

FGIC UK Limited

Quarterly Operating Review

Third Quarter 2019





FGIC UK Limited
Quarterly Operating Review
Third Quarter 2019

Company Profile

FGIC UK Limited (the "Company"), a wholly owned United Kingdom insurance subsidiary of Financial Guaranty Insurance Company ("FGIC"), is an insurance company subject to regulation by the Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA). FGIC UK Limited was authorized to write financial guarantee business in the United Kingdom and had passport rights to write business in other European Economic Area member countries. FGIC UK Limited previously issued financial guarantees covering public finance, structured finance and other obligations. FGIC UK Limited is responsible for administering its outstanding guarantees in accordance with the terms and conditions of such guarantees and applicable law. FGIC UK Limited is no longer engaged in the business of writing new financial guarantees.

This Operating Review should be read in conjunction with the 2018 Annual Report and financial statements of FGIC UK Limited filed with Companies House. The report can be accessed at

<http://www.fgic.com/investorrelations/financialreports/fgicukannualreportfinstatements2018.pdf>

Company Contact Information

FGIC UK Limited

c/o Mazars LLP, London
Tower Bridge House
St Katharine's Way
London
E1W 1DD
United Kingdom

Financial Guaranty Insurance Company

463 Seventh Avenue
New York, NY 10018
U.S.A.
Phone: +1 212 312-3000 or 1 800 352-0001
Fax: +1 212 312-3093
www.fgic.com

© 2019 FGIC UK Limited



FGIC UK Limited
Quarterly Operating Review
Third Quarter 2019

Table of Contents

Annual Financial and Statistical Data.	1
Selected Financial Information.	2
Future Premiums To Be Collected.	3
Investment Portfolio	4
Provision for Outstanding Claims.	5
Guaranteed Portfolio by Bond Type.	6
Guaranteed Exposures.	7
Debt Service Amortization.	8



ANNUAL FINANCIAL AND STATISTICAL DATA

(£ in Thousands)

	2018	2017
Summary of Profit and Loss Account:		
Gross premiums written	99	4,528
Earned premiums	5,613	6,269
Claims incurred	(1)	1,414
Net operating expenses (including deferred acquisition costs)	(2,054)	(2,003)
Other technical income	132	12
Net investment income	2,083	1,893
Gains (losses) on investments	(1,799)	(825)
Other income and charges	767	4
Profit on ordinary activities before tax	4,741	6,764
Taxation on profit on ordinary activities	(901)	(1,302)
Retained profit for the financial year	3,840	5,462
Summary of Balance Sheet:		
Investments	76,676	75,888
Cash	2,408	1,435
Debtors	58,819	62,838
Deferred acquisition costs	3,822	4,162
Prepayments and accrued income	645	693
Total assets	142,370	145,016
Liabilities:		
Called up share capital	175	175
Share premium account	17,272	17,272
Profit and loss account	7,455	3,615
Capital redemption reserve	47,855	47,855
Capital and reserves	72,757	68,917
Provision for unearned premiums	68,174	73,688
Other liabilities	1,439	2,411
Total liabilities and equity	142,370	145,016

Certain prior year amounts have been reclassified to conform to the 2018 presentation.



SELECTED FINANCIAL INFORMATION
(£ in Thousands)

30 September
2019

Profit and Loss Account:

Gross premiums written.	(5)
Change in the gross provision for unearned premiums	2,571
Earned premiums	2,566
Claims and claims related expense incurred.	-
Other technical income.	-
Net operating expenses.	(843)
Deferred acquisition costs.	(144)
Balance on the technical account - general business.	1,579
Net investment income.	1,633
Realised gains/(losses) on investments.	(68)
Unrealised gains/(losses) on investments.	2,640
Other income and charges	(46)
Profit on ordinary activities before tax.	5,738
Taxation on profit on ordinary activities	(1,090)
Retained profit for the financial period	4,648

Balance Sheet:

Assets:

Investments	82,344
Debtors.	55,595
Other debtors.	-
Cash at bank and in hand.	1,216
Deferred acquisition costs.	3,678
Other prepayments and accrued income.	956
Total assets.	143,789

Liabilities and Equity:

Called up share capital.	175
Share premium account.	17,272
Profit and loss account.	12,103
Capital redemption reserve	47,855
Total capital and reserves.	77,405
Provision for unearned premiums.	65,603
Other creditors	604
Accruals and deferred income.	177
Total liabilities and equity.	143,789



FUTURE PREMIUMS TO BE COLLECTED
(£ in Thousands)

Three months ended:	
31 December 2019	673
Twelve months ended:	
31 December 2020	2,778
31 December 2021	2,766
31 December 2022	2,687
31 December 2023	2,526
Five years ended:	
31 December 2028.	12,087
31 December 2033.	10,675
31 December 2038.	8,701
31 December 2043	5,320
31 December 2048.	2,375
31 December 2053.	2,358



INVESTMENT PORTFOLIO
(£ in Thousands)

Investments ⁽¹⁾	30 September 2019	31 December 2018
Shares and other variable yield securities	-	559
Debt securities and other fixed income securities	81,387	73,537
Short-term money market funds	957	2,580
Total	82,344	76,676

⁽¹⁾ Investment values reflect market/current value. With the exception of the short-term money market funds, all amounts included above are in respect of listed investments.

Ratings: ⁽²⁾	30 September 2019	31 December 2018
AAA	14.8%	18.5%
AA	51.3%	55.7%
A	16.8%	11.4%
BBB	17.1%	14.4%
	100.0%	100.0%

⁽²⁾ Ratings represent the lower of S&P, Moody's and Fitch.



PROVISION FOR OUTSTANDING CLAIMS
(£ in Thousands)

	30 September 2019	31 December 2018
Provision For Outstanding Claims, Net Balance At Beginning Of Period.	-	-
Incurred Related To		
Current Period Claims.	-	-
Current Period Claims Related Expenses	-	-
Prior Periods Claims.	-	-
Prior Periods Claims Related Expenses.	-	1
Total Incurred.	-	1
(Paid) Recoveries Related To		
Current Period Claims.	-	-
Current Period Claims Related Expenses	-	-
Prior Periods Claims.	-	-
Prior Periods Claims Related Expenses.	-	(1)
Total Paid	-	(1)
Provision For Outstanding Claims, Net Balance At End Of Period.	-	-



GUARANTEED PORTFOLIO BY BOND TYPE

Par Outstanding
30 September 2019

	£ in millions	% of Total
Guaranteed Portfolio by Bond Type: ⁽¹⁾		
Infrastructure		
Utility.....	1,139.4	50.3%
Project Finance.....	1,033.1	45.7%
Transportation.....	91.0	4.0%
Total.....	2,263.5	100.0%

⁽¹⁾ GBP equivalent using 30 September 2019 exchange rates.



GUARANTEED EXPOSURES ⁽¹⁾
(£ in Millions)

Revenue Stream Name	30 September 2019		
	AADS ⁽²⁾	Par Outstanding	
	Amount	Amount	% of Total ⁽³⁾
Northern Gas Networks plc.	91.7	505.0	22.3%
Consort Healthcare (Birmingham) Limited.	22.3	396.6	17.5%
Peterborough (Progress Health) plc.	31.6	337.7	14.9%
Consort Healthcare (Mid Yorkshire) Funding plc.	11.5	186.6	8.2%
Thames Water Utilities Limited.	13.6	145.2	6.4%
Severn Trent Water Limited.	17.2	137.7	6.1%
BBI (DBCT) Finance Pty Ltd.	36.3	112.1	5.0%
Yorkshire Water Services Plc.	9.7	105.8	4.7%
Autoroutes du Sud de la France (ASF).	50.9	91.0	4.0%
United Utilities Water Company plc.	8.5	83.8	3.7%
National Grid Company plc 05.	9.0	74.2	3.3%
Anglian Water Company Plc.	8.5	67.4	3.0%
Western Power Distribution (South West) Plc.	3.2	17.0	0.8%
London Pwr Network (EDF Energy Networks (LPN) PLC).	0.6	3.4	0.2%
Total.	314.5	2,263.5	100.0%

⁽¹⁾ The Company's exposure reflects the impact of transactions closed prior to 30 September 2019; however it does not reflect the potential impact, if any, of ongoing commutation, settlement and restructuring efforts by the Company subsequent to 30 September 2019.

⁽²⁾ Represents the average annual debt service for which FGIC UK Limited would be responsible in the event of a default.

⁽³⁾ Represents percentage of total par outstanding.



DEBT SERVICE AMORTIZATION ⁽¹⁾
(£ in Millions)

	30 September 2019	
	Scheduled Debt Service Amortization	Ending Debt Service Outstanding
2019.....	62.3	4,975.0
2020.....	98.7	4,876.3
2021.....	102.4	4,773.9
2022.....	234.5	4,539.4
2023.....	93.1	4,446.3
2019-2023.....	591.0	4,446.3
2024-2028.....	711.4	3,735.0
2029-2033.....	406.8	3,328.2
2034-2038.....	867.6	2,460.6
2039-2043.....	580.0	1,880.6
2044-2048.....	159.7	1,720.9
2049-2053.....	468.4	1,252.5
2054-2057.....	1,252.5	-
Total.....	5,037.4	

⁽¹⁾ Depicts expected amortization of the total guaranteed portfolio (principal and interest), assuming no refundings or calls through the contractual maturity date as of 30 September 2019.