99) Subtotal   | 247,314,194           | 246,176,191           | 1,138,003           |
| (b.) Capital  |                       |                       |                     |
| (1) Investments   | 69,155                | 69,155                | -                   |
| (2) Real estate   | -                     | -                     | -                   |
| (3) Other (including items <5% of total capital tax liabilities)  | -                     | -                     | -                   |
| (99) Subtotal   | 69,155                | 69,155                | -                   |
| (c.) Deferred tax liabilities (3a99 + 3b99)                       | <u>\$ 247,383,349</u> | <u>\$ 246,245,346</u> | <u>\$ 1,138,003</u> |
| (4) Net deferred tax assets/liabilities (2i - 3c)                 | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>         |

**STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

(5) The change in net deferred income taxes is composed of the following:

|   | <b>March 31,<br/>2020</b> | <b>December 31,<br/>2019</b> | <b>Change</b>         |
|---|---------------------------|------------------------------|-----------------------|
| Current:                                    |                           |                              |                       |
| Total adjusted gross deferred tax assets    | \$ 247,383,349            | \$ 249,121,050               | \$ (1,737,701)        |
| Total gross deferred tax liabilities        | (247,383,349)             | (246,245,346)                | (1,138,003)           |
| Net deferred tax asset                      | <u>\$ -</u>               | <u>\$ 2,875,704</u>          | <u>\$ (2,875,704)</u> |
| Tax effect of net unrealized gains (losses) |                           |                              | (1,674,956)           |
| Change in net deferred income taxes         |                           |                              | <u>\$ (4,550,660)</u> |

D. The following is a reconciliation of current federal income taxes computed at the statutory rate on income before provision for federal income taxes and the provision for current federal income taxes:

|   | <b>Three Months Ended<br/>March 31,</b> |                   |
|---|---|-------------------|
|   | <b>2020</b>                             | <b>2019</b>       |
| Income taxes computed at the statutory rate on income before provision for federal income taxes | \$ 2,129,447                            | \$ 1,910,488      |
| Tax effect of:  |   |                   |
| Change in valuation allowance   | (457,606)                               | (1,512,793)       |
| Other, net  | 3,115                                   | 14,258            |
| Expense for federal income taxes  | <u>\$ 1,674,956</u>                     | <u>\$ 411,953</u> |
| Federal income tax benefit  | (2,875,704)                             | (718,926)         |
| Expense related to change in net deferred income taxes  | 4,550,660                               | 1,130,879         |
| Total statutory income taxes  | <u>\$ 1,674,956</u>                     | <u>\$ 411,953</u> |

E. As of March 31, 2020, the Company had a domestic net operating loss (“NOL”) carryforward of \$3,205.0 million for federal income tax purposes, which will be available (subject to certain limitations) to offset future taxable income. If not used, the NOL carryforward will start expiring in 2029 through 2037 depending on the originating year.

As of March 31, 2020, the Company had a foreign tax credit carryforward of \$0.8 million, which will be available to offset future foreign tax. If not used, the foreign tax credit carryforward will start expiring in 2034 through 2036 depending on the originating year.

The amount of federal income taxes incurred and available for recoupment in the event of future losses is \$0.

F. FGIC Corp. files a consolidated U.S. federal income tax return which includes FGIC. The method of allocation between FGIC Corp. and FGIC is determined under an amended and restated income tax allocation agreement approved by the NYSDFS and is based upon separate return calculations.

G. None

H. The Tax Cuts and Jobs Act (“TCJA”) introduced a one-time mandatory repatriation tax (“RTT”) under section 965 effective for tax year 2017. FGIC had deemed repatriated taxable income (“DRTI”) of \$13.4 million resulting from its 100% ownership of FGIC UK. However, FGIC did not owe any RTT, as its net operating loss carryforwards fully offset the DRTI.

I. On March 27, 2020, the CARES Act was signed into law. The CARES Act accelerates the refund schedule for the Company’s remaining alternative minimum tax (“AMT”) credit carryforward (\$2.9 million as of December 31, 2019). The Company intends to file a refund claim for the full amount of such credit carryforward in the second quarter of 2020. As such, the Company has recorded its current year recoverable amount of \$2.9 million in its federal income tax benefit for the three months ended March 31, 2020.

|   | <b>March 31,<br/>2020</b> |
|---|---------------------------|
| (1) Gross AMT credit recognized as:                     |                           |
| a. Current period recoverable                           | \$ 2,875,704              |
| b. Deferred tax asset (DTA)                             | -                         |
| (2) Beginning balance of AMT credit carryforward        | 2,875,704                 |
| (3) Amounts recovered                                   | 2,875,704                 |
| (4) Adjustments   | -                         |
| (5) Ending balance of AMT credit carryforward (5=2-3-4) | -                         |
| (6) Reduction for sequestration                         | -                         |
| (7) Non-admitted by reporting entity                    | -                         |
| (8) Reporting entity ending balance (8=5-6-7)           | <u>\$ -</u>               |



STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

**10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

No significant changes

**11. Debt**

None

**12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

A. None

B. None

C. None

D. None

E. Defined Contribution Plans

Effective April 1, 2014, the Company adopted a Long-Term Incentive Plan, a non-qualified, unfunded deferred compensation plan for certain employees (the "LTIP"). The Company issued LTIP units in 2014, 2015 and 2016, but none of these LTIP units are currently outstanding. The benefits under the last remaining LTIP units were paid in the first quarter of 2020. For the three months ended March 31, 2020 and 2019, the LTIP expense was \$0.1 million and \$0.7, respectively.

F. Not Applicable

G. Not Applicable

H. Not Applicable

I. Not Applicable

**13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations**

No significant changes

**14. Liabilities, Contingencies and Assessments**

A. No significant changes

B. No significant changes

C. No significant changes

D. No significant changes

E. Not Applicable

F. Not Applicable

G. Legal Proceedings

FGIC may be involved from time to time in various legal proceedings filed against it, including the proceedings described below. FGIC is vigorously opposing and defending against these proceedings. There is no assurance that FGIC will prevail in these proceedings, and adverse rulings could have a material adverse effect on FGIC. In addition, FGIC has received, and may in the future receive, various subpoenas, regulatory inquiries, requests for information and document preservation letters. Defending against legal proceedings and responding to subpoenas, regulatory inquiries, requests for information and document preservation letters may involve significant expense and diversion of management's attention and other FGIC resources.

FGIC has asserted, and from time to time may assert, claims in legal or arbitration proceedings against third parties to recover losses already incurred by FGIC or to mitigate future losses that FGIC may incur, including the proceedings described below. FGIC is vigorously pursuing these proceedings. The amount of losses that FGIC may recover or mitigate as a result of these proceedings is uncertain, although, in the event of favorable outcomes or settlements, such amount could be material to FGIC's results of operations, financial position, profitability or cash flows.

In *Financial Guaranty Insurance Company v. The Putnam Advisory Company, LLC* (U.S. District Court for the Southern District of New York, filed October 1, 2012 and thereafter amended on November 19, 2012), FGIC sued The Putnam Advisory Company ("Putnam"), alleging fraud, negligent misrepresentation and negligence by Putnam in connection with the Pyxis ABS CDO 2006-1 transaction for which Putnam acted as collateral manager. On September 10, 2013, FGIC's complaint was dismissed, with leave to file a further amended complaint. On September 30, 2013, FGIC filed a further amended complaint. On April 28, 2014, the District Court granted Putnam's motion to dismiss FGIC's claims. On April 15, 2015, the United States Court of Appeals for the Second Circuit vacated the District Court's dismissal of FGIC's complaint and remanded the case for further proceedings. On May 18, 2015, Putnam filed its answer to the complaint. On September 10, 2019, the District Court denied FGIC's motion for summary judgment as to its claims arising from Putnam's negligent misrepresentation and negligence, and denied the principal elements of Putnam's motion for summary judgment as to FGIC's claims. The District Court has scheduled FGIC's claims for trial commencing on July 6, 2020.

In *Financial Guaranty Insurance Company v. Morgan Stanley, et al.*, (N.Y. Sup.Ct., Index No. 652914/2014, filed on September 23, 2014), FGIC sued Morgan Stanley ABS Capital I Inc., Morgan Stanley Mortgage Capital Holdings LLC, Morgan Stanley and Morgan Stanley & Co. LLC (collectively, "Morgan Stanley"), and Saxon Mortgage Services, Inc. ("Saxon"), alleging, *inter alia*, that (i) Morgan Stanley fraudulently induced FGIC to insure the RMBS transaction known

## STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY

### NOTES TO FINANCIAL STATEMENTS

as MSAC 2007-NC4; (ii) Morgan Stanley breached various warranties and affirmative covenants, including their obligations to repurchase breaching or fraudulent mortgage loans and to reimburse FGIC for payments made under the related FGIC policy; and (iii) Saxon breached its warranties and obligations under the Pooling and Servicing Agreement for the MSAC 2007-NC4 transaction, including its obligation to provide notice of breaching mortgage loans. On January 23, 2017, the trial court denied in its entirety defendant's motion to dismiss FGIC's claims. On March 1, 2017, defendants filed their answer to the complaint. On September 13, 2018, the Appellate Division of the Supreme Court of New York, First Department, modified the decision of the trial court and granted defendants' motion to dismiss FGIC's fraud claim, but otherwise affirmed the trial court's decision denying defendants' motions to dismiss. On December 20, 2018, FGIC's motion for leave to reargue or appeal this dismissal was denied by the Appellate Division. On January 9, 2020, FGIC served an amended complaint that added (i) allegations that Morgan Stanley had been grossly negligent in selecting the mortgage loan pool for the MSAC 2007-NC4 transaction and (ii) a cause of action related to Morgan Stanley's failure to notify FGIC of breaches of loan warranties. On January 29, 2020, Morgan Stanley served its answer. On February 7, 2020, Morgan Stanley filed a notice of appeal of the trial court's decision permitting FGIC to serve its amended complaint.

In *Assured Guaranty Corp., et al. v. Commonwealth of Puerto Rico, et al.*, (D.P.R., Case No. 18-00059-LTS, filed on May 23, 2018), FGIC, Assured Guaranty Corp., and Assured Guaranty Municipal Corp. commenced an adversary proceeding in the Commonwealth of Puerto Rico's Title III case seeking a judgment declaring that the revised fiscal plan for the Commonwealth that was certified by the Oversight Board on April 29, 2018, is unlawful and unconstitutional based on, among other things, violations of various provisions of the Puerto Rico Oversight Management and Economic Stability Act ("PROMESA") and the Contracts, Takings and Due Process Clauses of the U.S. Constitution, and declaring that the Oversight Board cannot use the revised fiscal plan as the basis for proposing a plan of adjustment in the Commonwealth's Title III case. Since July 24, 2019, this adversary proceeding has been stayed pursuant to the Stay and Mediation Order. This adversary proceeding had previously been stayed by judicial order from August 13, 2018, until June 24, 2019.

In *The Financial Oversight and Management Board for Puerto Rico, et al. v. Ambac Assurance Corporation, et al.* (D.P.R. Case No. 19-00363, filed on May 20, 2019), the Oversight Board, the Official Committee of Unsecured Creditors and the Puerto Rico Highways and Transportation Authority ("PRHTA") commenced an adversary proceeding in PRHTA's Title III case against numerous parties, including FGIC and other insurers and holders of PRHTA bonds, seeking, among other things, declaratory judgments that such parties do not possess a security interest in anything beyond revenues received by PRHTA and deposited in accounts held by the fiscal agent, and that such parties' claims, to the extent they are valid, are unsecured. On June 11, 2019, FGIC filed its answer, counterclaims and third-party claims, seeking declaratory judgments that (i) FGIC has a lawful lien or priority in the revenues and taxes pledged to secure the PRHTA bonds, and that these pledged revenues and taxes are not subject to clawback or the conditions for effectuating any clawback have not been satisfied, (ii) the Oversight Board acted *ultra vires* and in violation of the U.S. and Commonwealth Constitutions when approving certain fiscal plans and budgets for the Commonwealth and PRHTA and (iii) such fiscal plans and budgets are void. FGIC further seeks through its and counterclaims and third-party claims both writs of mandamus and prohibition to: (a) require the Oversight Board to revoke the invalid fiscal plans and budgets and to develop and approve legal fiscal plans and budgets respecting such liens and priorities of the PRHTA bonds; and (b) prohibit the Oversight Board from approving any fiscal plans or budgets that do not respect such liens and priorities and from proposing any plan of adjustment that is *per se* unconfirmable. Since July 24, 2019, this adversary proceeding has been stayed pursuant to the Stay and Mediation Order.

In *The Financial Oversight and Management Board for Puerto Rico, et al. v. Autonomy Master Fund Limited, et al.* (D.P.R. Case No. 19-00291, filed on May 2, 2019), the Oversight Board and the Official Committee of Unsecured Creditors commenced an adversary proceeding in the Commonwealth's Title III case against numerous parties, including FGIC and other insurers and holders of the Commonwealth's general obligation and guaranteed debt, seeking, among other things, declaratory judgments that such parties do not hold consensual or statutory liens against the Commonwealth's good faith, credit, and taxing power, available resources, allocable revenues or property tax revenues, and that such parties' claims, to the extent they are valid, are unsecured. This adversary proceeding was stayed pursuant to the Stay and Mediation Order from July 24, 2019, until December 2019 when the District Court entered an order permitting limited motions to dismiss to be filed. On March 10, 2020, the District Court set aside its December 2019 order and again stayed this adversary proceeding pursuant to the Stay and Mediation Order.

On January 31, 2020, FGIC, Ambac Assurance Corporation, Assured Guaranty Corp., Assured Guaranty Municipal Corp., and the trustee for the Puerto Rico Infrastructure Financing Authority ("PRIFA") bonds filed a motion in the Commonwealth's Title III case concerning application of the automatic stay to the rum tax revenues pledged to secure certain PRIFA bonds (amending the motion initially filed by Ambac on May 30, 2019, that had been stayed pursuant to the Stay and Mediation Order since July 24, 2019), seeking an order lifting the automatic stay so that the movants may pursue one or more actions in another forum to enforce the application of the pledged revenues to the payment of the PRIFA bonds or, in the alternative, requiring the Commonwealth to provide adequate protection for the movants' interests in the pledged revenues. Briefing on this motion is ongoing, and a preliminary hearing is scheduled for June 4, 2020.

On January 16, 2020, FGIC, Ambac Assurance Corporation, Assured Guaranty Corp., Assured Guaranty Municipal Corp., and National Public Finance Guarantee Corporation filed a motion in the PRHTA and Commonwealth Title III cases, seeking an order lifting the automatic stay in both cases so that the movants may bring one or more actions in another forum to enforce the application of the revenues pledged to secure the PRHTA bonds to the payment of the PRHTA bonds, including by enforcing their liens on the pledged revenues, or, in the alternative, requiring the Commonwealth and the PRHTA to provide adequate protection for the movants' interests in the pledged revenues. Briefing on this motion is ongoing, and a preliminary hearing is scheduled for June 4, 2020.

On January 16, 2020, FGIC, Ambac Assurance Corporation, Assured Guaranty Corp., Assured Guaranty Municipal Corp., and the trustee for the Puerto Rico Convention Center District Authority ("PRCCDA") bonds filed a motion in the Commonwealth's Title III case concerning application of the automatic stay to the hotel taxes pledged to secure the PRCCDA bonds, seeking an order that the automatic stay does not apply to an action that the movants may bring in another forum against the PRCCDA and certain other persons to enforce the movants' rights to these pledged hotel taxes or, in the alternative, lifting the automatic stay so that the movants may bring this enforcement action or, further in the alternative, requiring the Commonwealth to provide adequate protection for the movants' interests in the pledged hotel taxes. Briefing on this motion is ongoing, and a preliminary hearing is scheduled for June 4, 2020.

In *The Financial Oversight and Management Board for Puerto Rico, et al. v. Ambac Assurance Corporation, et al.* (D.P.R. Case No. 20-00003, filed on January 16, 2020), the Oversight Board commenced an adversary proceeding in the

# STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY

## NOTES TO FINANCIAL STATEMENTS

Commonwealth's Title III case against numerous parties, including FGIC and other insurers and holders of PRIFA bonds, seeking, among other things, a judgment disallowing each and every defendants' proofs of claim filed against the Commonwealth relating to the PRIFA bonds. Pursuant to an order entered on March 10, 2020, this adversary proceeding is stayed except to permit limited summary judgment motions. On April 28, 2020, the Oversight Board filed a motion for partial summary judgment seeking, among other things, to disallow secured claims asserted by FGIC and the other defendants on a number of theories, including that PROMESA preempts rights that FGIC and the other defendants held as secured creditors under the laws of the Commonwealth and applicable bond documents prior to the enactment of PROMESA, or alternatively that the secured claims of FGIC and the other defendants are not perfected and entitled to treatment as secured claims under PROMESA. FGIC opposes the Oversight Board's motion. Briefing on this motion is ongoing, and a hearing is scheduled for June 23, 2020.

In *The Financial Oversight and Management Board for Puerto Rico, et al. v. Ambac Assurance Corporation, et al.* (D.P.R. Case No. 20-00004, filed on January 16, 2020), the Oversight Board commenced an adversary proceeding in the Commonwealth's Title III case against numerous parties, including FGIC and other insurers and holders of PRCCDA bonds, seeking, among other things, a judgment disallowing each and every defendants' proofs of claim filed against the Commonwealth relating to the PRCCDA bonds. Pursuant to an order entered on March 10, 2020, this adversary proceeding is stayed except to permit limited summary judgment motions. On April 28, 2020, the Oversight Board filed a motion for partial summary judgment seeking, among other things, to disallow secured claims asserted by FGIC and the other defendants on a number of theories, including that PROMESA preempts rights that FGIC and the other defendants held as secured creditors under the laws of the Commonwealth and applicable bond documents prior to the enactment of PROMESA, or alternatively that the secured claims of FGIC and the other defendants are not perfected and entitled to treatment as secured claims under PROMESA. FGIC opposes the Oversight Board's motion. Briefing on this motion is ongoing, and a hearing is scheduled for June 23, 2020.

In *The Financial Oversight and Management Board for Puerto Rico, et al. v. Ambac Assurance Corporation, et al.* (D.P.R. Case No. 20-00005, filed on January 16, 2020), the Oversight Board commenced an adversary proceeding in the Commonwealth's Title III case against numerous parties, including FGIC and other insurers and holders of PRHTA bonds, seeking, among other things, a judgment disallowing each and every defendants' proofs of claim filed against the Commonwealth relating to the PRHTA bonds. Pursuant to an order entered on March 10, 2020, this adversary proceeding is stayed except to permit limited summary judgment motions. On April 28, 2020, the Oversight Board filed a motion for partial summary judgment seeking, among other things, to disallow secured claims asserted by FGIC and the other defendants on a number of theories, including that PROMESA preempts rights that FGIC and the other defendants held as secured creditors under the laws of the Commonwealth and applicable bond documents prior to the enactment of PROMESA, or alternatively that the secured claims of FGIC and the other defendants are not perfected and entitled to treatment as secured claims under PROMESA. FGIC opposes the Oversight Board's motion. Briefing on this motion is ongoing, and a hearing is scheduled for June 23, 2020.

In *The Financial Oversight and Management Board for Puerto Rico, et al. v. Ambac Assurance Corporation, et al.* (D.P.R. Case No. 20-00007, filed on January 16, 2020), the Oversight Board, the Official Committee of Unsecured Creditors and PRHTA commenced an adversary proceeding in PRHTA's Title III case against numerous parties, including FGIC and other insurers and holders of PRHTA bonds, seeking, among other things, a judgment disallowing each and every defendants' proofs of claim filed against PRHTA relating to the PRHTA bonds. This adversary proceeding is stayed pursuant to an order entered on March 10, 2020.

In *Financial Guaranty Insurance Company v. Alejandro García Padilla, et al.*, (D.P.R., Case No. 3:16-cv-01095, filed on January 19, 2016), FGIC commenced an action for declaratory judgment and injunctive relief seeking, *inter alia*, to invalidate the executive orders issued by the Governor of Puerto Rico on November 30 and December 7, 2015, authorizing the Commonwealth's Treasury Department to clawback certain revenues assigned or pledged to secure the payment of bonds issued by PRIFA, PRHTA and PRCCDA, including bonds insured by FGIC, on the grounds that they are preempted by federal law and/or violate the Contracts, Due Process, Takings, and Equal Protection Clause of the United States Constitution. On January 21, 2016, FGIC's action was consolidated with an analogous action brought by Assured Guaranty Corp., Assured Guaranty Municipal Corp., and Ambac Assurance Corporation.

On October 4, 2016, the District Court entered an order denying all defendants' motions to dismiss FGIC's claims, except that it dismissed FGIC's preemption-based claim. This action was subject to the PROMESA Stay, and it is now stayed by the commencement of the Commonwealth's PROMESA Title III proceeding.

On March 16, 2017, FGIC filed a motion for leave to intervene as a plaintiff in *Lex Claims, LLC, et al. v. The Commonwealth of Puerto Rico, et al.*, (D.P.R. Case No. 3:16-cv-02374, filed on July 20, 2016), which case was filed by a group of holders of the Commonwealth's general obligation bonds challenging, *inter alia*, the validity of the Puerto Rico Emergency Moratorium and Financial Rehabilitation Act, related executive orders, and the availability of resources pledged to pay bonds issued by the Puerto Rico Sales Tax Financing Corporation ("COFINA"). Before the District Court ruled on FGIC's motion to intervene, the United States Court of Appeals for the First Circuit, on April 4, 2017, ruled that the PROMESA Stay applied to all claims asserted by the original plaintiffs in this action. Therefore, FGIC's motion for leave to intervene was similarly subject to the PROMESA Stay, and it is now stayed by the commencement of the Commonwealth's PROMESA Title III proceeding.

### 15. Leases

No significant changes

### 16. Information About Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk

No significant changes

### 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

None

**STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

**18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

Not Applicable

**19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

Not Applicable

**20. Fair Value Measurements**

SSAP 100R specifies a fair value hierarchy based on whether the inputs to valuation techniques used to measure fair value are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about market participants' assumptions based on the best information available in the circumstances. The fair value hierarchy prioritizes model inputs into three broad levels: quoted prices for identical instruments in active markets are Level 1 inputs; quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets are Level 2 inputs; and model-driven valuations in which one or more significant inputs or significant value drivers are unobservable are Level 3 inputs.

A.

(1) Fair Value Measurements at Reporting Date

| Description for Each Class<br>of Asset or Liability                       | (Level 1)   | (Level 2)               | (Level 3)            | Net Asset<br>Value<br>(NAV) | Total                   |
|---|-------------|-------------------------|----------------------|-----------------------------|-------------------------|
| Bonds:  |             |                         |                      |                             |                         |
| Obligations of states and political subdivisions                          | \$ -        | \$ 186,822,273          | \$ -                 | \$ -                        | \$ 186,822,273          |
| Loan-backed and structured securities                                     | -           | 582,656,210             | -                    | -                           | 582,656,210             |
| Obligations of the U.S. government and its agencies and instrumentalities | -           | 122,732,686             | -                    | -                           | 122,732,686             |
| Corporate obligations   | -           | 1,176,430,473           | -                    | -                           | 1,176,430,473           |
| <b>Total bonds</b>  | <b>-</b>    | <b>2,068,641,642</b>    | <b>-</b>             | <b>-</b>                    | <b>2,068,641,642</b>    |
| Surplus notes   | -           | 9,688,567               | -                    | -                           | 9,688,567               |
| Other invested assets   | -           | -                       | 78,183,921           | -                           | 78,183,921              |
| Short-term investments  | -           | 6,299,597               | -                    | -                           | 6,299,597               |
| Cash equivalents  | -           | 61,389,264              | -                    | -                           | 61,389,264              |
| <b>Total assets at fair value/NAV</b>                                     | <b>\$ -</b> | <b>\$ 2,146,019,070</b> | <b>\$ 78,183,921</b> | <b>\$ -</b>                 | <b>\$ 2,224,202,991</b> |

(2) Not Applicable

(3) There have been no transfers into or out of Level 3 during the period.

(4) No significant changes

(5) Not Applicable

B. None

C.

| Type of Financial<br>Instrument | Aggregate<br>Fair Value | Admitted<br>Assets      | (Level 1)   | (Level 2)               | (Level 3)            | Net Asset<br>Value<br>(NAV) | Not<br>Practicable<br>(Carrying<br>Value) |
|---------------------------------|-------------------------|-------------------------|-------------|-------------------------|----------------------|-----------------------------|---|
| Bonds                           | \$ 2,068,641,642        | \$ 1,983,714,790        | \$ -        | \$ 2,068,641,642        | \$ -                 | \$ -                        | \$ -                                      |
| Surplus notes                   | 9,688,567               | 8,855,993               | -           | 9,688,567               | -                    | -                           | -   |
| Other invested assets           | 78,183,921              | 61,591,277              | -           | -                       | 78,183,921           | -                           | -   |
| Short-term investments          | 6,299,597               | 6,290,452               | -           | 6,299,597               | -                    | -                           | -   |
| Cash equivalents                | 61,389,264              | 61,389,264              | -           | 61,389,264              | -                    | -                           | -   |
| <b>Total</b>                    | <b>\$ 2,224,202,991</b> | <b>\$ 2,121,841,776</b> | <b>\$ -</b> | <b>\$ 2,146,019,070</b> | <b>\$ 78,183,921</b> | <b>\$ -</b>                 | <b>\$ -</b>                               |

D. No significant changes

E. Not Applicable

# STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY

## NOTES TO FINANCIAL STATEMENTS

### 21. Other Items

- A. None
- B. None
- C. Recent Developments

#### COVID-19 Pandemic

A coronavirus disease, COVID-19, began to spread globally in early 2020 and has been declared a pandemic by the World Health Organization. Its emergence and reactions to it have already had a profound effect on both the domestic and global economies and financial markets. The short- and long-term impacts of the COVID-19 pandemic, and the true extent of such impacts, are by their very nature uncertain and will be determined by many factors, including the effectiveness of government and other health measures to contain and prevent the spread of the virus and the effectiveness of economic stimulus, emergency relief, and other government programs, initiatives and actions implemented or taken to mitigate the economic, financial and other disruptions caused by the COVID-19 pandemic. At this time, however, there remains considerable uncertainty as to how long the COVID-19 pandemic will last and as to the extent and duration of the economic, financial and other disruptions caused by the pandemic. Consequently, there remains considerable uncertainty relating to precisely how the COVID-19 pandemic will impact the Company, and whether or to what extent any such impact will be temporary or lasting.

The Company is working with its important service providers to ensure continuity of services during the COVID-19 pandemic, and, to date, the Company's business operations have not been disrupted nor adversely impacted in any material respect. To augment the Company's regular processes for reviewing its insured and investment portfolios, the Company is implementing plans to assess and monitor the impact that the COVID-19 pandemic may have on these portfolios. These activities are subject to supervision and oversight by the Board and management.

- D. None
- E. Not Applicable
- F. No significant changes
- G. None
- H. None

### 22. Events Subsequent

Type II Subsequent Event - On May 7, 2020, FGIC agreed to sell FGIC UK for GBP 22.8 million, with this sale scheduled to be completed in June 2020.

Subsequent events described elsewhere in the notes to these financial statements include in Note 14, Liabilities, Contingencies and Assessments, information about developments concerning certain legal proceedings, in Note 21, Other Items, information about developments concerning the COVID-19 pandemic, and in Note 25, Changes in Incurred Losses and Loss Adjustment Expenses, information about developments concerning FGIC's Puerto Rico-related insured exposures.

The date through which subsequent events have been evaluated is May 11, 2020, the date the statutory-basis financial statements were available to be issued.

### 23. Reinsurance

No significant changes

### 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

None

### 25. Changes in Incurred Losses and Loss Adjustment Expenses

Loss reserves comprise the total amount of (i) the Claims Reserve, (ii) the DPO for all policies and (iii) the DPO Accretion for all policies, minus the Policy Revision Adjustment. The Policy Revision Adjustment shown in the table below is prescribed by NYSDFS Guidelines and reflects the reduction in the loss reserve components necessary to reflect a Minimum Surplus Amount of \$66.4 million.

**STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

The loss reserve components as of March 31, 2020 and December 31, 2019 are summarized as follows:

|   | <b>March 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|---|---------------------------|------------------------------|
|   | <i>(In Thousands)</i>     |                              |
| Claims Reserve                              | \$ 1,175,498              | \$ 1,213,340                 |
| DPO   | 1,418,289                 | 1,414,003                    |
| DPO Accretion                               | 242,787                   | 231,886                      |
| Total                                       | <u>2,836,574</u>          | <u>2,859,229</u>             |
| Policy Revision Adjustment                  | (1,186,793)               | (1,180,546)                  |
| Loss reserves, net balance at end of period | <u>\$ 1,649,781</u>       | <u>\$ 1,678,683</u>          |

**Claims Reserve**

The Claims Reserve is calculated on a policy-by-policy basis for insured obligations, net of reinsurance, as of the reporting date (using the prescribed statutory discount rate which is based on the average rate of return on the Company's admitted assets, which was 4.16% at both March 31, 2020 and December 31, 2019). The amount of the discount applied to the Claims Reserve as of March 31, 2020 and December 31, 2019 was \$723.5 million and \$775.2 million, respectively. The amount of the discount decreased by \$51.7 million and \$159.3 million for the three months ended March 31, 2020 and the year ended December 31, 2019, respectively. Any decrease (increase) in the amount of the discount is recorded as an increase (decrease) to losses incurred.

Activity related to the Claims Reserve for the three months ended March 31, 2020 and the year ended December 31, 2019 is summarized as follows:

|  | <b>March 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|--|---------------------------|------------------------------|
|  | <i>(In Thousands)</i>     |                              |
| Claims Reserve, beginning of period  | \$ 1,213,340              | \$ 1,334,365                 |
| Total Claims Reserve released related to:  |                           |                              |
| Current year   | -                         | -                            |
| Prior years  | (13,776)                  | (50,159)                     |
| Total released   | <u>(13,776)</u>           | <u>(50,159)</u>              |
| Paid (net of recoveries received) related to:                                    |                           |                              |
| Current year   | -                         | -                            |
| Prior years  | (19,780)                  | (1,992)                      |
| Total paid   | <u>(19,780)</u>           | <u>(1,992)</u>               |
| DPO related to policy claims paid at the applicable CPP,<br>less DPO reductions: |                           |                              |
| Current year   | -                         | -                            |
| Prior years  | (4,286)                   | (68,874)                     |
| Total related to DPO   | <u>(4,286)</u>            | <u>(68,874)</u>              |
| Claims Reserve, end of period  | <u>\$ 1,175,498</u>       | <u>\$ 1,213,340</u>          |

As of March 31, 2020, FGIC's Claims Reserve was attributable nearly entirely to its Puerto Rico-related insured exposures and certain residential mortgage-backed securities ("RMBS") insured by FGIC. The Claims Reserve decreased \$37.8 million to \$1,175.5 million at March 31, 2020 from \$1,213.3 million at December 31, 2019. The Claims Reserve released of \$13.8 million for the three months ended March 31, 2020 was primarily driven by decreases in estimated losses for certain FGIC-insured floating rate RMBS due to forward interest rate movements and reductions to give effect to purchases of FGIC-insured RMBS and Puerto Rico-related securities by FGIC. These decreases were partially offset by increases in estimated losses for certain Puerto Rico-related exposures insured by FGIC as well as a decrease in the amount of the discount applied to the Claims Reserve.

**STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

The following table shows the gross and net par in force for FGIC's Puerto Rico-related insured exposures as of March 31, 2020:

|   | <b>Gross Par In<br/>Force*</b> | <b>Net Par In<br/>Force*</b> |
|---|--------------------------------|------------------------------|
|   | <i>(In Thousands)</i>          |                              |
| Puerto Rico General Obligation  | \$ 189,655                     | \$ 188,078                   |
| Puerto Rico Convention Center District Authority                                | 97,075                         | 97,075                       |
| Puerto Rico Highways and Transportation Authority<br>(Trans Revs - Senior)      | 367,200                        | 339,529                      |
| Puerto Rico Highways and Transportation Authority<br>(Trans Revs - Subordinate) | 27,320                         | 27,320                       |
| Puerto Rico Infrastructure Financing Authority**                                | 293,030                        | 293,030                      |
| <b>Total</b>  | <b>\$ 974,280</b>              | <b>\$ 945,032</b>            |

\* With respect to any FGIC-insured exposure, (i) gross par in force is based on the outstanding principal amount of such exposure, as of the date of determination, but, if such exposure has been the subject of any permitted policy claim paid by FGIC at the CPP in accordance with the Rehabilitation Plan, the gross par in force is reduced by the total amount of all such permitted policy claims relating to principal (without duplication of any other actual reductions), not merely by the CPP portion thereof paid in cash, since the Rehabilitation Plan prohibits future policy claims for that principal amount or interest thereon, and (ii) net par in force means the gross par in force for such exposure net of any related reinsurance. Neither GPIF nor NPIF is reduced to give effect to FGIC-insured Puerto Rico-related securities purchased by FGIC.

\*\* Includes capital appreciation bonds (CABs) using their total original principal amount of \$111.2 million. As of March 31, 2020, the total accreted value of these CABs was \$219.9 million.

The following table shows the scheduled net debt service due on FGIC's Puerto Rico-related insured exposures as of March 31, 2020, for each of the years presented:

|              | <b>Puerto Rico<br/>General<br/>Obligation</b> | <b>Puerto Rico<br/>Convention<br/>Central District<br/>Authority</b> | <b>Puerto Rico<br/>Highways and<br/>Transportation<br/>Authority<br/>(Trans Revs -<br/>Senior)</b> | <b>Puerto Rico<br/>Highways and<br/>Transportation<br/>Authority<br/>(Trans Revs -<br/>Subordinate)</b> | <b>Puerto Rico<br/>Infrastructure<br/>Financing<br/>Authority</b> | <b>Total</b>        |
|--------------|---|--|--|---|---|---------------------|
|              | <i>(In Thousands)</i>                         |  |  |   |   |                     |
| 2020         | \$ 21,507                                     | \$ 2,378   | \$ 16,032  | \$ 11,785   | \$ 49,716   | \$ 101,418          |
| 2021         | 94,726  | 19,075   | 38,486   | 17,258  | 54,712  | 224,257             |
| 2022         | 60,170  | 19,073   | 47,226   | -   | 54,713  | 181,182             |
| 2023         | 1,579   | 19,076   | 28,866   | -   | 8,045   | 57,566              |
| 2024         | 1,579   | 19,075   | 28,865   | -   | 8,045   | 57,564              |
| Thereafter   | 36,458  | 38,147   | 411,232  | -   | 482,756   | 968,593             |
| <b>Total</b> | <b>\$ 216,019</b>                             | <b>\$ 116,824</b>  | <b>\$ 570,707</b>  | <b>\$ 29,043</b>  | <b>\$ 657,987</b>   | <b>\$ 1,590,580</b> |

FGIC's Puerto Rico-related insured exposures are subject to significant stress and credit deterioration arising from Puerto Rico's fiscal, financial, liquidity and other challenges. There is substantial uncertainty as to Puerto Rico's ability and willingness to pay its various debt service obligations, as discussed below.

Puerto Rico has defaulted on all semi-annual debt service payments on FGIC-insured PRIFA bonds due from and after January 1, 2016, FGIC-insured General Obligation ("GO") and GO Guaranteed bonds due from and after July 1, 2016, and FGIC-insured PRHTA and PRCCDA bonds due from and after July 1, 2017. Due to Puerto Rico's defaults, FGIC has made payments in accordance with the terms of its related policies (as modified by the Rehabilitation Plan) in respect of aggregate policy claims of approximately \$380.8 million through March 31, 2020. To the extent Puerto Rico continues to fail to pay scheduled debt service on FGIC-insured exposures as and when due, FGIC would be obligated to pay the related claims under its policies (as modified by the Rehabilitation Plan), and such claims could be material. While FGIC will seek to recover any claim payments it makes, there can be no assurance that FGIC will be able to recover any such payments.

On June 30, 2016, the President of the United States signed into law PROMESA. PROMESA, among other things, established the Financial Oversight and Management Board (the "Oversight Board") with broad responsibilities and authority for (i) overseeing the development of budgets and fiscal plans for the Commonwealth and its instrumentalities and (ii) initiating judicial processes under Title III of PROMESA to restructure the debts of the Commonwealth and its instrumentalities, by accessing multiple sections of the U.S. Bankruptcy Code (including cramdown provisions) that were not previously available to Puerto Rico. PROMESA also set forth collective action provisions intended to facilitate consensual debt restructurings pursuant to Title VI of PROMESA. PROMESA provided for an automatic stay of debt-related litigation and other enforcement actions upon its enactment (the "PROMESA Stay"), which expired on May 1, 2017.

## STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY

### NOTES TO FINANCIAL STATEMENTS

On May 3, 2017, the Oversight Board filed a petition in the U.S. District Court for the District of Puerto Rico and thereby commenced a debt adjustment proceeding for the Commonwealth of Puerto Rico under Title III of PROMESA. On May 21, 2017, the Oversight Board filed a petition in the U.S. District Court for the District of Puerto Rico and thereby commenced a debt adjustment proceeding for PRHTA under Title III of PROMESA. The terms and timing for any final outcome of these Title III proceedings are uncertain but could materially impact FGIC.

On June 14, 2017, Judge Laura Taylor Swain (the federal judge hearing the Title III cases) entered an order designating a mediation team comprising five sitting federal judges to facilitate confidential settlement negotiations of any and all issues and proceedings arising in the Title III cases. On July 24, 2019, Judge Swain entered an order (i) staying the litigation of various issues in the Commonwealth and PRHTA Title III cases, including adversary proceedings and other disputes involving FGIC, and (ii) requiring litigants, including FGIC, to participate in the mediation of various matters before the designated mediators. Judge Swain from time to time has modified such order, among other things, to extend the litigation stay and to permit the filing and briefing of certain motions in certain actions, including actions involving FGIC (such order as modified, the "Stay and Mediation Order"). Since 2017, FGIC has participated in many mediation and negotiation sessions with no resolution of its claims.

Since 2017, the Oversight Board has certified several fiscal plans for the Commonwealth and PRHTA. On May 9, 2019, the Oversight Board certified a revised fiscal plan for the Commonwealth, which projects annual budgetary surpluses through 2037, followed by annual budgetary deficits. As was the case with prior certified fiscal plans for the Commonwealth, this revised fiscal plan does not provide a high degree of detail regarding the underlying data, assumptions and rationales supporting those assumptions, which hinders the reconciliation and verification of the financial projections. Consequently, it is difficult to predict with any certainty the ability and willingness of the Oversight Board and Commonwealth to pay, or allocate or appropriate funds for payment of, the existing contractual debt service obligations of the Commonwealth and its authorities and public corporations, including PRIFA and PRCCDA, shown in the revised fiscal plan.

On June 5, 2019, the Oversight Board certified a revised fiscal plan for PRHTA, which continues to exclude large sources of PRHTA revenues from the forecasted cash flows for PRHTA and consequently continues to show limited capacity to pay PRHTA's existing contractual debt service obligations over the six-year period covered by such revised fiscal plan.

The Oversight Board is expected to revise these certified fiscal plans, at some point, to reflect intervening results and the impact of any changes to the outlook for Puerto Rico, including due to disruptions caused by the COVID-19 pandemic. The nature and extent of any such revisions is unclear, but could be material to FGIC, since the final certified fiscal plans for the Commonwealth and PRHTA are intended to serve as the basis for the plans of adjustment in their respective Title III proceedings.

On September 27, 2019, the Oversight Board filed a joint plan of adjustment for the Commonwealth, the Employees Retirement System and the Puerto Rico Public Buildings Authority, in the Commonwealth's Title III proceeding, which provided for, among other things, discounted recoveries for holders of GO and GO Guaranteed bonds and minimal recoveries for holders of PRIFA, PRCCDA and PRHTA bonds. On February 9, 2020, the Oversight Board disclosed that it had entered into an amended plan support agreement with holders of approximately \$8 billion of GO and GO Guaranteed bonds (the "GO PSA"). Subsequently, the Oversight Board disclosed that holders of approximately \$2 billion of additional GO and GO Guaranteed bonds had joined the GO PSA. The GO PSA purportedly provides a framework for a plan of adjustment to resolve \$35 billion of debt and unsecured claims against the Commonwealth, including GO and GO Guaranteed, PRHTA, PRIFA and PRCCDA bond claims. FGIC is not a party to the GO PSA nor does FGIC support the GO PSA on its current terms.

On February 28, 2020, the Oversight Board filed an amended joint plan of adjustment (the "Amended Commonwealth POA") and a related disclosure statement, which purportedly reflect the relevant terms of the GO PSA. The Amended Commonwealth POA provides for recoveries on pre-2011 GO bonds and pre-2011 GO Guaranteed bonds of 74.9% and 77.6%, respectively, of the related claim amount as of the Commonwealth's Title III petition date. All GO and GO Guaranteed bonds insured by FGIC are pre-2011 bonds. These recoveries will be in the form of cash and new debt, with that new debt being evenly split between new GO bonds and new junior lien sales tax bonds issued by COFINA. The Amended Commonwealth POA provides for only minimal recoveries for holders of PRIFA, PRCCDA and PRHTA bond claims against the Commonwealth (including the bonds insured by FGIC). FGIC does not support the Amended Commonwealth POA on its current terms.

On March 27, 2020, at the request of the Oversight Board, Judge Swain entered an order adjourning, until further notice, the hearing on the disclosure statement with respect to the Amended Commonwealth POA, to allow the Oversight Board and the Commonwealth to devote their attention to addressing the impact of the COVID-19 pandemic on Puerto Rico. It is unclear whether, or to what extent, the Oversight Board may revise the Amended Commonwealth POA and disclosure statement in the future, but the nature and extent of any such revisions could be material to FGIC.

The Oversight Board has not yet filed a proposed plan of adjustment for PRHTA in PRHTA's Title III proceeding, and it is unclear when it will file such plan of adjustment. Any such proposed plan of adjustment, however, may provide for additional recoveries for holders of PRHTA bonds, including bonds insured by FGIC.

On February 15, 2019, the United States Court of Appeals for the First Circuit held that members of the Oversight Board were not appointed in compliance with the Appointments Clause of the U.S. Constitution, but it declined to invalidate any prior actions of the Oversight Board, including the PROMESA Title III proceedings commenced by the Oversight Board. On June 20, 2019, the Supreme Court of the United States granted the separate petitions of the Oversight Board and other parties to review the First Circuit's ruling. On July 2, 2019, the First Circuit extended the stay of its ruling, which had been in effect, pending disposition of the case by the Supreme Court. On October 18, 2019, the Supreme Court heard oral argument from the parties in interest. The Supreme Court's opinion, when rendered, may be material to FGIC.

FGIC has commenced various legal proceedings and taken various legal actions against the Commonwealth, the Oversight Board and others with respect to actions taken (or not taken) that affect the Puerto Rico-related exposures it insures, including those discussed in Note 14, Liabilities, Contingencies and Assessments. FGIC is opposing and defending various legal proceedings brought by the Oversight Board and others with respect to matters affecting its Puerto Rico-related insured exposures, including those discussed in Note 14, Liabilities, Contingencies and Assessments.

The ultimate impact of PROMESA (including the Title III proceedings that have been or may be filed and legal challenges that have been or may be brought), laws enacted by the Commonwealth, executive orders issued by the Governor of Puerto Rico, and actions taken (or not taken) by the Oversight Board or the Commonwealth, on Puerto Rico and its fiscal, financial, liquidity and other challenges, including the payment or restructuring of its debt obligations (including those insured by FGIC), is uncertain, but could be material to FGIC.



## STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY

### NOTES TO FINANCIAL STATEMENTS

Pursuant to FGIC's normal surveillance process, every Puerto Rico-related insured exposure is reviewed on a quarterly basis. This process includes reviewing developments in the Title III proceedings, various legal proceedings involving the Company or relevant to its insured exposures, and economic, financial and other matters affecting Puerto Rico, including those highlighted above. As of March 31, 2020, FGIC's Claims Reserve for its Puerto Rico-related insured exposures was based on various estimates, assumptions and judgments by management about the outcome of future events, including the possible timing and outcome of the Title III proceedings that have been or may be filed and legal challenges that have been or may be brought, the nature, timing and impact of disaster recovery efforts, the amount and timing of federal aid and assistance for Puerto Rico, and the impact of actions taken (or not taken) by the Oversight Board or the Commonwealth, and economic, financial and other matters concerning Puerto Rico, including those highlighted above. It is impossible to predict with any certainty how or when Puerto Rico will be able to resolve its debt and other challenges, and any such resolution could have a material effect on FGIC's Claims Reserve and the related policy claims that FGIC would be required to pay.

Pursuant to FGIC's normal surveillance process, every FGIC-insured RMBS is reviewed on a quarterly basis. This process includes reviewing the loan and transaction performance data presented in the monthly RMBS trustee reports to identify any changes in performance or other issues. This updated performance data is used in FGIC's cash flow projection models for estimating future losses and recoveries on FGIC-insured RMBS, and, to the extent any net claims are projected, for establishing the amount of the Claims Reserve for such RMBS. These models utilize various important assumptions, including assumptions as to future mortgage loan performance (e.g., default rates, loss severity rates, and prepayment rates) and the amount and timing of collateral cash flows, that are typically based on recent historical performance, the priority of application of those cash flows under the RMBS transaction documents, and future interest rates that are typically derived from forward interest rate curves. The Company has insured certain floating rate RMBS transactions. Accordingly, the Company is exposed to interest rate risk. For Claims Reserve purposes, each quarter the Company projects its insured exposure on these transactions using forward interest rate curves as of the end of such quarter. For such RMBS transactions, increases or decreases in the interest rates comprising such curves as compared to the prior quarter could significantly impact the related Claims Reserve, and such changes could be material. The Claims Reserve should be most significantly impacted on such RMBS transactions where FGIC is not required to pay policy claims relating to principal losses until legal maturity of the transactions (2035-2037) because they will continue to have relatively high principal balances on which interest generally will accrue except as otherwise provided in the transaction documents. The Claims Reserve for RMBS is based primarily on the outputs of the cash flow projection models referred to above and relies on the capability of such models to project future loan and RMBS performance. Actual mortgage loan performance and other RMBS-related developments (including interest rate movements), including the impacts of the COVID-19 pandemic, may lead to changes in the Claims Reserve for RMBS, and such changes could be material.

The Company believes that the Claims Reserve as of March 31, 2020 is adequate. However, the establishment of the Claims Reserve is an inherently uncertain process involving numerous estimates, assumptions and judgments by management about the outcome of future events. These estimates, assumptions and judgments may change from time to time based on, among other things, developments in the matters highlighted above, including further deterioration in FGIC-insured Puerto Rico-related exposures or the performance of FGIC-insured RMBS, interest rate movements, the economic, financial and other disruptions caused by the COVID-19 pandemic, or changes in the ability or willingness of insured obligors (including Puerto Rico-related entities) to pay their debt service obligations. As a result, FGIC's Claims Reserve may change materially during the relevant period. Any estimates of FGIC's Claims Reserve, therefore, may differ from the ultimate claims required to be paid by FGIC, possibly materially. These changes, however, will not affect the Company's loss reserve or operating results as long as a Policy Revision Adjustment is required to be made. There can be no assurance that the Company's estimate of the Claims Reserve is accurate. Accordingly, there can be no assurance that the total amount of policy claims permitted by the Company after March 31, 2020 will not exceed or be less than its Claims Reserve at March 31, 2020, and it is possible that they could significantly exceed such reserve.

The structure of the waterfall of cash flows in the transaction documents for FGIC-insured RMBS and applicable terms and conditions of the Rehabilitation Plan may permit FGIC to recover claims paid from subsequent cash flows. The projected recoveries found in Note 36B, Financial Guaranty Insurance, reflect FGIC's current estimate of these RMBS recoveries, as well as the projected recoveries in respect of claims paid on FGIC's Puerto Rico-related insured exposures, but there can be no assurance that such recoveries will be received by FGIC.

The Company may pursue various loss mitigation activities based on the type and nature of the insured obligation and the issue or event giving rise to the loss mitigation concern. These loss mitigation activities may include developing and implementing plans to communicate with and obtain financial and other information from transaction participants, to enforce the Company's contractual rights and remedies, and, where appropriate, to commence and prosecute litigation proceedings to enforce the Company's rights and remedies and recover losses already incurred by FGIC or mitigate future losses that FGIC may incur. There can be no assurance that any loss mitigation efforts will be successful, or as to the magnitude of any benefit that might be derived from any such efforts that are successful.

In accordance with the Rehabilitation Plan, each reinsurer is obligated to pay FGIC in full in cash for such reinsurer's reinsured portion of the entire amount of each permitted policy claim covered by the reinsurance, in each case without giving effect to the modification of FGIC's policy obligations and regardless of the amount paid in cash by FGIC on account of such policy claim. Any reinsurance recoverable on losses is calculated in a manner consistent with the calculation of the gross Claims Reserve and reflected in the Claims Reserve as a reduction of the liability.

**STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

**DPO**

Activity in the DPO for the three months ended March 31, 2020 and the year ended December 31, 2019 is summarized as follows:

|   | <b>March 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|---|---------------------------|------------------------------|
|   | <i>(In Thousands)</i>     |                              |
| DPO, beginning of period  | \$ 1,414,003              | \$ 1,453,824                 |
| Payments of DPO   | -                         | (133,331)                    |
| DPO related to policy claims paid at the applicable CPP,<br>less DPO reductions | 4,286                     | 68,874                       |
| DPO increases related to amounts recovered by FGIC                              | -                         | 24,636                       |
| DPO, end of period  | <u>\$ 1,418,289</u>       | <u>\$ 1,414,003</u>          |

**DPO Accretion**

Activity in the DPO Accretion for the three months ended March 31, 2020 and the year ended December 31, 2019 is summarized as follows:

|                                    | <b>March 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|------------------------------------|---------------------------|------------------------------|
|                                    | <i>(In Thousands)</i>     |                              |
| DPO Accretion, beginning of period | \$ 231,886                | \$ 206,171                   |
| DPO Accretion for the period       | 10,901                    | 42,944                       |
| Payments of DPO Accretion          | -                         | (17,229)                     |
| DPO Accretion, end of period       | <u>\$ 242,787</u>         | <u>\$ 231,886</u>            |

**Policy Revision Adjustment**

Activity in the Policy Revision Adjustment for the three months ended March 31, 2020 and the year ended December 31, 2019 is summarized as follows:

|   | <b>March 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|---|---------------------------|------------------------------|
|   | <i>(In Thousands)</i>     |                              |
| Policy Revision Adjustment, beginning of period   | \$ (1,180,546)            | \$ (1,276,565)               |
| (Increase) Decrease in Policy Revision Adjustment | (6,247)                   | 96,019                       |
| Policy Revision Adjustment, end of period         | <u>\$ (1,186,793)</u>     | <u>\$ (1,180,546)</u>        |

**Loss Adjustment Expense Reserve**

The Company estimates a loss adjustment expense reserve based on the ultimate future net cost, determined using internally developed estimates, of the efforts involved in managing and mitigating existing and future policy claims and recovering or mitigating its policy losses and liabilities.

**STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

Activity in the loss adjustment expense reserve for the three months ended March 31, 2020 and the year ended December 31, 2019 is summarized as follows:

|                                    | <b>March 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|------------------------------------|---------------------------|------------------------------|
|                                    | <i>(In Thousands)</i>     |                              |
| Net balance at beginning of period | \$ 9,408                  | \$ 16,646                    |
| Incurred (released) related to:    |                           |                              |
| Current year                       | -                         | -                            |
| Prior years                        | 3,393                     | (148)                        |
| Total incurred (released)          | <u>3,393</u>              | <u>(148)</u>                 |
| Paid related to:                   |                           |                              |
| Current year                       | -                         | -                            |
| Prior years                        | (1,465)                   | (7,090)                      |
| Total paid                         | <u>(1,465)</u>            | <u>(7,090)</u>               |
| Net balance at end of period       | <u>\$ 11,336</u>          | <u>\$ 9,408</u>              |

**26. Intercompany Pooling Arrangements**

None

**27. Structured Settlements**

Not Applicable

**28. Health Care Receivables**

Not Applicable

**29. Participating Policies**

None

**30. Premium Deficiency Reserves**

None

**31. High Deductibles**

None

**32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

No significant changes

**33. Asbestos/Environmental Reserves**

None

**34. Subscriber Savings Accounts**

None

**35. Multiple Peril Crop Insurance**

None

**STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

**36. Financial Guaranty Insurance**

- A. No significant changes
- B. Schedule of insured financial obligations as of March 31, 2020.

|   | <b>Surveillance Categories</b> |             |                         | <b>Total</b>            |
|---|--------------------------------|-------------|-------------------------|-------------------------|
|   | <b>2</b>                       | <b>3</b>    | <b>4</b>                |                         |
| 1. Number of policies                                       | 15                             | -           | 81                      | 96                      |
| 2. Remaining weighted-average contract period<br>(in years) | 12.3                           | -           | 9.4                     | XXX                     |
| Insured contractual payments outstanding:                   |                                |             |                         |                         |
| 3a. Principal   | \$ 613,489,680                 |             | \$ 2,930,426,153        | \$ 3,543,915,833        |
| 3b. Interest  | 151,218,022                    |             | 1,256,948,562           | 1,408,166,584           |
| 3c. Total   | <u>\$ 764,707,702</u>          | <u>\$ -</u> | <u>\$ 4,187,374,715</u> | <u>\$ 4,952,082,417</u> |
| 4. Gross claim liability                                    | \$ -                           | \$ -        | \$ 2,131,431,495        | \$ 2,131,431,495        |
| Less:   |                                |             |                         |                         |
| 5a. Gross potential recoveries                              | -                              | -           | 232,471,225             | 232,471,225             |
| 5b. Discount, net   | -                              | -           | 723,462,405             | 723,462,405             |
| 6. Net claim liability                                      | <u>\$ -</u>                    | <u>\$ -</u> | <u>\$ 1,175,497,865</u> | <u>\$ 1,175,497,865</u> |
| 7. Unearned premium revenue                                 | \$ 3,282,226                   |             | \$ 25,108,628           | \$ 28,390,854           |
| 8. Reinsurance recoverables                                 | \$ -                           | \$ -        | \$ 34,412               | \$ 34,412               |

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes [ ] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [ ]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [X]
- 2.2 If yes, date of change: .....
- 3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? ..... Yes [X] No [ ]  
If yes, complete Schedule Y, Parts 1 and 1A.
- 3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [ ] No [X]
- 3.3 If the response to 3.2 is yes, provide a brief description of those changes.  
.....
- 3.4 Is the reporting entity publicly traded or a member of a publicly traded group? ..... Yes [ ] No [X]
- 3.5 If the response to 3.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.....
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [X]  
If yes, complete and file the merger history data file with the NAIC.
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

| 1<br>Name of Entity | 2<br>NAIC Company Code | 3<br>State of Domicile |
|---------------------|------------------------|------------------------|
|                     |                        |                        |

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes [ ] No [ ] NA [X]  
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ....12/31/2016
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ....12/31/2016
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....05/30/2018
- 6.4 By what department or departments?  
New York State Department of Financial Services.....
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [ ] No [ ] NA [X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [ ] No [ ] NA [X]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [ ] No [X]
- 7.2 If yes, give full information:  
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?..... Yes [ ] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?..... Yes [ ] No [X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

| 1<br>Affiliate Name | 2<br>Location<br>(City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>SEC |
|---------------------|--------------------------------|----------|----------|-----------|----------|
|                     |                                |          |          |           |          |

GENERAL INTERROGATORIES

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes [X] No [ ]
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
  - (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
  - (c) Compliance with applicable governmental laws, rules and regulations;
  - (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
  - (e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:  
 .....

- 9.2 Has the code of ethics for senior managers been amended? ..... Yes [ ] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).  
 .....

- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes [ ] No [X]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).  
 .....

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?..... Yes [X] No [ ]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:.....\$ .....14,363

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes [ ] No [X]

11.2 If yes, give full and complete information relating thereto:  
 .....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: .....\$ .....0

13. Amount of real estate and mortgages held in short-term investments: .....\$ .....0

- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes [X] No [ ]

14.2 If yes, please complete the following:

|   | 1   | 2  |
|---|---|--|
|   | Prior Year-End<br>Book/Adjusted<br>Carrying Value | Current Quarter<br>Book/Adjusted<br>Carrying Value |
| 14.21 Bonds .....   | \$ .....0   | \$ .....   |
| 14.22 Preferred Stock .....   | \$ .....0   | \$ .....   |
| 14.23 Common Stock .....  | \$ .....33,200,000                                | \$ .....33,200,000                                 |
| 14.24 Short-Term Investments .....  | \$ .....0   | \$ .....   |
| 14.25 Mortgage Loans on Real Estate .....   | \$ .....  | \$ .....   |
| 14.26 All Other .....   | \$ .....  | \$ .....   |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates<br>(Subtotal Lines 14.21 to 14.26)..... | \$ .....33,200,000                                | \$ .....33,200,000                                 |
| 14.28 Total Investment in Parent included in Lines 14.21 to 14.26<br>above .....                      | \$ .....  | \$ .....   |

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? ..... Yes [ ] No [X]

- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ] NA [ ]

If no, attach a description with this statement.

16 For the reporting entity's security lending program, state the amount of the following as of the current statement date:

|  |           |
|--|-----------|
| 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2                   | \$ .....0 |
| 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$ .....0 |
| 16.3 Total payable for securities lending reported on the liability page                                       | \$ .....0 |

## GENERAL INTERROGATORIES

17. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity’s offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes  No

17.1 For all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

| 1<br>Name of Custodian(s)         | 2<br>Custodian Address                                 |
|-----------------------------------|--|
| State Street Global Services..... | 801 Pennsylvania Ave., Kansas City, MO 64105.....      |
| Newport Trust Company.....        | 570 Lexington Ave., Suite 1903 New York, NY 10022..... |

17.2 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

| 1<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|--------------|------------------|------------------------------|
|              |                  |                              |

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? .....

Yes  No

17.4 If yes, give full and complete information relating thereto:

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|--------------------|--------------------|---------------------|-------------|
|                    |                    |                     |             |

17.5 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. [“...that have access to the investment accounts”; “...handle securities”]

| 1<br>Name of Firm or Individual         | 2<br>Affiliation |
|---|------------------|
| Wellington Management Company, LLP..... | U.....           |
|   |                  |
|   |                  |

17.5097 For those firms/individuals listed in the table for Question 17.5, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) manage more than 10% of the reporting entity’s invested assets?

Yes  No

17.5098 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) listed in the table for Question 17.5, does the total assets under management aggregate to more than 50% of the reporting entity’s invested assets?

Yes  No

17.6 For those firms or individuals listed in the table for 17.5 with an affiliation code of “A” (affiliated) or “U” (unaffiliated), provide the information for the table below.

| 1<br>Central Registration Depository Number | 2<br>Name of Firm or Individual         | 3<br>Legal Entity Identifier (LEI) | 4<br>Registered With                    | 5<br>Investment Management Agreement (IMA) Filed |
|---|---|------------------------------------|---|--|
| 106595.....                                 | Wellington Management Company, LLP..... | 549300YHP12TEZNLX41.....           | Securities and Exchange Commission..... | NO.....  |

18.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? .....

Yes  No

18.2 If no, list exceptions:

.....

19. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designated 5GI security:

- Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or
- a. PL security is not available.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5GI securities?.....

Yes  No

20. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:

- a. The security was purchased prior to January 1, 2018.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is
- c. shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
- d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities?.....

Yes  No

## GENERAL INTERROGATORIES

21. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:.....
- a. The shares were purchased prior to January 1, 2019.
  - b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
  - c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
  - d. The fund only or predominantly holds bonds in its portfolio.
  - e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
  - f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria?

Yes [ ] No [X]





**SCHEDULE F - CEDED REINSURANCE**

Showing All New Reinsurers - Current Year to Date

| 1<br>NAIC<br>Company Code | 2<br>ID Number | 3<br>Name of Reinsurer | 4<br>Domiciliary Jurisdiction | 5<br>Type of Reinsurer | 6<br>Certified<br>Reinsurer Rating<br>(1 through 6) | 7<br>Effective Date<br>of Certified<br>Reinsurer Rating |
|---------------------------|----------------|------------------------|-------------------------------|------------------------|---|---|
| <b>NONE</b>               |                |                        |                               |                        |   |   |

STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date – Allocated by States and Territories

| States, etc.   | 1<br>Active Status (a) | Direct Premiums Written   |                         | Direct Losses Paid (Deducting Salvage) |                         | Direct Losses Unpaid      |                         |              |
|--|------------------------|---------------------------|-------------------------|--|-------------------------|---------------------------|-------------------------|--------------|
|  |                        | 2<br>Current Year To Date | 3<br>Prior Year To Date | 4<br>Current Year To Date              | 5<br>Prior Year To Date | 6<br>Current Year To Date | 7<br>Prior Year To Date |              |
| 1. Alabama   | AL                     | N                         | 0                       | 0                                      | 0                       | 469,074                   | 496,391                 |              |
| 2. Alaska  | AK                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 3. Arizona   | AZ                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 4. Arkansas  | AR                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 5. California  | CA                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 6. Colorado  | CO                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 7. Connecticut   | CT                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 8. Delaware  | DE                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 9. Dist. Columbia  | DC                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 10. Florida  | FL                     | N                         | 0                       | 0                                      | 0                       | 1,239,704                 | 1,308,927               |              |
| 11. Georgia  | GA                     | N                         | 12,342                  | 12,563                                 | 0                       | 0                         | 0                       |              |
| 12. Hawaii   | HI                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 13. Idaho  | ID                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 14. Illinois   | IL                     | N                         | 0                       | 214                                    | 0                       | 0                         | 0                       |              |
| 15. Indiana  | IN                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 16. Iowa   | IA                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 17. Kansas   | KS                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 18. Kentucky   | KY                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 19. Louisiana  | LA                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 20. Maine  | ME                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 21. Maryland   | MD                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 22. Massachusetts  | MA                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 23. Michigan   | MI                     | N                         | 0                       | 0                                      | (7,140,991)             | 738,872,783               | 786,342,280             |              |
| 24. Minnesota  | MN                     | L                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 25. Mississippi  | MS                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 26. Missouri   | MO                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 27. Montana  | MT                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 28. Nebraska   | NE                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 29. Nevada   | NV                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 30. New Hampshire  | NH                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 31. New Jersey   | NJ                     | L                         | 133,140                 | 0                                      | 0                       | 0                         | 0                       |              |
| 32. New Mexico   | NM                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 33. New York   | NY                     | L                         | 1,217,708               | 1,446,195                              | 9,000,630               | 8,400,693                 | (83,656,927)            | (31,877,108) |
| 34. No. Carolina   | NC                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 35. No. Dakota   | ND                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 36. Ohio   | OH                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 37. Oklahoma   | OK                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 38. Oregon   | OR                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 39. Pennsylvania   | PA                     | L                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 40. Rhode Island   | RI                     | L                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 41. So. Carolina   | SC                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 42. So. Dakota   | SD                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 43. Tennessee  | TN                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 44. Texas  | TX                     | L                         | 0                       | 0                                      | 0                       | 1,812,656                 | 1,917,320               |              |
| 45. Utah   | UT                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 46. Vermont  | VT                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 47. Virginia   | VA                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 48. Washington   | WA                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 49. West Virginia  | WV                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 50. Wisconsin  | WI                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 51. Wyoming  | WY                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 52. American Samoa   | AS                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 53. Guam   | GU                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 54. Puerto Rico  | PR                     | L                         | 0                       | 0                                      | 18,691,011              | 9,161,283                 | 1,015,600,278           | 984,595,258  |
| 55. U.S. Virgin Islands  | VI                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 56. Northern Mariana Islands   | MP                     | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 57. Canada   | CAN                    | N                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 58. Aggregate Other Alien  | OT                     | XXX                       | 484,668                 | 489,491                                | 0                       | 0                         | 0                       |              |
| 59. Totals   | XXX                    | 1,847,858                 | 1,948,463               | 20,550,650                             | 17,561,976              | 1,674,337,569             | 1,742,783,068           |              |
| <b>DETAILS OF WRITE-INS</b>  |                        |                           |                         |  |                         |                           |                         |              |
| 58001. GBR United Kingdom  | XXX                    | 484,668                   | 489,491                 | 0                                      | 0                       | 0                         | 0                       |              |
| 58002. ....  | XXX                    | 0                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 58003. ....  | XXX                    | 0                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 58998. Summary of remaining write-ins for Line 58 from overflow page | XXX                    | 0                         | 0                       | 0                                      | 0                       | 0                         | 0                       |              |
| 58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above) | XXX                    | 484,668                   | 489,491                 | 0                                      | 0                       | 0                         | 0                       |              |

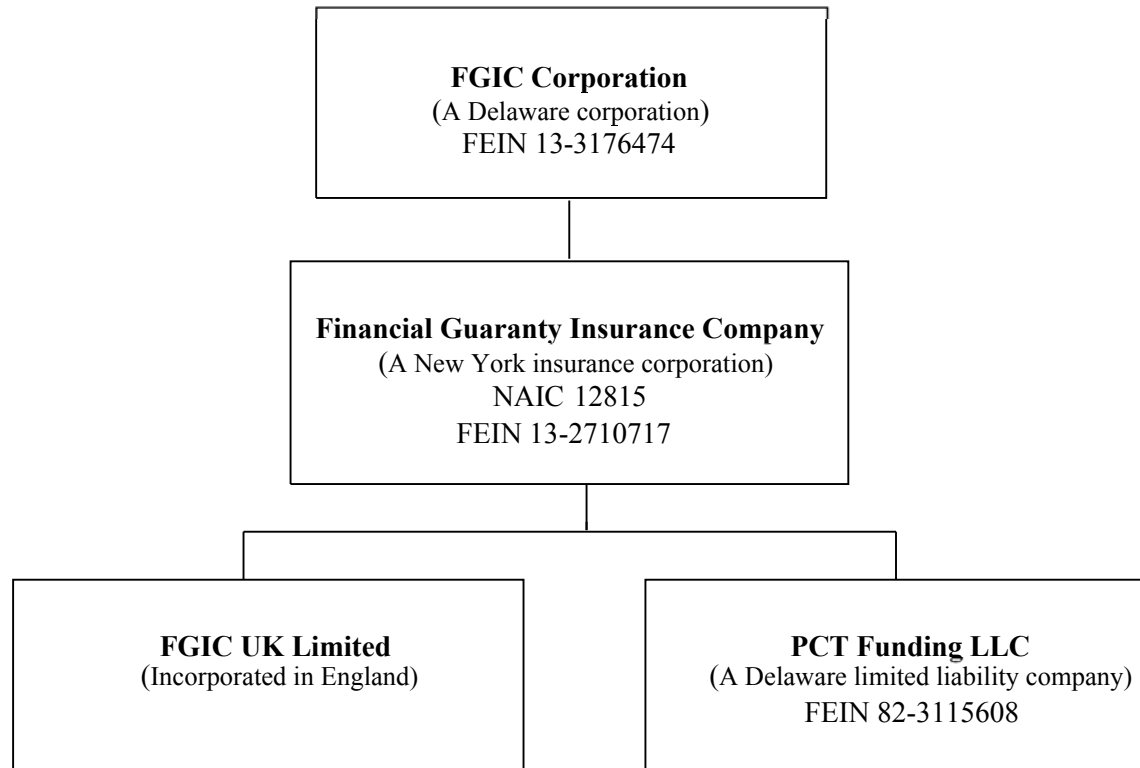
(a) Active Status Counts

L – Licensed or Chartered – Licensed insurance carrier or domiciled RRG ..... 7 R – Registered – Non-domiciled RRGs ..... 0  
 E – Eligible – Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile – See DSLI) ..... 0 Q – Qualified – Qualified or accredited reinsurer ..... 0  
 D – Domestic Surplus Lines Insurer (DSLII) – Reporting entities authorized to write surplus lines in the state of domicile ..... 0 N – None of the above – Not allowed to write business in the state ..... 50

Line 33, New York business column 6, Current Year to Date Direct Losses Unpaid and column 7, Prior Year to Date Direct Losses Unpaid includes losses unpaid of \$(1,186,793,901) and \$(1,255,350,132), respectively, which represents the Policy Revision Adjustment ("PRA") as of March 31, 2020 and 2019 respectively in accordance with NYSDFS Guidelines.

SCHEDULE Y: INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 – ORGANIZATIONAL CHART

**FGIC Group Organization Structure Chart** (as of 3/31/20)



*All ownership interests are 100%.*



STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY

**PART 1 - LOSS EXPERIENCE**

| Line of Business   | Current Year to Date        |                             |                             | 4<br>Prior Year to Date Direct Loss Percentage |
|--|-----------------------------|-----------------------------|-----------------------------|--|
|  | 1<br>Direct Premiums Earned | 2<br>Direct Losses Incurred | 3<br>Direct Loss Percentage |  |
| 1. Fire  |                             |                             | 0.0                         | 0.0  |
| 2. Allied lines  |                             |                             | 0.0                         | 0.0  |
| 3. Farmowners multiple peril                                     |                             |                             | 0.0                         | 0.0  |
| 4. Homeowners multiple peril                                     |                             |                             | 0.0                         | 0.0  |
| 5. Commercial multiple peril                                     |                             |                             | 0.0                         | 0.0  |
| 6. Mortgage guaranty   |                             |                             | 0.0                         | 0.0  |
| 8. Ocean marine  |                             |                             | 0.0                         | 0.0  |
| 9. Inland marine   |                             |                             | 0.0                         | 0.0  |
| 10. Financial guaranty   | 1,597,648                   | (1,254,451)                 | (78.5)                      | (106.3)  |
| 11.1 Medical professional liability -occurrence                  |                             |                             | 0.0                         | 0.0  |
| 11.2 Medical professional liability -claims made                 |                             |                             | 0.0                         | 0.0  |
| 12. Earthquake   |                             |                             | 0.0                         | 0.0  |
| 13. Group accident and health                                    |                             |                             | 0.0                         | 0.0  |
| 14. Credit accident and health                                   |                             |                             | 0.0                         | 0.0  |
| 15. Other accident and health                                    |                             |                             | 0.0                         | 0.0  |
| 16. Workers' compensation  |                             |                             | 0.0                         | 0.0  |
| 17.1 Other liability occurrence                                  |                             |                             | 0.0                         | 0.0  |
| 17.2 Other liability-claims made                                 |                             |                             | 0.0                         | 0.0  |
| 17.3 Excess Workers' Compensation                                |                             |                             | 0.0                         | 0.0  |
| 18.1 Products liability-occurrence                               |                             |                             | 0.0                         | 0.0  |
| 18.2 Products liability-claims made                              |                             |                             | 0.0                         | 0.0  |
| 19.1,19.2 Private passenger auto liability                       |                             |                             | 0.0                         | 0.0  |
| 19.3,19.4 Commercial auto liability                              |                             |                             | 0.0                         | 0.0  |
| 21. Auto physical damage   |                             |                             | 0.0                         | 0.0  |
| 22. Aircraft (all perils)  |                             |                             | 0.0                         | 0.0  |
| 23. Fidelity   |                             |                             | 0.0                         | 0.0  |
| 24. Surety   |                             |                             | 0.0                         | 0.0  |
| 26. Burglary and theft   |                             |                             | 0.0                         | 0.0  |
| 27. Boiler and machinery   |                             |                             | 0.0                         | 0.0  |
| 28. Credit   |                             |                             | 0.0                         | 0.0  |
| 29. International  |                             |                             | 0.0                         | 0.0  |
| 30. Warranty   |                             |                             | 0.0                         | 0.0  |
| 31. Reinsurance - Nonproportional Assumed Property               | XXX                         | XXX                         | XXX                         | XXX  |
| 32. Reinsurance - Nonproportional Assumed Liability              | XXX                         | XXX                         | XXX                         | XXX  |
| 33. Reinsurance - Nonproportional Assumed Financial Lines        | XXX                         | XXX                         | XXX                         | XXX  |
| 34. Aggregate write-ins for other lines of business              | 0                           | (6,247,553)                 | 0.0                         | 0.0  |
| 35. TOTALS   | 1,597,648                   | (7,502,004)                 | (469.6)                     | 1,062.8  |
| <b>DETAILS OF WRITE-INS</b>                                      |                             |                             |                             |  |
| 3401. Policy Revision Adjustment ("PRA") - NYSDFS Guidelines     |                             | (6,247,553)                 | 0.0                         | 0.0  |
| 3402.  |                             |                             |                             |  |
| 3403.  |                             |                             |                             |  |
| 3498. Sum. of remaining write-ins for Line 34 from overflow page | 0                           | 0                           | 0.0                         | 0.0  |
| 3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)       | 0                           | (6,247,553)                 | 0.0                         | 0.0  |

**PART 2 - DIRECT PREMIUMS WRITTEN**

| Line of Business   | 1               | 2                    | 3                       |
|--|-----------------|----------------------|-------------------------|
|  | Current Quarter | Current Year to Date | Prior Year Year to Date |
| 1. Fire  | 0               |                      | 0                       |
| 2. Allied lines  | 0               |                      | 0                       |
| 3. Farmowners multiple peril                                     | 0               |                      | 0                       |
| 4. Homeowners multiple peril                                     | 0               |                      | 0                       |
| 5. Commercial multiple peril                                     | 0               |                      | 0                       |
| 6. Mortgage guaranty   | 0               |                      | 0                       |
| 8. Ocean marine  | 0               |                      | 0                       |
| 9. Inland marine   | 0               |                      | 0                       |
| 10. Financial guaranty   | 1,847,858       | 1,847,858            | 1,948,463               |
| 11.1 Medical professional liability-occurrence                   | 0               |                      | 0                       |
| 11.2 Medical professional liability-claims made                  | 0               |                      | 0                       |
| 12. Earthquake   | 0               |                      | 0                       |
| 13. Group accident and health                                    | 0               |                      | 0                       |
| 14. Credit accident and health                                   | 0               |                      | 0                       |
| 15. Other accident and health                                    | 0               |                      | 0                       |
| 16. Workers' compensation  | 0               |                      | 0                       |
| 17.1 Other liability occurrence                                  | 0               |                      | 0                       |
| 17.2 Other liability-claims made                                 | 0               |                      | 0                       |
| 17.3 Excess Workers' Compensation                                | 0               |                      | 0                       |
| 18.1 Products liability-occurrence                               | 0               |                      | 0                       |
| 18.2 Products liability-claims made                              | 0               |                      | 0                       |
| 19.1,19.2 Private passenger auto liability                       | 0               |                      | 0                       |
| 19.3,19.4 Commercial auto liability                              | 0               |                      | 0                       |
| 21. Auto physical damage   | 0               |                      | 0                       |
| 22. Aircraft (all perils)  | 0               |                      | 0                       |
| 23. Fidelity   | 0               |                      | 0                       |
| 24. Surety   | 0               |                      | 0                       |
| 26. Burglary and theft   | 0               |                      | 0                       |
| 27. Boiler and machinery   | 0               |                      | 0                       |
| 28. Credit   | 0               |                      | 0                       |
| 29. International  | 0               |                      | 0                       |
| 30. Warranty   | 0               |                      | 0                       |
| 31. Reinsurance - Nonproportional Assumed Property               | XXX             | XXX                  | XXX                     |
| 32. Reinsurance - Nonproportional Assumed Liability              | XXX             | XXX                  | XXX                     |
| 33. Reinsurance - Nonproportional Assumed Financial Lines        | XXX             | XXX                  | XXX                     |
| 34. Aggregate write-ins for other lines of business              | 0               | 0                    | 0                       |
| 35. TOTALS   | 1,847,858       | 1,847,858            | 1,948,463               |
| <b>DETAILS OF WRITE-INS</b>                                      |                 |                      |                         |
| 3401.  |                 |                      |                         |
| 3402.  |                 |                      |                         |
| 3403.  |                 |                      |                         |
| 3498. Sum. of remaining write-ins for Line 34 from overflow page | 0               | 0                    | 0                       |
| 3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)       | 0               | 0                    | 0                       |

STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

|   | 1   | 2   | 3  | 4  | 5  | 6  | 7   | 8  | 9                                    | 10  | 11   | 12   | 13  |
|---|---|---|--|--|--|--|---|--|--------------------------------------|---|--|--|---|
| Years in Which Losses Occurred                      | Prior Year-End Known Case Loss and LAE Reserves | Prior Year-End IBNR Loss and LAE Reserves | Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2) | 2020 Loss and LAE Payments on Claims Reported as of Prior Year-End | 2020 Loss and LAE Payments on Claims Unreported as of Prior Year-End | Total 2020 Loss and LAE Payments (Cols. 4 + 5) | Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year End | Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year End | Q.S. Date IBNR Loss and LAE Reserves | Total Q.S. Loss and LAE Reserves (Cols.7 + 8 + 9) | Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1) | Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2) | Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12) |
| 1. 2017 + Prior .....                               | 2,868,637                                       | (1,180,546)                               | 1,688,091  | 21,246   | 0  | 21,246   | 2,847,909   | 0  | (1,186,794)                          | 1,661,115   | 518  | (6,248)  | (5,730)   |
| 2. 2018 .....                                       |   |   | 0  |  |  | 0  |   |  |                                      | 0   | 0  | 0  | 0   |
| 3. Subtotals 2018 + prior .....                     | 2,868,637                                       | (1,180,546)                               | 1,688,091  | 21,246   | 0  | 21,246   | 2,847,909   | 0  | (1,186,794)                          | 1,661,115   | 518  | (6,248)  | (5,730)   |
| 4. 2019 .....                                       |   |   | 0  |  |  | 0  |   |  |                                      | 0   | 0  | 0  | 0   |
| 5. Subtotals 2019 + prior .....                     | 2,868,637                                       | (1,180,546)                               | 1,688,091  | 21,246   | 0  | 21,246   | 2,847,909   | 0  | (1,186,794)                          | 1,661,115   | 518  | (6,248)  | (5,730)   |
| 6. 2020 .....                                       | XXX   | XXX                                       | XXX  | XXX  |  | 0  | XXX   |  |                                      | 0   | XXX  | XXX  | XXX   |
| 7. Totals .....                                     | 2,868,637                                       | (1,180,546)                               | 1,688,091  | 21,246   | 0  | 21,246   | 2,847,909   | 0  | (1,186,794)                          | 1,661,115   | 518  | (6,248)  | (5,730)   |
| 8. Prior Year-End Surplus As Regards Policy-holders | 66,400  |   |  |  |  |  |   |  |                                      |   |  |  |   |
|   |   |   |  |  |  |  |   |  |                                      |   | Col. 11, Line 7 As % of Col. 1, Line 7   | Col. 12, Line 7 As % of Col. 2, Line 7   | Col. 13, Line 7 As % of Col. 3, Line 7  |
|   |   |   |  |  |  |  |   |  |                                      |   | 1. 0.0   | 2. 0.5   | 3. (0.3)  |
|   |   |   |  |  |  |  |   |  |                                      |   |  |  | Col. 13, Line 7 Line 8  |
|   |   |   |  |  |  |  |   |  |                                      |   |  |  | 4. (8.6)  |

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

|  | <u>Response</u>           |
|--|---------------------------|
| 1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?                         | .....SEE EXPLANATION..... |
| 2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?                         | .....SEE EXPLANATION..... |
| 3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?                | .....SEE EXPLANATION..... |
| 4. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC with this statement? | .....SEE EXPLANATION..... |

**Explanation:**

1. Company is a US entity
2. Business not written
3. Business not written
4. Business not written

**Bar Code:**



**OVERFLOW PAGE FOR WRITE-INS**

---

**SCHEDULE A – VERIFICATION**

**Real Estate**

|  | 1<br>Year To Date | 2<br>Prior Year Ended<br>December 31 |
|--|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year .....                           | .0                | .0                                   |
| 2. Cost of acquired:   |                   |                                      |
| 2.1 Actual cost at time of acquisition .....   | .0                | .0                                   |
| 2.2 Additional investment made after acquisition .....                                     | .0                | .0                                   |
| 3. Current year change in encumbrances .....   | .0                | .0                                   |
| 4. Total gain (loss) on disposals .....  | .0                | .0                                   |
| 5. Deduct amounts received on disposals .....  | .0                | .0                                   |
| 6. Total foreign exchange change in book/adjusted carrying value .....                     | .0                | .0                                   |
| 7. Deduct current year's other-than-temporary impairment recognized .....                  | .0                | .0                                   |
| 8. Deduct current year's depreciation .....  | .0                | .0                                   |
| 9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8) ..... | .0                | .0                                   |
| 10. Deduct total nonadmitted amounts .....   | .0                | .0                                   |
| 11. Statement value at end of current period (Line 9 minus Line 10)                        | 0                 | 0                                    |

NONE

**SCHEDULE B – VERIFICATION**

**Mortgage Loans**

|   | 1<br>Year To Date | 2<br>Prior Year Ended<br>December 31 |
|---|-------------------|--------------------------------------|
| 1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....                             | .0                | .0                                   |
| 2. Cost of acquired:  |                   |                                      |
| 2.1 Actual cost at time of acquisition .....  | .0                | .0                                   |
| 2.2 Additional investment made after acquisition .....  | .0                | .0                                   |
| 3. Capitalized deferred interest and other .....  | .0                | .0                                   |
| 4. Accrual of discount .....  | .0                | .0                                   |
| 5. Unrealized valuation increase (decrease) .....   | .0                | .0                                   |
| 6. Total gain (loss) on disposals .....   | .0                | .0                                   |
| 7. Deduct amounts received on disposals .....   | .0                | .0                                   |
| 8. Deduct amortization of premium and mortgage interest points and commitment fees .....                                  | .0                | .0                                   |
| 9. Total foreign exchange change in book value/recorded investment excluding accrued interest .....                       | .0                | .0                                   |
| 10. Deduct current year's other-than-temporary impairment recognized .....  | .0                | .0                                   |
| 11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) ..... | .0                | .0                                   |
| 12. Total valuation allowance .....   | .0                | .0                                   |
| 13. Subtotal (Line 11 plus Line 12) .....   | .0                | .0                                   |
| 14. Deduct total nonadmitted amounts .....  | .0                | .0                                   |
| 15. Statement value at end of current period (Line 13 minus Line 14)  | 0                 | 0                                    |

NONE

**SCHEDULE BA – VERIFICATION**

**Other Long-Term Invested Assets**

|  | 1<br>Year To Date | 2<br>Prior Year Ended<br>December 31 |
|--|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year .....                             | 8,857,808         | 8,864,891                            |
| 2. Cost of acquired:   |                   |                                      |
| 2.1 Actual cost at time of acquisition .....   | .0                | .0                                   |
| 2.2 Additional investment made after acquisition .....                                       | .0                | .0                                   |
| 3. Capitalized deferred interest and other .....   | .0                | .0                                   |
| 4. Accrual of discount .....   | .0                | .0                                   |
| 5. Unrealized valuation increase (decrease) .....  | .0                | .0                                   |
| 6. Total gain (loss) on disposals .....  | .0                | .0                                   |
| 7. Deduct amounts received on disposals .....  | .0                | .0                                   |
| 8. Deduct amortization of premium and depreciation .....                                     | 1,815             | 7,084                                |
| 9. Total foreign exchange change in book/adjusted carrying value .....                       | .0                | .0                                   |
| 10. Deduct current year's other-than-temporary impairment recognized .....                   | .0                | .0                                   |
| 11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) ..... | 8,855,993         | 8,857,808                            |
| 12. Deduct total nonadmitted amounts .....   | .0                | .0                                   |
| 13. Statement value at end of current period (Line 11 minus Line 12)                         | 8,855,993         | 8,857,808                            |

**SCHEDULE D – VERIFICATION**

**Bonds and Stocks**

|   | 1<br>Year To Date | 2<br>Prior Year Ended<br>December 31 |
|---|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....                      | 2,053,421,244     | 2,109,425,322                        |
| 2. Cost of bonds and stocks acquired .....  | 97,541,891        | 695,799,336                          |
| 3. Accrual of discount .....  | 790,732           | 2,947,550                            |
| 4. Unrealized valuation increase (decrease) .....   | (7,975,974)       | (678,760)                            |
| 5. Total gain (loss) on disposals .....   | 3,378,898         | 52,702,383                           |
| 6. Deduct consideration for bonds and stocks disposed of .....  | 118,721,510       | 794,839,031                          |
| 7. Deduct amortization of premium .....   | 2,527,498         | 11,816,318                           |
| 8. Total foreign exchange change in book/adjusted carrying value .....                                    | .0                | .0                                   |
| 9. Deduct current year's other-than-temporary impairment recognized .....                                 | 9,249,610         | 1,033,247                            |
| 10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees ..... | 256,618           | 914,009                              |
| 11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9+10) .....              | 2,016,914,790     | 2,053,421,244                        |
| 12. Deduct total nonadmitted amounts .....  | .0                | .0                                   |
| 13. Statement value at end of current period (Line 11 minus Line 12)                                      | 2,016,914,790     | 2,053,421,244                        |

STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY

**SCHEDULE D - PART 1B**

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

| NAIC Designation                  | 1<br>Book/Adjusted<br>Carrying Value<br>Beginning of<br>Current Quarter | 2<br>Acquisitions<br>During<br>Current Quarter | 3<br>Dispositions<br>During<br>Current Quarter | 4<br>Non-Trading<br>Activity<br>During<br>Current Quarter | 5<br>Book/Adjusted<br>Carrying Value<br>End of<br>First Quarter | 6<br>Book/Adjusted<br>Carrying Value<br>End of<br>Second Quarter | 7<br>Book/Adjusted<br>Carrying Value<br>End of<br>Third Quarter | 8<br>Book/Adjusted<br>Carrying Value<br>December 31<br>Prior Year |
|-----------------------------------|---|--|--|---|---|--|---|---|
| <b>BONDS</b>                      |   |  |  |   |   |  |   |   |
| 1. NAIC 1 (a).....                | 1,362,046,010   | 71,737,227                                     | 71,258,985                                     | (3,033,399)   | 1,359,490,853   | 0  | 0   | 1,362,046,010   |
| 2. NAIC 2 (a).....                | 485,396,006   | 32,075,226                                     | 24,307,595                                     | (16,255,827)  | 476,907,809   | 0  | 0   | 485,396,006   |
| 3. NAIC 3 (a).....                | 126,983,254   | 0  | 13,162,806                                     | 2,087,176   | 115,907,624   | 0  | 0   | 126,983,254   |
| 4. NAIC 4 (a).....                | 46,396,884  | 0  | 6,956,609                                      | (1,775,818)   | 37,664,457  | 0  | 0   | 46,396,884  |
| 5. NAIC 5 (a).....                | 0   | 0  | 0  | 34,500  | 34,500  | 0  | 0   | 0   |
| 6. NAIC 6 (a).....                | 0   | 0  | 0  | 0   | 0   | 0  | 0   | 0   |
| 7. Total Bonds                    | 2,020,822,154   | 103,812,452                                    | 115,685,995                                    | (18,943,369)  | 1,990,005,242   | 0  | 0   | 2,020,822,154   |
| <b>PREFERRED STOCK</b>            |   |  |  |   |   |  |   |   |
| 8. NAIC 1.....                    | 0   | 0  | 0  | 0   | 0   | 0  | 0   | 0   |
| 9. NAIC 2.....                    | 0   | 0  | 0  | 0   | 0   | 0  | 0   | 0   |
| 10. NAIC 3.....                   | 0   | 0  | 0  | 0   | 0   | 0  | 0   | 0   |
| 11. NAIC 4.....                   | 0   | 0  | 0  | 0   | 0   | 0  | 0   | 0   |
| 12. NAIC 5.....                   | 0   | 0  | 0  | 0   | 0   | 0  | 0   | 0   |
| 13. NAIC 6.....                   | 0   | 0  | 0  | 0   | 0   | 0  | 0   | 0   |
| 14. Total Preferred Stock.....    | 0   | 0  | 0  | 0   | 0   | 0  | 0   | 0   |
| 15. Total Bonds & Preferred Stock | 2,020,822,154   | 103,812,452                                    | 115,685,995                                    | (18,943,369)  | 1,990,005,242   | 0  | 0   | 2,020,822,154   |

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ 6,290,452 ; NAIC 2 \$ 0 ; NAIC 3 \$ 0 ; NAIC 4 \$ 0 ; NAIC 5 \$ 0 ; NAIC 6 \$ 0

S102

## SCHEDULE DA - PART 1

Short-Term Investments

|         | 1                               | 2         | 3           | 4                                  | 5  |
|---------|---------------------------------|-----------|-------------|------------------------------------|--|
|         | Book/Adjusted<br>Carrying Value | Par Value | Actual Cost | Interest Collected<br>Year To Date | Paid for Accrued<br>Interest<br>Year To Date |
| 9199999 | 6,290,452                       | XXX       | 6,270,561   | 0                                  | 0  |

## SCHEDULE DA - VERIFICATION

Short-Term Investments

|  | 1            | 2                               |
|--|--------------|---------------------------------|
|  | Year To Date | Prior Year<br>Ended December 31 |
| 1. Book/adjusted carrying value, December 31 of prior year.....                          | 600,910      | 749,953                         |
| 2. Cost of short-term investments acquired .....   | 6,270,561    | 601,547                         |
| 3. Accrual of discount .....   | 19,891       | 3,692                           |
| 4. Unrealized valuation increase (decrease).....   | 0            | 0                               |
| 5. Total gain (loss) on disposals .....  | 0            | 776                             |
| 6. Deduct consideration received on disposals .....                                      | 600,000      | 754,420                         |
| 7. Deduct amortization of premium.....   | 910          | 637                             |
| 8. Total foreign exchange change in book/adjusted carrying value.....                    | 0            | 0                               |
| 9. Deduct current year's other-than-temporary impairment recognized.....                 | 0            | 0                               |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)..... | 6,290,452    | 600,910                         |
| 11. Deduct total nonadmitted amounts.....  | 0            | 0                               |
| 12. Statement value at end of current period (Line 10 minus Line 11)                     | 6,290,452    | 600,910                         |

Schedule DB - Part A - Verification

**NONE**

Schedule DB - Part B - Verification

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part C - Section 2

**NONE**

Schedule DB - Verification

**NONE**

**SCHEDULE E – PART 2 – VERIFICATION**

(Cash Equivalents)

|   | 1<br>Year To<br>Date | 2<br>Prior Year<br>Ended December 31 |
|---|----------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year.....                           | 80,737,043           | 30,717,253                           |
| 2. Cost of cash equivalents acquired .....  | 149,058,162          | 982,760,735                          |
| 3. Accrual of discount .....  | 0                    | 0                                    |
| 4. Unrealized valuation increase (decrease) .....   | 0                    | 0                                    |
| 5. Total gain (loss) on disposals.....  | 0                    | 0                                    |
| 6. Deduct consideration received on disposals .....                                       | 168,405,941          | 932,740,945                          |
| 7. Deduct amortization of premium .....   | 0                    | 0                                    |
| 8. Total foreign exchange change in book/adjusted carrying value .....                    | 0                    | 0                                    |
| 9. Deduct current year's other-than-temporary impairment recognized .....                 | 0                    | 0                                    |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) ..... | 61,389,264           | 80,737,043                           |
| 11. Deduct total nonadmitted amounts .....  | 0                    | 0                                    |
| 12. Statement value at end of current period (Line 10 minus Line 11)                      | 61,389,264           | 80,737,043                           |

Schedule A - Part 2

**NONE**

Schedule A - Part 3

**NONE**

Schedule B - Part 2

**NONE**

Schedule B - Part 3

**NONE**

Schedule BA - Part 2

**NONE**

Schedule BA - Part 3

**NONE**

STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

| 1   | 2  | 3       | 4             | 5                               | 6                         | 7           | 8          | 9                                       | 10   |
|---|--|---------|---------------|---------------------------------|---------------------------|-------------|------------|---|--|
| CUSIP Identification  | Description                              | Foreign | Date Acquired | Name of Vendor                  | Number of Shares of Stock | Actual Cost | Par Value  | Paid for Accrued Interest and Dividends | NAIC Designation and Administrative Symbol |
| <b>Bonds - U.S. Governments</b>   |  |         |               |                                 |                           |             |            |   |  |
| 912810-SL-3   | UNITED STATES TREASURY                   |         | 03/02/2020    | VARIOUS                         | XXX                       | 11,527,105  | 10,640,000 | 10,523                                  | 1  |
| <b>0599999 - Bonds - U.S. Governments</b>   |  |         |               |                                 |                           | 11,527,105  | 10,640,000 | 10,523                                  | XXX  |
| <b>Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions</b>           |  |         |               |                                 |                           |             |            |   |  |
| 114894-Z0-4   | BROWARD CNTY FLA ARPT SYS REV            |         | 02/07/2020    | SAMUEL A RAMIREZ & COMPANY INC  | XXX                       | 2,297,205   | 2,250,000  | 12,670                                  | 1FE  |
| 114894-ZW-1   | BROWARD CNTY FLA ARPT SYS REV            |         | 02/07/2020    | Citi Bank                       | XXX                       | 3,206,333   | 3,075,000  | 23,760                                  | 1FE  |
| 3140HV-60-2   | FN BL4478 - CMBS/RMBS                    |         | 02/28/2020    | JP Morgan                       | XXX                       | 3,834,470   | 3,645,096  | 720                                     | 1  |
| 3140HV-FN-9   | FN BL3772 - CMBS/RMBS                    |         | 01/01/2020    | MORGAN SECURITIES-FIXED INC     | XXX                       | (1,055)     | 0          | 0                                       | 1  |
| 3140HX-LF-5   | FN BL5725 - CMBS/RMBS                    |         | 02/28/2020    | Bank of America Merrill Lynch   | XXX                       | 2,987,746   | 2,803,236  | 584                                     | 1  |
| 3140HX-RM-4   | FN BL5891 - CMBS/RMBS                    |         | 02/27/2020    | Bank of America Merrill Lynch   | XXX                       | 5,163,156   | 4,889,823  | 685                                     | 1  |
| 3140HX-RP-7   | FN BL5893 - CMBS/RMBS                    |         | 02/28/2020    | Bank of America Merrill Lynch   | XXX                       | 4,135,391   | 3,887,845  | 803                                     | 1  |
| 345105-JG-6   | FOOTHILL / EASTERN TRANSN CORRIDOR AGY C |         | 01/10/2020    | GOLDMAN                         | XXX                       | 505,186     | 505,000    | 1,347                                   | 1FE  |
| 64990F-QV-9   | NEW YORK STATE DORMITORY AUTHORITY       |         | 02/07/2020    | MORGAN SECURITIES-FIXED INC     | XXX                       | 6,219,659   | 5,945,000  | 17,113                                  | 1FE  |
| <b>3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions</b> |  |         |               |                                 |                           | 28,348,092  | 27,001,000 | 57,680                                  | XXX  |
| <b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>  |  |         |               |                                 |                           |             |            |   |  |
| 01400E-AA-1   | ALCON FINANCE CORP                       |         | 03/11/2020    | VARIOUS                         | XXX                       | 6,033,059   | 5,775,000  | 74,672                                  | 2FE  |
| 05526D-BB-0   | BAT CAPITAL CORP                         |         | 03/06/2020    | BZW SECS                        | XXX                       | 6,161,632   | 5,765,000  | 14,240                                  | 2FE  |
| 06540J-BG-6   | BANK 2020-BNK26 A4 - CMBS                |         | 03/02/2020    | MORGAN SECURITIES-FIXED INC     | XXX                       | 6,092,226   | 5,915,000  | 4,343                                   | 1FE  |
| 08160J-AE-7   | BMARK 19B9 A5 - CMBS                     |         | 01/03/2020    | GOLDMAN                         | XXX                       | 8,854,138   | 7,903,000  | 5,289                                   | 1FE  |
| 101137-AT-4   | BOSTON SCIENTIFIC CORP                   |         | 02/28/2020    | USBANC                          | XXX                       | 6,029,973   | 4,865,000  | 1,230                                   | 2FE  |
| 11271L-AB-8   | BROOKFIELD ASSET MANAGEMENT INC          | C       | 01/09/2020    | SUSQUEHANNA FINANCIAL GROUP LLP | XXX                       | 5,793,682   | 5,020,000  | 74,059                                  | 1FE  |
| 12527G-AH-6   | CF INDUSTRIES INC                        |         | 03/11/2020    | BZW SECS                        | XXX                       | 3,275,429   | 2,945,000  | 37,549                                  | 2FE  |
| 442851-AM-3   | HOWARD UNIVERSITY                        |         | 01/31/2020    | Wellington                      | XXX                       | 665,000     | 665,000    | 0                                       | 2FE  |
| 478115-AF-5   | JOHNS HOPKINS UNIVERSITY                 |         | 03/09/2020    | GOLDMAN                         | XXX                       | 1,735,000   | 1,735,000  | 0                                       | 1FE  |
| 666807-BP-6   | NORTHROP GRUMMAN CORP                    |         | 03/13/2020    | Citi Bank                       | XXX                       | 3,701,728   | 3,260,000  | 55,358                                  | 2FE  |
| 855244-AW-9   | STARBUCKS CORP                           |         | 03/10/2020    | Bank of America Merrill Lynch   | XXX                       | 6,208,404   | 6,245,000  | 0                                       | 2FE  |
| 931142-EP-4   | WALMART INC                              |         | 03/06/2020    | GOLDMAN                         | XXX                       | 3,116,421   | 2,740,000  | 37,272                                  | 1FE  |
| <b>3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)</b>  |  |         |               |                                 |                           | 57,666,694  | 52,833,000 | 304,011                                 | XXX  |
| <b>8399997 - Bonds - Subtotals - Bonds - Part 3</b>   |  |         |               |                                 |                           | 97,541,891  | 90,474,000 | 372,215                                 | XXX  |
| <b>8399999 - Bonds - Subtotals - Bonds</b>  |  |         |               |                                 |                           | 97,541,891  | 90,474,000 | 372,215                                 | XXX  |
| <b>9999999 Totals</b>   |  |         |               |                                 |                           | 97,541,891  | XXX        | 372,215                                 | XXX  |

E04



STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

| 1   | 2  | 3       | 4             | 5                             | 6                         | 7             | 8          | 9           | 10                                      | Change in Book/Adjusted Carrying Value   |   |   |                                      |  | 16  | 17                                       | 18                               | 19                            | 20   | 21                               | 22   |     |
|---|--|---------|---------------|-------------------------------|---------------------------|---------------|------------|-------------|---|--|---|---|--------------------------------------|--|---|--|----------------------------------|-------------------------------|--|----------------------------------|--|-----|
|   |  |         |               |                               |                           |               |            |             |   | 11                                       | 12                                      | 13  | 14                                   | 15   |   |  |                                  |                               |  |                                  |  |     |
| CUSIP Identification  | Description                              | Foreign | Disposal Date | Name of Purchaser             | Number of Shares of Stock | Consideration | Par Value  | Actual Cost | Prior Year Book/Adjusted Carrying Value | Unrealized Valuation Increase/(Decrease) | Current Year's (Amortization)/Accretion | Current Year's Other Than Temporary Impairment Recognized | Total Change in B./A.C.V. (11+12-13) | Total Foreign Exchange Change in B./A.C.V. | Book/Adjusted Carrying Value at Disposal Date | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Bond Interest/Stock Dividends Received During Year | Stated Contractual Maturity Date | NAIC Designation and Administrative Symbol |     |
| <b>Bonds - U.S. Governments</b>   |  |         |               |                               |                           |               |            |             |   |  |   |   |                                      |  |   |  |                                  |                               |  |                                  |  |     |
| 912810-R8-6   | UNITED STATES TREASURY                   |         | 03/10/2020    | GOLDMAN                       | XXX                       | 3,222,230     | 2,440,000  | 2,773,594   | 2,741,950                               | 0  | (1,909)                                 | 0   | (1,909)                              | 0  | 2,740,041                                     | 0  | 482,189                          | 482,189                       | 22,548   | 05/15/2043                       | 1  |     |
| 912810-SL-3   | UNITED STATES TREASURY                   |         | 03/11/2020    | UBS                           | XXX                       | 5,918,109     | 4,900,000  | 5,294,488   | 5,294,488                               | 0  | (212)                                   | 0   | (212)                                | 0  | 5,294,276                                     | 0  | 623,833                          | 623,833                       | 6,888  | 02/15/2050                       | 1  |     |
| 912828-V3-7   | UNITED STATES TREASURY                   |         | 01/14/2020    | Maturity @ 100.00             | XXX                       | 6,070,000     | 6,070,000  | 5,979,424   | 6,066,868                               | 0  | 3,132                                   | 0   | 3,132                                | 0  | 6,070,000                                     | 0  | 0                                | 0                             | 41,731   | 01/15/2020                       | 1  |     |
| <b>0599999 - Bonds - U.S. Governments</b>   |  |         |               |                               |                           |               |            |             |   |  |   |   |                                      |  |   |  |                                  |                               |  |                                  |  |     |
| <b>Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>   |  |         |               |                               |                           |               |            |             |   |  |   |   |                                      |  |   |  |                                  |                               |  |                                  |  |     |
| 941247-N2-0   | WATERBURY CONN                           |         | 01/01/2020    | Call @ 100.00                 | XXX                       | 0             | 0          | 0           | 0                                       | 0  | 0                                       | 0   | 0                                    | 0  | 0   | 0  | 0                                | 0                             | 0  | 2,743                            | 12/01/2038                                 | 1FE |
| <b>2499999 - Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>   |  |         |               |                               |                           |               |            |             |   |  |   |   |                                      |  |   |  |                                  |                               |  |                                  |  |     |
| <b>Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions</b>           |  |         |               |                               |                           |               |            |             |   |  |   |   |                                      |  |   |  |                                  |                               |  |                                  |  |     |
| 02765U-CV-4   | AMERICAN MUN PWR OHIO INC REV            |         | 02/18/2020    | Call @ 100.00                 | XXX                       | 2,800,000     | 2,800,000  | 2,695,868   | 2,775,968                               | 0  | 1,379                                   | 0   | 1,379                                | 0  | 2,777,347                                     | 0  | 22,653                           | 22,653                        | 80,618   | 02/15/2022                       | 1FE  |     |
| 249218-AJ-7   | DENVER COLO PUB SCHS CTFS PARTN          |         | 01/01/2020    | Paydown                       | XXX                       | 0             | 0          | 0           | 0                                       | 0  | 0                                       | 0   | 0                                    | 0  | 0   | 0  | 0                                | 0                             | 1,464  | 12/15/2026                       | 1FE  |     |
| 3128MJ-S6-8   | FH G08540 - RMBS                         |         | 03/01/2020    | Paydown                       | XXX                       | 104,601       | 104,601    | 100,951     | 101,043                                 | 0  | 3,558                                   | 0   | 3,558                                | 0  | 104,601                                       | 0  | 554                              | 554                           | 554  | 08/01/2043                       | 1  |     |
| 3128MJ-SY-7   | FH G08534 - RMBS                         |         | 03/01/2020    | Paydown                       | XXX                       | 90,924        | 90,924     | 87,744      | 87,832                                  | 0  | 3,092                                   | 0   | 3,092                                | 0  | 90,924  | 0  | 480                              | 480                           | 480  | 06/01/2043                       | 1  |     |
| 3132DV-3M-5   | FH SD8004 - RMBS                         |         | 03/01/2020    | Paydown                       | XXX                       | 950,877       | 950,877    | 959,420     | 959,145                                 | 0  | (8,267)                                 | 0   | (8,267)                              | 0  | 950,877                                       | 0  | 5,456                            | 5,456                         | 5,456  | 08/01/2049                       | 1  |     |
| 3132DV-4D-4   | FH SD8020 - RMBS                         |         | 03/01/2020    | Paydown                       | XXX                       | 555,516       | 555,516    | 551,540     | 551,602                                 | 0  | 3,914                                   | 0   | 3,914                                | 0  | 555,516                                       | 0  | 2,740                            | 2,740                         | 2,740  | 08/01/2049                       | 1  |     |
| 3132DV-4E-2   | FH SD8021 - RMBS                         |         | 03/01/2020    | Paydown                       | XXX                       | 299,075       | 299,075    | 296,948     | 296,988                                 | 0  | 2,086                                   | 0   | 2,086                                | 0  | 299,075                                       | 0  | 1,414                            | 1,414                         | 1,414  | 09/01/2049                       | 1  |     |
| 3132HN-UT-4   | FH Q12394 - RMBS                         |         | 03/01/2020    | Paydown                       | XXX                       | 187,756       | 187,756    | 178,149     | 179,179                                 | 0  | 8,578                                   | 0   | 8,578                                | 0  | 187,756                                       | 0  | 1,328                            | 1,328                         | 1,328  | 11/01/2042                       | 1  |     |
| 3138LD-5G-4   | FN AN1746 - CMBS/RMBS                    |         | 03/01/2020    | Paydown                       | XXX                       | 23,688        | 23,688     | 23,185      | 23,375                                  | 0  | 313                                     | 0   | 313                                  | 0  | 23,688  | 0  | 89                               | 89                            | 89   | 09/01/2023                       | 1  |     |
| 3138LJ-ZL-7   | FN AN6146 - CMBS/RMBS                    |         | 03/06/2020    | MORGAN SECURITIES-FIXED INC   | XXX                       | 10,420,006    | 9,190,111  | 9,330,835   | 9,340,050                               | 0  | (1,042)                                 | 0   | (1,042)                              | 0  | 9,340,008                                     | 0  | 1,079,998                        | 1,079,998                     | 79,903   | 07/01/2032                       | 1  |     |
| 3138NY-DD-4   | FN AR1899 - RMBS                         |         | 03/01/2020    | Paydown                       | XXX                       | 121,795       | 121,795    | 120,941     | 120,958                                 | 0  | 838                                     | 0   | 838                                  | 0  | 121,795                                       | 0  | 736                              | 736                           | 736  | 01/01/2043                       | 1  |     |
| 3138WP-GY-4   | FN AT2014 - RMBS                         |         | 03/01/2020    | Paydown                       | XXX                       | 19,891        | 19,891     | 19,202      | 19,220                                  | 0  | 671                                     | 0   | 671                                  | 0  | 19,891  | 0  | 106                              | 106                           | 106  | 04/01/2043                       | 1  |     |
| 3140HV-FN-9   | FN BL3772 - CMBS/RMBS                    |         | 03/01/2020    | Paydown                       | XXX                       | 3,196         | 3,196      | 3,362       | 3,367                                   | 0  | (165)                                   | 0   | (165)                                | 0  | 3,196   | 0  | 16                               | 16                            | 16   | 10/01/2034                       | 1  |     |
| 3140JQ-0G-11  | FN BN7654 - RMBS                         |         | 03/01/2020    | Paydown                       | XXX                       | 758,193       | 758,193    | 752,803     | 752,933                                 | 0  | 5,260                                   | 0   | 5,260                                | 0  | 758,193                                       | 0  | 4,543                            | 4,543                         | 4,543  | 07/01/2049                       | 1  |     |
| 31418D-ES-7   | FN MA3744 - RMBS                         |         | 03/01/2020    | Paydown                       | XXX                       | 990,039       | 990,039    | 998,934     | 998,653                                 | 0  | (8,614)                                 | 0   | (8,614)                              | 0  | 990,039                                       | 0  | 5,619                            | 5,619                         | 5,619  | 08/01/2049                       | 1  |     |
| 31418D-FF-4   | FN MA3765 - RMBS                         |         | 03/01/2020    | Paydown                       | XXX                       | 421,174       | 421,174    | 418,180     | 418,237                                 | 0  | 2,938                                   | 0   | 2,938                                | 0  | 421,174                                       | 0  | 2,087                            | 2,087                         | 2,087  | 09/01/2049                       | 1  |     |
| 31418D-FQ-0   | FN MA3774 - RMBS                         |         | 03/01/2020    | Paydown                       | XXX                       | 636,778       | 636,778    | 642,723     | 642,481                                 | 0  | (5,704)                                 | 0   | (5,704)                              | 0  | 636,778                                       | 0  | 3,805                            | 3,805                         | 3,805  | 09/01/2049                       | 1  |     |
| 345105-JE-1   | FOOTHILL / EASTERN TRANSN CORRIDOR AGY C |         | 01/10/2020    | GOLDMAN                       | XXX                       | 513,931       | 510,000    | 510,000     | 510,000                                 | 0  | 0                                       | 0   | 0                                    | 0  | 510,000                                       | 0  | 3,931                            | 3,931                         | 1,419  | 01/15/2049                       | 2FE  |     |
| 927781-TR-5   | VIRGINIA COLLEGE BUILDING AUTHORITY      |         | 02/01/2020    | Call @ 100.00                 | XXX                       | 7,500,000     | 7,500,000  | 7,232,925   | 7,337,336                               | 0  | 162,664                                 | 0   | 162,664                              | 0  | 7,500,000                                     | 0  | 0                                | 0                             | 210,938  | 02/01/2029                       | 1FE  |     |
| <b>3199999 - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions</b> |  |         |               |                               |                           |               |            |             |   |  |   |   |                                      |  |   |  |                                  |                               |  |                                  |  |     |
|   |  |         |               |                               |                           | 26,397,444    | 25,163,617 | 24,923,710  | 25,119,368                              | 0  | 171,500                                 | 0   | 171,500                              | 0  | 25,290,861                                    | 0  | 1,106,583                        | 1,106,583                     | 403,314  | XXX                              | XXX  |     |
| <b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>  |  |         |               |                               |                           |               |            |             |   |  |   |   |                                      |  |   |  |                                  |                               |  |                                  |  |     |
| 00213M-AK-0   | APX GROUP INC                            |         | 03/13/2020    | Call @ 101.97                 | XXX                       | 212,096       | 208,000    | 225,160     | 209,820                                 | 1,934                                    | (794)                                   | 0   | 1,139                                | 0  | 210,959                                       | 0  | 1,136                            | 1,136                         | 1,149  | 12/01/2022                       | 4FE  |     |
| 01879N-AA-3   | ALLIANCE RESOURCE OPERATING PARTNERS LP  |         | 02/21/2020    | VARIOUS                       | XXX                       | 561,650       | 637,000    | 579,670     | 579,670                                 | 0  | 702                                     | 0   | 702                                  | 0  | 580,372                                       | 0  | (18,722)                         | (18,722)                      | 11,770   | 05/01/2025                       | 3FE  |     |
| 038522-AK-4   | ARAMARK                                  |         | 01/15/2020    | Call @ 102.56                 | XXX                       | 4,136,366     | 4,033,000  | 4,146,680   | 4,122,197                               | 0  | (760)                                   | 0   | (760)                                | 0  | 4,121,437                                     | 0  | 14,929                           | 14,929                        | 103,346  | 01/15/2024                       | 3FE  |     |
| 043436-AN-4   | ASBURY AUTOMOTIVE GROUP INC              |         | 03/04/2020    | Call @ 103.00                 | XXX                       | 705,550       | 685,000    | 703,207     | 696,073                                 | 0  | (537)                                   | 0   | (537)                                | 0  | 695,535                                       | 0  | 10,015                           | 10,015                        | 9,019  | 12/15/2024                       | 3FE  |     |
| 053773-BB-2   | AVIS BUDGET CAR RENTAL LLC               |         | 03/25/2020    | GOLDMAN                       | XXX                       | 490,853       | 650,000    | 668,278     | 665,680                                 | 0  | (765)                                   | 0   | (765)                                | 0  | 664,915                                       | 0  | (174,063)                        | (174,063)                     | 20,221   | 04/01/2024                       | 4FE  |     |
| 11014P-AA-3   | BRIST 1 A - CDO                          |         | 02/27/2020    | Paydown                       | XXX                       | 7,500,000     | 7,500,000  | 7,614,750   | 7,548,777                               | 0  | (48,777)                                | 0   | (48,777)                             | 0  | 7,500,000                                     | 0  | 0                                | 0                             | 94,693   | 04/16/2029                       | 1FE  |     |
| 133131-AX-0   | CAMDEN PROPERTY TRUST                    |         | 01/09/2020    | JP Morgan                     | XXX                       | 6,007,839     | 5,770,000  | 5,755,633   | 5,756,350                               | 0  | 41                                      | 0   | 41                                   | 0  | 5,756,391                                     | 0  | 251,448                          | 251,448                       | 104,004  | 07/01/2029                       | 1FE  |     |
| 133434-AD-2   | CAMERON LNG LLC                          |         | 02/27/2020    | Bank of America Merrill Lynch | XXX                       | 6,403,322     | 5,875,000  | 5,875,000   | 5,875,000                               | 0  | 0                                       | 0   | 0                                    | 0  | 5,875,000                                     | 0  | 528,322                          | 528,322                       | 47,715   | 01/15/2039                       | 1FE  |     |
| 21036P-AV-0   | CONSTELLATION BRANDS INC                 |         | 02/28/2020    | Bank of America Merrill Lynch | XXX                       | 5,514,630     | 5,500,000  | 5,373,170   | 5,453,563                               | 0  | 9,258                                   | 0   | 9,258                                | 0  | 5,462,821                                     | 0  | 51,809                           | 51,809                        | 40,219   | 11/06/2020                       | 2FE  |     |
| 247367-BH-7   | DELTA AIR LINES INC - ABS                |         | 02/10/2020    | Paydown                       | XXX                       | 46,756        | 46,756     | 50,202      | 49,391                                  | 0  | (2,634)                                 | 0   | (2,634)                              | 0  | 46,756  | 0  | 0                                | 0                             | 1,595  | 02/10/2024                       | 1FE  |     |
| 262440-AA-1   | DRSLF 49 A - CDO                         |         | 01/21/2020    | Paydown                       | XXX                       | 0             | 0          | 0           | 0                                       | 0  | 0                                       | 0   | 0                                    | 0  | 0   | 0  | 0                                | 0                             | 52   | 07/18/2030                       | 1FE  |     |
| 29278N-AK-9   | ENERGY TRANSFER OPERATING LP             |         | 01/30/2020    | Call @ 100.00                 | XXX                       | 1,245,600     | 1,200,000  | 1,217,993   | 1,203,653                               | 0  | (360)                                   | 0   | (360)                                | 0  | 1,203,293                                     | 0  | (3,293)                          | (3,293)                       | 71,850   | 10/15/2020                       | 2FE  |     |
| 364725-BA-8   | TEGNA INC                                |         | 02/11/2020    | Call @ 100.00                 | XXX                       | 491,000       | 491,000    | 490,494     | 490,823                                 | 0  | 37                                      | 0   | 37                                   | 0  | 490,860                                       | 0  | 140                              | 140                           | 14,399   | 07/15/2020                       | 3FE  |     |
| 37247D-AM-8   | GENWORTH FINANCIAL INC                   |         | 01/19/2020    | Call @ 100.00                 | XXX                       | 51,105        | 50,000     | 49,119      | 49,869                                  | 0  | 14                                      | 0   | 14                                   | 0  | 49,883  | 0  | 117                              | 117                           | 1,468  | 06/15/2020                       | 4FE  |     |
| 404121-AD-7   | HCA INC                                  |         | 03/13/2020    | Call @ 100.00                 | XXX                       | 448,065       | 400,000    | 457,248     | 421,371                                 | 0  | (1,887)                                 | 0   | (1,887)                              | 0  | 419,484                                       | 0  | (19,484)                         | (19,484)                      | 65,398   | 02/15/2022                       | 3FE  |     |
| 406216-BD-2   | HALLIBURTON CO                           |         | 03/05/2020    | CORPORATE ACTION              | XXX                       | 4,028,557     | 3,720,000  | 3,701,921   | 3,706,372                               | 0  | 625                                     | 0   | 625                                  | 0  | 3,706,998                                     | 0  | 321,560                          | 321,560                       | 65,100   | 08/01/2023                       | 2FE  |     |
| 46590Y-AM-6   | JPMMT 175 A1A - CMO/RMBS                 |         | 03/01/2020    | Paydown                       | XXX                       | 752,821       | 752,821    | 750,939     | 748,458                                 | 0  | 4,363                                   | 0   | 4,363                                | 0  | 752,821                                       | 0  | 0                                | 0                             | 3,161  | 10/26/2048                       | 1FE  |     |
| 501889-AB-5   | LKO CORP                                 |         | 01/10/2020    | Call @ 100.00                 | XXX                       | 2,656,395     | 2,615,000  | 2,632,096   | 2,629,269                               | 0  | (97)                                    | 0   | (97)                                 | 0  | 2,629,821                                     | 0  | (14,171)                         | (14,171)                      | 60,372   | 05/15/2023                       | 4FE  |     |
| 50200R-AA-1   | LHMC FINCO SARL                          |         | 03/26/2020    | DBC-FI                        | XXX                       | 408,038       | 385,000    | 601,462     | 599,085                                 | 0  | (760)                                   | 0   | (760)                                | 0  | 598,325                                       | 0  | (190,287)                        | (190,287)                     | 12,797   | 12/20/2023                       | 4FE  |     |
| 55305B-AM-3   | M/I HOMES INC                            |         | 01/22/2020    | Call @ 100.00                 | XXX                       | 55,000        | 55,000     | 58,650      | 55,036                                  | 0  | (36)                                    | 0   | (36)                                 | 0  | 55,000  | 0  | 0                                | 0                             | 1,928  | 01/15/2021                       | 3FE  |     |
| 553546-AA-8   | MSCI INC                                 |         | 03/20/2020    | Call @ 100.00                 | XXX                       | 500,810       | 488,000    | 507,056     | 500,264                                 | 0  | (917)                                   | 0   | (917)                                | 0  | 499,348                                       | 0  | (11,348)                         | (11,348)                      | 21,706   | 11/15/2024                       | 3FE  |     |
| 56585A-AB-4   | MARATHON PETROLEUM CORP                  |         | 03/02/2020    | FUND FUNDS II                 | XXX                       | 6,182,520     | 6,000,000  | 6,334,401   | 6,134,404                               | 0  | (19,264)                                | 0   | (19,264)                             | 0  | 6,115,140                                     | 0  | 67,380                           | 67,380                        | 155,458  | 03/01/2021                       | 2FE  |     |
| 59166E-AB-1   | NST 191 A1A - CMO/RMBS                   |         | 03/01/2020    | Paydown                       | XXX                       | 89,777        | 71,789     | 73,092      | 72,975                                  | 0  | (1,186)                                 | 0   | (1,186)                              | 0  | 71,78   |  |                                  |                               |  |                                  |  |     |

STATEMENT AS OF MARCH 31, 2020 OF THE FINANCIAL GUARANTY INSURANCE COMPANY

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

| 1                    | 2   | 3       | 4             | 5  | 6                         | 7             | 8           | 9           | 10                                      | Change in Book/Adjusted Carrying Value   |   |   |                                      |  | 16  | 17                                       | 18                               | 19                            | 20   | 21                               | 22   |
|----------------------|---|---------|---------------|--|---------------------------|---------------|-------------|-------------|---|--|---|---|--------------------------------------|--|---|--|----------------------------------|-------------------------------|--|----------------------------------|--|
|                      |   |         |               |  |                           |               |             |             |   | 11                                       | 12                                      | 13  | 14                                   | 15   |   |  |                                  |                               |  |                                  |  |
| CUSIP Identification | Description   | Foreign | Disposal Date | Name of Purchaser                              | Number of Shares of Stock | Consideration | Par Value   | Actual Cost | Prior Year Book/Adjusted Carrying Value | Unrealized Valuation Increase/(Decrease) | Current Year's (Amortization)/Accretion | Current Year's Other Than Temporary Impairment Recognized | Total Change in B./A.C.V. (11+12-13) | Total Foreign Exchange Change in B./A.C.V. | Book/Adjusted Carrying Value at Disposal Date | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Bond Interest/Stock Dividends Received During Year | Stated Contractual Maturity Date | NAIC Designation and Administrative Symbol |
| 724479-AJ-9          | PITNEY BOWES INC. PROTECTIVE LIFE GLOBAL            |         | 02/06/2020    | UBS  | .XXX                      | 350,928       | 360,000     | 335,880     | 334,800                                 | 4,361                                    | .441                                    | .0  | 4,802                                | .0   | 339,602                                       | .0                                       | 11,326                           | 11,326                        | 6,568  | 03/15/2024                       | 3FE  |
| 74368C-AA-2          | FUNDING   |         | 01/03/2020    | Citi Bank                                      | .XXX                      | 5,135,394     | 5,100,000   | 5,053,468   | 5,083,853                               | .0                                       | 294                                     | .0  | 294                                  | .0   | 5,084,147                                     | .0                                       | 51,247                           | 51,247                        | 16,065   | 11/25/2020                       | 1FE  |
| 852061-AQ-3          | SPRINT NEXTEL CORP                                  |         | 03/01/2020    | Maturity @ 100.00                              | .XXX                      | 1,450,000     | 1,450,000   | 1,448,975   | 1,449,993                               | .0                                       | 7                                       | .0  | 7                                    | .0   | 1,450,000                                     | .0                                       | .0                               | .0                            | 52,200   | 03/01/2020                       | 4FE  |
| 853496-AB-3          | STANDARD INDUSTRIES INC.                            |         | 02/15/2020    | Call @ 100.00                                  | .XXX                      | 227,080       | 224,000     | 235,339     | 227,460                                 | .0                                       | (380)                                   | .0  | (380)                                | .0   | 227,080                                       | .0                                       | (3,080)                          | (3,080)                       | 7,885  | 02/15/2023                       | 3FE  |
| 891721-AA-8          | TPMT 163 A1 - CMO/RMBS                              |         | 03/01/2020    | Paydown  | .XXX                      | 169,109       | 169,109     | 166,361     | 166,590                                 | .0                                       | 2,519                                   | .0  | 2,519                                | .0   | 169,109                                       | .0                                       | .0                               | .0                            | 649  | 04/29/2056                       | 1FE  |
| 893800-AA-0          | TRANSOCEAN GUARDIAN LTD.                            |         | 01/15/2020    | Paydown  | .XXX                      | 154,055       | 154,055     | 157,131     | 156,817                                 | .0                                       | (2,762)                                 | .0  | (2,762)                              | .0   | 154,055                                       | .0                                       | .0                               | .0                            | 4,525  | 01/15/2024                       | 4FE  |
| 893829-AA-9          | TRANSOCEAN PROTEUS LTD.                             | C       | 01/01/2020    | Paydown  | .XXX                      | .0            | .0          | .0          | .0                                      | .0                                       | .0                                      | .0  | .0                                   | .0   | .0  | .0                                       | .0                               | .0                            | 257  | 12/01/2024                       | 4FE  |
| 90320W-AA-3          | UPCB FINANCE IV LIMITED UNION PACIFIC RAILROAD      |         | 02/13/2020    | Call @ 100.00                                  | .XXX                      | 3,994,563     | 3,890,000   | 3,974,007   | 3,956,739                               | .0                                       | (1,459)                                 | .0  | (1,459)                              | .0   | 3,955,280                                     | .0                                       | (65,280)                         | (65,280)                      | 225,369  | 01/15/2025                       | 3FE  |
| 90783V-AA-3          | COMPANY 2005-1 PA                                   |         | 01/02/2020    | Paydown  | .XXX                      | 52,268        | 52,268      | 49,988      | 50,787                                  | .0                                       | 1,481                                   | .0  | 1,481                                | .0   | 52,268  | .0                                       | .0                               | .0                            | 1,328  | 01/02/2029                       | 1FE  |
| 913017-BV-0          | UNITED TECHNOLOGIES CORP                            |         | 02/28/2020    | CORPORATE ACTION FREIMARK BLAIR & COMPANY, INC | .XXX                      | 7,708,556     | 7,413,000   | 7,259,136   | 7,302,360                               | .0                                       | 6,983                                   | .0  | 6,983                                | .0   | 7,309,343                                     | .0                                       | 399,214                          | 399,214                       | 55,536   | 06/01/2022                       | 2FE  |
| 931142-EJ-8          | WALMART INC.  |         | 01/03/2020    | INC  | .XXX                      | 6,078,996     | 5,950,000   | 5,949,703   | 5,949,842                               | .0                                       | 2                                       | .0  | 2                                    | .0   | 5,949,844                                     | .0                                       | 129,152                          | 129,152                       | 7,231  | 06/23/2021                       | 1FE  |
| 95002F-AA-2          | WFMBS 2019-4 A1 - CMO/RMBS                          |         | 03/01/2020    | Paydown  | .XXX                      | 515,683       | 515,683     | 524,868     | 524,849                                 | .0                                       | (9,167)                                 | .0  | (9,167)                              | .0   | 515,683                                       | .0                                       | .0                               | .0                            | 2,695  | 09/27/2049                       | 1FE  |
| 966387-AP-7          | WHITING PETROLEUM CORP                              |         | 02/18/2020    | GOLDMAN  | .XXX                      | 306,800       | 520,000     | 525,002     | 435,500                                 | 88,551                                   | (166)                                   | .0  | 88,384                               | .0   | 523,884                                       | .0                                       | (217,084)                        | (217,084)                     | 12,549   | 04/01/2023                       | 4FE  |
| 98212B-AE-3          | WPX ENERGY INC                                      |         | 02/18/2020    | MARKETAXESS                                    | .XXX                      | 481,859       | 460,000     | 463,588     | 463,099                                 | .0                                       | (84)                                    | .0  | (84)                                 | .0   | 463,015                                       | .0                                       | 18,844                           | 18,844                        | 10,398   | 09/15/2024                       | 3FE  |
| 3899999              | Bonds - Industrial and Miscellaneous (Unaffiliated) |         |               |  |                           | 77,113,728    | 75,561,481  | 76,014,948  | 75,665,330                              | 94,846                                   | (69,358)                                | 0   | 25,488                               | 0  | 75,690,818                                    | 0  | 1,166,292                        | 1,166,292                     | 1,376,496  | XXX                              | XXX  |
| 8399997              | Bonds - Subtotals - Bonds - Part 4                  |         |               |  |                           | 118,721,510   | 114,135,098 | 114,986,164 | 109,593,516                             | 94,846                                   | 103,152                                 | 0   | 197,998                              | 0  | 115,085,995                                   | 0  | 3,378,897                        | 3,378,897                     | 1,853,722  | XXX                              | XXX  |
| 8399999              | Bonds - Subtotals - Bonds                           |         |               |  |                           | 118,721,510   | 114,135,098 | 114,986,164 | 109,593,516                             | 94,846                                   | 103,152                                 | 0   | 197,998                              | 0  | 115,085,995                                   | 0  | 3,378,897                        | 3,378,897                     | 1,853,722  | XXX                              | XXX  |
| 9999999              | Totals  |         |               |  |                           | 118,721,510   | XXX         | 114,986,164 | 109,593,516                             | 94,846                                   | 103,152                                 | 0   | 197,998                              | 0  | 115,085,995                                   | 0  | 3,378,897                        | 3,378,897                     | 1,853,722  | XXX                              | XXX  |

E05.1

Schedule DB - Part A - Section 1

**NONE**

Schedule DB - Part B - Section 1

**NONE**

Schedule DB - Part D - Section 1

**NONE**

Schedule DB - Part D - Section 2

**NONE**

Schedule DB - Part E

**NONE**

Schedule DL - Part 1

**NONE**

Schedule DL - Part 2

**NONE**



