



**American Overseas Reinsurance Limited**  
**Operating Supplement <sup>(1)</sup>**  
**December 31, 2017**

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<sup>(1)</sup> Information included in this report is unaudited

American Overseas Reinsurance Company Limited

Outstanding Portfolio Profile by Bond Type

Net Par Outstanding\*

(dollars in millions)

	Outstanding as of December 31, 2017		Outstanding as of December 31, 2016	
	Net Amount	%	Net Amount	%
<b>US Public Finance</b>				
General Obligation and Lease	\$ 696	30.0%	\$ 886	24.8%
Tax backed	165	7.1%	191	5.4%
Transportation	140	6.0%	269	7.5%
Healthcare	178	7.7%	244	6.8%
Utility	180	7.8%	261	7.3%
Investor Owned Utilities	0	0.0%	0	0.0%
Higher Education	16	0.7%	24	0.7%
Housing	13	0.5%	16	0.4%
Other	26	1.1%	46	1.3%
Escrowed Transaction <sup>1</sup>	188	8.1%	564	15.8%
<b>Total US Public Finance</b>	<b>\$ 1,601</b>	<b>69.0%</b>	<b>\$ 2,502</b>	<b>70.1%</b>
<b>US Structured Finance</b>				
Commercial ABS	\$ 5	0.2%	\$ 121	3.4%
Home Equity	17	0.7%	29	0.8%
Autos	0	0.0%	0	0.0%
Mortgage Backed Securities	33	1.4%	53	1.5%
Banks and Other Corporate	0	0.0%	0	0.0%
Other Consumer ABS	0	0.0%	50	1.4%
<b>Total US Structured Finance</b>	<b>\$ 55</b>	<b>2.4%</b>	<b>\$ 254</b>	<b>7.1%</b>
<b>International</b>				
<b>Asset Backed</b>				
Commercial ABS	\$	0.0%	\$ 154	4.3%
Autos	0	0.0%	0	0.0%
Mortgage Backed Securities	7	0.3%	7	0.2%
Other Consumer ABS	0	0.0%	6	0.2%
Tax-Backed	0	0.0%	0	0.0%
Housing	0	0.0%	0	0.0%
<b>Public Finance</b>	306	13.2%	309	8.7%
<b>Investor Owned Utilities and Other</b>	351	15.1%	339	9.5%
<b>Total International</b>	<b>\$ 664</b>	<b>28.6%</b>	<b>\$ 815</b>	<b>22.8%</b>
<b>Total</b>	<b>\$ 2,320</b>	<b>100.0%</b>	<b>\$ 3,571</b>	<b>100.0%</b>

<sup>1</sup> Escrowed transactions are defeased bond issuances where our financial guaranty policy is not legally extinguished although cash and securities in an amount sufficient to pay remaining obligations under such bonds have been deposited in an escrow account for the benefit of bondholders. Although we believe we have little to no remaining credit risk on these transactions, they remain outstanding for reporting under Generally Accepted Accounting Principles.

\* All numbers in the tables above are unaudited.

**American Overseas Reinsurance Company Limited**  
**Outstanding Portfolio Profile by Geographic Distribution**  
**Net Par Outstanding**  
*(dollars in millions)*

	Outstanding as of December 31, 2017		Outstanding as of December 31, 2016	
	Net Amount	%	Net Amount	%
<b>Geographic Distribution</b>				
<b>United States</b>				
CALIFORNIA	\$ 274	11.8%	\$ 533	14.9%
MASSACHUSETTS	222	9.6%	272	7.6%
PUERTO RICO	139	6.0%	148	4.2%
ILLINOIS	126	5.5%	175	4.9%
NEW JERSEY	94	4.1%	76	2.1%
PENNSYLVANIA	88	3.8%	111	3.1%
NEW YORK	84	3.6%	181	5.1%
MICHIGAN	72	3.1%	89	2.5%
TEXAS	47	2.0%	98	2.8%
NORTH CAROLINA	41	1.8%	48	1.3%
OTHER STATES	\$ 420	18.1%	\$ 780	21.8%
MULTI-STATE	\$ 48	2.1%	\$ 246	6.9%
<b>US Sub-total</b>	<b>\$ 1,656</b>	<b>71.4%</b>	<b>\$ 2,756</b>	<b>77.2%</b>
<b>International</b>				
United Kingdom	\$ 400	17.3%	\$ 484	13.6%
France	68	2.9%	60	1.7%
Italy	61	2.6%	56	1.6%
Australia	46	2.0%	76	2.1%
Austria	44	1.9%	42	1.2%
Spain	19	0.8%	17	0.5%
Chile	12	0.5%	15	0.4%
Japan	5	0.2%	5	0.1%
Mexico	3	0.1%	3	0.1%
POLAND	2	0.1%	2	0.0%
Other Countries	\$ 4	0.2%	\$ 10	0.3%
Multinational	\$	0.0%	\$ 46	1.3%
<b>Int. Sub-total</b>	<b>\$ 664</b>	<b>28.6%</b>	<b>\$ 815</b>	<b>22.8%</b>
<b>Total Par</b>	<b>\$ 2,320</b>	<b>100.0%</b>	<b>\$ 3,571</b>	<b>100.0%</b>

\* All numbers in the tables above are unaudited. The table above includes escrowed transactions. (See Bond Type table, footnote 1).

**American Overseas Reinsurance Company Limited**

**Largest Exposures by Sector (1 of 4)**

**Net Par Outstanding**

**as of December 31, 2017**

*(dollars in millions)*

<b>50 Largest U.S. Public Finance Exposures:</b>	<b>NPO</b>	<b>AORe Rating<sup>1</sup></b>
1 Puerto Rico Highway & Transportation Authority	\$ 91	BIG
2 Massachusetts (State of) - GO Appropriation	87	AA-
3 Massachusetts Water Resources Authority, MA	77	AA
4 Chicago, IL	52	BBB+
5 New Jersey (State of) GO / Appropriation	51	BBB
6 Sacramento County Airport, CA	40	A-
7 Puerto Rico MFA, PR - State Moral Obligation	37	BIG
8 California (State of) - GO/Appropriation	36	A
9 Partners Healthcare System, Inc. Capital Asset	33	AA
10 New York City, NY	29	AA
11 Catholic Healthcare West	28	A-
12 Detroit Public Schools, MI - GO	28	AA-
13 Sacramento Municipal Utility District, CA Electric	27	AA-
14 Carolinas Hlt Sys Charl-Meckl	26	AA-
15 Pennsylvania (State of) - GO / Appropriation	26	A-
16 Maryland Transportation Authority, MD	25	AA-
17 Wisconsin (State of) - GO	25	A+
18 Green Stadco-New York Jets Stadium	25	BBB
19 Metropolitan Transit Authority, NY	17	A
20 San Diego Unified SD, CA - GO	14	AA
21 Atlanta, GA Water & Sewer	14	A-
22 Denver International Airport, CO	13	A+
23 Christus Health, TX	13	A-
24 Carilion Health System, VA Hospital Revenue Bonds	13	A
25 St. Luke's Regional Medical Center, ID	13	A-
26 Riverside City, CA Electric	12	AA-
27 Elgin SD U46, IL - GO	12	A
28 Philadelphia, PA - GO	12	BBB+
29 Palomar Pomerado Hospital, CA	11	BBB-
30 Oregon Sch Dt LT Pension Pool	11	A+
31 Pennsylvania Turnpike Comm	11	BBB
32 Illinois Regional Transportation Auth, IL - Sales Tax Statewide	11	AA
33 Anaheim Redevelopment Agency (California) 2007	11	A
34 Worcester (City), MA - GO	10	A+
35 Hospital Authority Of Gwinnett County, Georgia	9	A
36 Kentucky (State of) - GO/Appropriation	9	A
37 New York (State of), GO / Appropriation	9	AA-
38 Alvord Union, CA - SD	9	A+
39 Chicago Board Of Education, IL	9	BBB-
40 Catholic Health Partners, OH	9	A
41 Contra Costa County, CA - GO/Appropriation	9	AA-
42 Massachusetts Special Oblig., MA - Gas Tax Statewide ( Local)	8	AA
43 New York State Power Authority	8	AA
44 Erie County, NY - GO	8	A-
45 Scottsdale Memorial Sys AZ	7	A
46 San Antonio Airport, TX	7	A
47 Nashville-Davidson, TN Water & Sewer	7	AA-
48 Houston Airport, TX	7	A
49 Detroit, MI Sewer	7	BBB+
50 Community Unity School District Number 7, Madicon	7	BBB-
<b>Total Top 50 U.S. Public Finance Exposures:</b>	<b>\$ 1,067</b>	

<sup>1</sup> Ratings are assigned by AORE, which takes into consideration ratings assigned by the primary insurers and the rating agencies. Ratings are assigned as of February 27, 2018. Escrowed transactions are included in the table above and are assigned a rating of the higher of "AA" or the current AORE rating. (See Bond Type table, footnote 1)

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American Overseas Reinsurance Company Limited

Largest Exposures by Sector (2 of 4)

Net Par Outstanding

as of December 31, 2017

(dollars in millions)

50 Largest U.S. Structured Finance Exposures:	Amount	AORE Rating <sup>1</sup>
1 Doral 2006-1 - Deutsche Mortg Sec 2006-PR1	\$ 7	BIG
2 AIG Inc.	5	A-
3 Terwin Mortgage Trust 2007-6 ALT	4	BIG
4 ACE Securities Corp. Mort Loan 2007-D1	4	BIG
5 CWHEQ Rev Home Eq Trst (Countrywide), 2006-I	4	BIG
6 Mid-State Trust X Class A-1	3	AAA
7 CWHEQ Revolving HEL Trust 2006-F	3	BIG
8 CWHEQ Revolving Hel 2006-H wrap of wrap	2	BIG
9 CWHEQ Rev Hel Trust, Series 2005-D	2	BIG
10 GMACM Hel 2004-HE3	1	BIG
11 CWHEQ Revolving Home Equity Loan Trust, Series 2005-C	1	BIG
12 CWHEQ Revolv HEL Trst 2007-A	1	BIG
13 CWABS Asset-Backed Cert Trust 2007-4	1	A
14 Soundview Home Ln TR 2007-WMC1	1	BIG
15 New Century Home Equity Loan Trust 2005-A	1	BIG
16 CWHEQ Revolv HEL Trst 2007-B	1	BIG
17 Terwin Mortg trst 2006-10SL	1	BIG
18 Renaissance Home Equity Loan 2003-1	1	AAA
19 IMC Home Equity 1997-7	1	BIG
20 Long Beach Mortgage 2004-4	1	AAA
21 Option One Mortg Ln Tr 2007-FXD2	1	BIG
22 NAAC 2007-1 2nds	1	BIG
23 Mastr Asset Backed Sec 2007-NCW	1	BIG
24 Soundview Home Loan Trust 2008-1	1	BIG
25 Wells Fargo Home Equity Trust 2004-2	0	AAA
26 ACE Securities He Loan Tr 2007-SL1	0	BIG
27 Renaissance Home Equity Loan 2002-3	0	AAA
28 OOMLT 2003-4	0	AAA
29 OOMLT 2003-6	0	AAA
30 American Home Mort 2007-4	0	BIG
31 TERWIN MORTGAGE TRUST 2005-16HE	0	BIG
32 AMSI 2003-13	0	AAA
33 AMSI 2004-R1	0	AAA
34 Asset Backed Sec. Corp. (ABSC) Home EQ 2004-HE7	0	AAA
35 AMSI 2003-11	0	AAA
36 Deutsche Alt-B 2006-AB1	0	BIG
37 Consec Finance Mfg'd Housing	0	BIG
38 ABFC 2004-OPT3	0	AAA
39 Long Beach Mortgage 2004-3	0	AAA
40 CWL 2004-1	0	AAA
41 Renaissance (Delta) Home Eq., 2004-3	0	AAA
42 ARSI 2003-W5	0	AAA
43 DSLA Mortgage Loan Trust 2005-AR5	0	BIG
44 Renaissance Home Equity Loan 2004-2	0	BIG
45 ACE Hel Trust 2007-SL3	0	AA
46 Terwin TMTS 2005-14HE	0	BIG
47 Ameriquest 2003-5 Tagss	0	BBB
48 Countrywide Alta 2005-22T	0	A
49 Credit Protection Trust 270	0	BBB-
50 Indymac HE Mtge Ln 2007-H1 Heloc	0	BIG
<b>Total Top 50 U.S. Structured Finance Exposures:</b>	<b>\$ 53</b>	

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**American Overseas Reinsurance Company Limited**

**Largest Exposures by Sector (3 of 4)**

**Net Par Outstanding**

**as of December 31, 2017**

*(dollars in millions)*

<b>25 Largest Non U.S. Exposures:</b>	<b>Amount</b>	<b>AORe Rating<sup>1</sup></b>
1 Thames Water Utilities Finance PLC	\$ 56	A-
2 Societe Des Autoroutes Du Nord Et De L'est De	54	BBB+
3 Southern Water Services	46	A-
4 Verbund - Wachovia Wrap Of Securities Lease And	43	AAA
5 Campania Region - Healthcare Receivable	41	BBB-
6 Southern Gas	37	BBB
7 Envestra Limited	36	BBB+
8 Yorkshire Water Services Finance PLC	26	A-
9 Lunar Funding I Ltd. (Series No. 4) North'n	22	BBB+
10 Integrated Accomodation Services plc	20	BBB+
11 Valencia Fair	19	BIG
12 Western Power Distribution (South West) PLC	18	BBB+
13 Capital Hospitals (Barts)	18	BBB-
14 National Grid Gas	15	BBB+
15 United Utilities Water Plc	15	BBB+
16 Dali Capital PLC	15	BBB+
17 Sutton and East Surrey Water Plc	14	BBB+
18 Scotland Gas	13	BBB
19 Severn Trent Water Utilities Finance PLC	13	BBB+
20 Rutas del Pacifico (Santiago-Valparaiso Tollroad)	12	BBB+
21 Millau Viaduct	12	BBB-
22 Acquedotto Pugliese S.P.A.	10	A-
23 Wessex Water Services Finance PLC	10	BBB+
24 South Tees	8	BBB
25 MPC Funding Limited	7	BBB+
<b>Total Top 25 Non U.S. Exposures:</b>	<b>\$ 579</b>	

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**American Overseas Reinsurance Company Limited**

**Largest Exposures by Sector (4 of 4)**

**Net Par Outstanding**

**as of December 31, 2017**

*(dollars in millions)*

<b>10 Largest U.S. Residential Mortgage Servicers' Exposures:</b>	<b>NPO</b>		
1 Countrywide	\$	18	
2 Wells Fargo Bank		7	
3 Banco Popular		7	
4 LITTON LOAN SERVICING LP		5	
5 MIDSTATE HOMES, INC.		2	
6 GMAC Mortgage Corporation		2	
7 OCWEN LOAN SERVICING, LLC		1	
8 Option One Mortgage Corporation		1	
9 AMERIQUEST MORTGAGE COMPANY		1	
10 Washington Mutual		1	
 <b>Total Top 10 U.S. Residential Mortgage Servicers' Exposures:</b>	 \$	 45	

  

<b>10 Largest U.S. Healthcare Exposures:</b>	<b>NPO      AORE Rating      State</b>			
1 Partners Healthcare System, Inc. Capital Asset	\$	33	AA	MA
2 Catholic Healthcare West		28	A-	CA
3 Carolinas Hlt Sys Charl-Meckl		26	AA-	NC
4 Christus Health, TX		13	A-	TX
5 Carilion Health System, VA Hospital Revenue Bonds		13	A	VA
6 St. Luke's Regional Medical Center, ID		13	A-	ID
7 Palomar Pomerado Hospital, CA		11	BBB-	CA
8 Hospital Authority Of Gwinnett County, Georgia		9	A	GA
9 Catholic Health Partners, OH		9	A	OH
10 Scottsdale Memorial Sys AZ		7	A	AZ
 <b>Total Top 10 U.S. Healthcare Exposures:</b>	 \$	 162		

1 Ratings are assigned by AORE, which takes into consideration ratings assigned by the primary insurers and the rating agencies. Ratings are assigned as of February 27, 2018. Escrowed transactions are included in the table above and are assigned a rating of the higher of "AA" or the current AORE rating. (See Bond Type table, footnote 1)

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**American Overseas Reinsurance Company Limited**  
**Outstanding Portfolio Profile by Credit Quality Distribution**  
**Par Outstanding**  
**as of December 31, 2017**  
*(dollars in millions)*

	Outstanding as of December 31, 2017 <sup>1</sup>		Outstanding as of December 31, 2016 <sup>1</sup>	
	Amount	%	Amount	%
<b>Public Finance</b>				
AAA	\$ 44	1.9%	\$ 46	1.3%
AA	688	29.6%	1,236	34.6%
A	694	29.9%	973	27.2%
BBB	662	28.5%	701	19.6%
Below Investment Grade	169	7.3%	194	5.4%
<b>Total</b>	<b>\$ 2,258</b>	<b>97.3%</b>	<b>\$ 3,150</b>	<b>88.2%</b>

	Outstanding as of December 31, 2017 <sup>1</sup>		Outstanding as of December 31, 2016 <sup>1</sup>	
	Amount	%	Amount	%
<b>Structured Finance</b>				
AAA	\$ 9	0.4%	\$ 175	4.9%
AA	2	0.1%	72	2.0%
A	6	0.3%	57	1.6%
BBB	6	0.3%	28	0.8%
Below Investment Grade	39	1.7%	89	2.5%
<b>Total</b>	<b>\$ 62</b>	<b>2.7%</b>	<b>\$ 421</b>	<b>12%</b>

	Outstanding as of December 31, 2017 <sup>1</sup>		Outstanding as of December 31, 2016 <sup>1</sup>	
	Amount	%	Amount	%
<b>Total Finance</b>				
AAA	\$ 53	2.3%	\$ 220	6.2%
AA	690	29.7%	1,308	36.6%
A	700	30.2%	1,030	28.9%
BBB	668	28.8%	729	20.4%
Below Investment Grade	209	9.0%	283	7.9%
<b>Total</b>	<b>\$ 2,320</b>	<b>100.0%</b>	<b>\$ 3,571</b>	<b>100%</b>

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American Overseas Reinsurance Company Limited

Non-Investment Grade Exposures

Net Par Outstanding

as of December 31, 2017

(dollars in millions)

	NPO	AORe Rating
<b>Public Finance BIG Exposures Greater Than \$5 Million</b>		
<b>Name or description</b>		
<b>U.S. Public Finance</b>		
Puerto Rico Highway & Transportation Authority	\$ 61	CC
Puerto Rico MFA, PR - State Moral Obligation	\$ 37	CCC-
Puerto Rico Highway & Transportation Authority	\$ 31	CC-
<b>Total</b>	<b>\$ 128</b>	
<b>Non-U.S. Public Finance</b>		
Valencia Fair	\$ 19	BB-
<b>Total</b>	<b>\$ 19</b>	
<b>Total</b>	<b>\$ 147</b>	
<b>Structured Finance BIG Exposures Greater than \$5 Million</b>		
	NPO	AORe Rating
<b>Name or description</b>		
<b>U.S. Structured Finance</b>		
<b>U.S. RMBS:</b>		
Doral 2006-1 - Deutsche Mortg Sec 2006-PR1	\$ 7	CCC
<b>Total U.S. RMBS</b>	<b>\$ 7</b>	
<b>Total</b>	<b>\$ 154</b>	

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**American Overseas Reinsurance Company Ltd.**

**Changes in Credit Derivative Liabilities**

*(dollars in thousands)*

The following table presents changes in the net credit derivative liabilities balance for which fair value was measured using significant unobservable inputs for the period ended December 31, 2017 and year ended December 31, 2016.

	Period ended December 31, 2017	Year ended December 31, 2016
Balance, beginning of period	\$ (8,358)	\$ (16,779)
Total unrealized (losses)/gains included in earnings	8,125	8,162
Total realized (losses)/gains included in earnings	113	2,380
Net cash payments/(receipts) <sup>(1)</sup>	(222)	(2,121)
Balance, end of period	<u>\$ (342)</u>	<u>\$ (8,358)</u>

<sup>(1)</sup> Net cash payments/receipts includes all ongoing contractual cash payments inclusive of payments to commute credit derivatives.

\* All numbers in the tables above are unaudited.

## **American Overseas Reinsurance Limited Operating Supplement**

### Introductory Notes

This operating supplement presents information on the financial guaranty business of American Overseas Reinsurance Company Limited, (the "Company") on a U.S. GAAP basis unless otherwise.

This Supplement should be read in conjunction with the financial statements of American Overseas Group Limited and financial information posted on our website at [www.aoreltd.com](http://www.aoreltd.com).

This Supplement should also be read in conjunction with various footnotes and explanatory notes contained herein. Certain measures reported in this Supplement are not in conformity with U.S. GAAP and should not be considered as a substitute for GAAP measures. They are provided with the intent of enhancing information available to analysts and investors.

### Safe Harbor Statement

Any forward-looking statements made in this supplement reflect the Company's current views and assumptions with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. For example, the Company's forward-looking statements regarding future installment premiums and present value of future installment premiums could be affected by early termination of policies, general economic conditions, losses in excess of amounts anticipated in the Company's loss reserving, changes in accounting policies or practices, developments in the financial guaranty industry, as well as management's responses to these factors. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they are made or on which estimates were prepared. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise.