



American Overseas Reinsurance Limited
Operating Supplement ⁽¹⁾
June 30, 2016

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⁽¹⁾ 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 June 30, 2016		Outstanding as of December 31, 2015	
	Net Amount	%	Net Amount	%
US Public Finance				
General Obligation and Lease	\$ 1,174	26.0%	\$ 1,402	26.8%
Tax backed	198	4.4%	208	4.0%
Transportation	376	8.3%	515	9.9%
Healthcare	304	6.7%	340	6.5%
Utility	314	7.0%	372	7.1%
Investor Owned Utilities	0	0.0%	0	0.0%
Higher Education	30	0.7%	42	0.8%
Housing	16	0.3%	19	0.4%
Other	48	1.1%	48	0.9%
Escrowed Transactions ¹	644	14.3%	546	10.5%
Total US Public Finance	\$ 3,105	68.8%	\$ 3,492	66.8%
US Structured Finance				
Commercial ABS	\$ 276	6.1%	\$ 470	9.0%
Home Equity	33	0.7%	36	0.7%
Autos	0	0.0%	0	0.0%
Mortgage Backed Securities	57	1.3%	82	1.6%
Banks and Other Corporate	0	0.0%	0	0.0%
Other Consumer ABS	50	1.1%	50	1.0%
Total US Structured Finance	\$ 416	9.2%	\$ 638	12.2%
International				
Asset Backed				
Commercial ABS	\$ 266	5.9%	\$ 323	6.2%
Autos	0	0.0%	0	0.0%
Mortgage Backed Securities	8	0.2%	8	0.1%
Other Consumer ABS	6	0.1%	6	0.1%
Tax-Backed	0	0.0%	0	0.0%
Housing	0	0.0%	0	0.0%
Public Finance	348	7.7%	361	6.9%
Investor Owned Utilities and Other	364	8.1%	397	7.6%
Total International	\$ 992	22.0%	\$ 1,096	21.0%
Total	\$ 4,512	100.0%	\$ 5,226	100.0%

¹ 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. Our previous reporting presented our insured portfolio net of escrowed transactions. Accordingly, the par outstanding in the table above is inclusive of escrowed transactions.

* 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 June 30, 2016		Outstanding as of December 31, 2015	
	Net Amount	%	Net Amount	%
Geographic Distribution				
United States				
CALIFORNIA	\$ 682	15.1%	\$ 704	13.5%
MASSACHUSETTS	295	6.5%	298	5.7%
NEW YORK	285	6.3%	324	6.2%
ILLINOIS	199	4.4%	347	6.6%
WASHINGTON	162	3.6%	173	3.3%
PUERTO RICO	158	3.5%	156	3.0%
PENNSYLVANIA	126	2.8%	136	2.6%
TEXAS	111	2.5%	118	2.3%
FLORIDA	110	2.4%	121	2.3%
MICHIGAN	96	2.1%	107	2.0%
OTHER STATES	\$ 889	19.7%	\$ 1,018	19.5%
MULTI-STATE	\$ 407	9.0%	\$ 629	12.0%
US Sub-total	\$ 3,521	78.0%	\$ 4,130	79.0%
International				
United Kingdom	\$ 526	11.6%	\$ 626	12.0%
France	82	1.8%	79	1.5%
Australia	80	1.8%	78	1.5%
Italy	61	1.3%	61	1.2%
Austria	41	0.9%	40	0.8%
Spain	18	0.4%	18	0.3%
Chile	16	0.4%	16	0.3%
Cayman Islands	6	0.1%	6	0.1%
Japan	5	0.1%	5	0.1%
Mexico	3	0.1%	3	0.1%
Other Countries	\$ 7	0.2%	\$ 6	0.1%
Multinational	\$ 147	3.3%	\$ 157	3.0%
Int. Sub-total	\$ 992	22.0%	\$ 1,096	21.0%
Total Par	\$ 4,512	100.0%	\$ 5,226	100.0%

* 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 June 30, 2016

(dollars in millions)

50 Largest U.S. Public Finance Exposures:	NPO	AORe Rating¹
1 Massachusetts (State of) - GO Appropriation	\$ 117	AA
2 Los Angeles, CA - SD	97	AA-
3 Puerto Rico Highway & Transportation Authority	91	CCC
4 Massachusetts Water Resources Authority, MA	79	AA
5 New York City, NY	76	AA
6 Chicago, IL	59	BBB+
7 Puerto Rico MFA, PR - State Moral Obligation	54	B-
8 Sacramento Municipal Utility District, CA Electric	53	AA-
9 Port Authority of New York and New Jersey	53	AA-
10 California (State of) - GO/Appropriation	52	A
11 Metropolitan Transit Authority, NY	52	A
12 Sacramento County Airport, CA	48	A-
13 New York, NY Muni Water Finance Authority	37	AA
14 Partners Healthcare System, Inc. Capital Asset	33	AA
15 Miami-Dade County Airport, FL	31	A
16 Pennsylvania (State of) - GO / Appropriation	31	A-
17 Kentucky (State of) - GO/Appropriation	30	A+
18 Carolinas Hlt Sys Charl-Meckl	29	AA-
19 Catholic Healthcare West	28	A
20 Detroit Public Schools, MI - GO	28	AA-
21 North Texas Tollway Authority, Dallas North	27	A
22 Saint Joseph Health System, CA	26	AA-
23 Wisconsin (State of) - GO	26	A+
24 Denver International Airport, CO	26	A+
25 Maryland Transportation Authority, MD	26	A+
26 Green Stadco-New York Jets Stadium	25	BBB
27 San Diego Unified SD, CA - GO	24	AA
28 MultiCare Health System	24	AA-
29 Lambert-Saint Louis International Airport, MO	23	BBB+
30 Children's Memorial Hospital - Illinois	17	A+
31 Christus Health, TX	17	A
32 Meridian Hospitals Corporation, NJ	17	A-
33 Columbus City SD, OH	16	AA-
34 Washington Metropolitan Airports Authority, WA	16	A+
35 Philadelphia, PA - GO	16	BBB+
36 Atlanta, GA Water & Sewer	15	A-
37 Elgin SD U46, IL - GO	15	A
38 St. Luke's Regional Medical Center, ID	14	A
39 Carilion Health System, VA Hospital Revenue Bonds	14	A-
40 Riverside City, CA Electric	12	A+
41 Washoe Medical Center, NV	12	A
42 Palomar Pomerado Hospital, CA	12	BBB-
43 Massachusetts Port Authority, MA	12	A+
44 Oregon Sch Dt LT Pension Pool	12	AA-
45 Pennsylvania Turnpike Comm	12	BBB
46 Illinois Regional Transportation Auth, IL - Sales Tax Statewide	11	AA
47 Anaheim Redevelopment Agency (California) 2007	11	A
48 Worcester (City), MA - GO	11	A+
49 Massachusetts Special Oblig., MA - Gas Tax Statewide (Local)	11	AA
50 Port Of Tacoma (Washington)	10	AA-
Total Top 50 U.S. Public Finance Exposures:	\$ 1,589	

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 August 20, 2016. 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)

* All numbers in the table above are unaudited.

American Overseas Reinsurance Company Limited

Largest Exposures by Sector (2 of 4)

Net Par Outstanding

as of June 30, 2016

(dollars in millions)

50 Largest U.S. Structured Finance Exposures:	Amount	AORe Rating ¹
1 SLM Private Credit Student Loan Trust 2007-A	\$ 50	A-
2 Liica Holdings, LLC	48	AA
3 Dow Jones CDX.IG.07 Index	30	AAA
4 Alesco Preferred Funding XVI, Ltd.	24	BB
5 Alesco Preferred Funding XIV	21	A+
6 CPR 167 - Fortress Credit Opportunities 1 Class A2 Revolving - DB	19	AA
7 Impac CMB Trust Series 2007-A	16	A+
8 Kingsland IV - A1 Term	16	AAA
9 Cratos CLO I	12	AAA
10 Kodiak CDO II	11	AA
11 Preferred Term Securities XIX, Ltd.	11	AA
12 Preferred Term Securities XVI, Ltd.	9	AA-
13 Doral 2006-1 - Deutsche Mortg Sec 2006-PR1	9	BBB-
14 Countrywide Home Equity Loan Trust 2007-D	8	CCC
15 Rait Preferred Funding II, Ltd. 2007	8	AA
16 CWHEQ Rev Home Eq Trst (Countrywide), 2006-I	6	CCC
17 Terwin Mortgage Trust 2007-6 ALT	5	CCC
18 ACE Securities Corp. Mort Loan 2007-D1	5	CCC
19 CPT 246-Grayson CLO (Merrill)	5	AAA
20 NRG Peaker Finance Company Ltd.	5	AA
21 AIG Inc.	5	A-
22 Blue Mountain CLO Ltd. III Class A-1	4	AAA
23 CWHEQ Revolving HEL Trust 2006-F	4	CCC
24 Preferred Term Securities XX, Ltd.	4	AA-
25 Preferred Term Securities XVII, Ltd.	4	AA
26 Mid-State Trust X Class A-1	3	AAA
27 Alesco Preferred Funding XII, Ltd.	3	AA
28 Preferred Term Securities XXII, Ltd.	3	AA
29 CWHEQ Revolving Hel 2006-H wrap of wrap	3	CCC
30 GMACM Hel 2004-HE3	3	CCC
31 Preferred Term Securities XVIII, Ltd.	3	AA
32 CWHEQ Rev Hel Trust, Series 2005-D	2	CCC
33 Preferred Term Securities XXIV, Ltd.	2	AA-
34 CWHEQ Revolving Home Equity Loan Trust, Series 2005-C	2	CCC
35 Preferred Term Securities XIV, Ltd.	2	AA
36 CWHEQ Revolv HEL Trst 2007-A	2	CCC
37 Alesco Preferred Funding XIII, Ltd.	2	AA
38 Tropic CDO IV Ltd.	2	AA
39 Allen Community Development Corporation, Collin	2	AAA
40 BNP IG 10.25 CPT 253	2	AAA
41 Cheetah 3 - HSBC 10 Yr IG CDO	2	AAA
42 CPT 252 - ALDWYCH	2	AAA
43 MS 10yr CDX IG9 (CPT 261)	2	AAA
44 Bespoke IG 10 yr MS CDO	1	AAA
45 MM Community Funding 2006-18	1	AA-
46 CPT 253 - BNP Synthetic I	1	AAA
47 IMC Home Equity 1997-7	1	BB
48 Cent CDO CPT 249	1	AAA
49 US Capital Funding II Ltd	1	AAA
50 CPT 249 Centurion CDO 12	1	AAA
Total Top 50 U.S. Public Finance Exposures:	\$ 385	

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 August 20, 2016. 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 (3 of 4)

Net Par Outstanding

as of June 30, 2016

(dollars in millions)

25 Largest Non U.S. Exposures:	Amount	AORe Rating¹
1 Wise 2006-1 PLC Senior Swap B - 1	\$ 58	AA
2 Wise 2006-1 PLC Senior Swap B - 2	58	AA
3 Thames Water Utilities Finance PLC	54	A-
4 Societe Des Autoroutes Du Nord Et De L'est De	50	BBB+
5 Southern Water Services	45	A-
6 Taberna Europe CDO II PLC	44	BBB-
7 Verbund - Wachovia Wrap Of Securities Lease And	40	AAA
8 Campania Region - Healthcare Receivable	40	BBB-
9 Southern Gas	37	BBB
10 Envestra Limited	34	BBB
11 Scotland Gas	26	BBB
12 Yorkshire Water Services Finance PLC	25	A-
13 Airspeed Limited - Series 2007 -1 G-2 Notes	23	BBB+
14 Emtn- Cypress Point V - Series P	23	BBB
15 Lunar Funding I Ltd. (Series No. 4) North'n	22	BBB+
16 Integrated Accomodation Services plc	22	BBB+
17 Taberna Europe CDO I PLC	19	A
18 Valencia Fair	18	BB-
19 A28 Motorway	17	AAA
20 Capital Hospitals (Barts)	17	BBB-
21 Western Power Distribution (South West) PLC	17	BBB+
22 Brisbane Airports Corporation Limited	17	BBB
23 Rutas del Pacifico (Santiago-Valparaiso Tollroad)	16	BBB+
24 Dali Capital PLC	15	BBB+
25 National Grid Gas	14	BBB+
Total Top 50 U.S. Public Finance Exposures:	\$ 750	

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American Overseas Reinsurance Company Limited

Largest Exposures by Sector (4 of 4)

Net Par Outstanding

as of June 30, 2016

(dollars in millions)

10 Largest U.S. Residential Mortgage Servicers' Exposures:	NPO		
1 Countrywide	\$ 32		
2 GMAC Mortgage Corporation	19		
3 Wells Fargo Bank	9		
4 Banco Popular	9		
5 LITTON LOAN SERVICING LP	5		
6 MIDSTATE HOMES, INC.	2		
7 AMERIQUEST MORTGAGE COMPANY	2		
8 Option One Mortgage Corporation	2		
9 OCWEN LOAN SERVICING, LLC	2		
10 SELECT PORTFOLIO SERVICING, INC.	2		
Total Top 10 U.S. Residential Mortgage Servicers' Exposures:	\$ 84		
10 Largest U.S. Healthcare Exposures:	NPO	AORe Rating	State
1 Partners Healthcare System, Inc. Capital Asset	\$ 33	AA	MA
2 Carolinas Hlt Sys Charl-Meckl	29	AA-	NC
3 Catholic Healthcare West	28	A	CA
4 Saint Joseph Health System, CA	26	AA-	CA
5 MultiCare Health System	24	AA-	WA
6 Children's Memorial Hospital - Illinois	17	A+	IL
7 Christus Health, TX	17	A	TX
8 Meridian Hospitals Corporation, NJ	17	A-	NJ
9 St. Luke's Regional Medical Center, ID	14	A	ID
10 Carilion Health System, VA Hospital Revenue Bonds	14	A-	VA
Total Top 10 U.S. Healthcare Exposures:	\$ 218		

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 August 20, 2016. Escrowed transactions are included in the tables above and are assigned a rating of the higher of "AA" or the current AORE rating. (See Bond Type table, footnote 1)

* All numbers in the tables above are unaudited.

American Overseas Reinsurance Company Limited
Outstanding Portfolio Profile by Credit Quality Distribution

Par Outstanding
as of June 30, 2016
(dollars in millions)

	Outstanding as of June 30, 2016 ¹		Outstanding as of December 31, 2015 ¹	
	Amount	%	Amount	%
Public Finance				
AAA	\$ 72	1.6%	\$ 150	2.9%
AA	1,640	36.4%	1,663	31.8%
A	1,119	24.8%	1,370	26.2%
BBB	789	17.5%	866	16.6%
Below Investment Grade	196	4.3%	201	3.9%
Total	\$ 3,816	84.6%	\$ 4,250	81.3%

	Outstanding as of June 30, 2016 ¹		Outstanding as of December 31, 2015 ¹	
	Amount	%	Amount	%
Structured Finance				
AAA	\$ 135	3.0%	\$ 342	6.5%
AA	264	5.8%	292	5.6%
A	97	2.2%	100	1.9%
BBB	109	2.4%	115	2.2%
Below Investment Grade	92	2.0%	127	2.4%
Total	\$ 696	15.4%	\$ 976	19%

	Outstanding as of June 30, 2016 ¹		Outstanding as of December 31, 2015 ¹	
	Amount	%	Amount	%
Total Finance				
AAA	\$ 207	4.6%	\$ 492	9.4%
AA	1,904	42.2%	1,955	37.4%
A	1,216	27.0%	1,469	28.1%
BBB	898	19.9%	982	18.8%
Below Investment Grade	287	6.4%	328	6.3%
Total	\$ 4,512	100.0%	\$ 5,226	100%

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 August 20, 2016. Escrowed transactions are included in the tables 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

Non-Investment Grade Exposures

Net Par Outstanding

as of June 30, 2016

(dollars in millions)

	NPO	AORE Rating
Public Finance BIG Exposures Greater Than \$7.5 Million		
Name or description		
U.S. Public Finance		
Puerto Rico Highway & Transportation Authority	\$ 61	CCC
Puerto Rico MFA, PR - State Moral Obligation	\$ 45	CCC-
Puerto Rico Highway & Transportation Authority	\$ 31	CCC-
Louisville Arena Authority Inc.	\$ 10	BB
Total	\$ 147	
Non-U.S. Public Finance		
Valencia Fair	\$ 18	BB-
Total	\$ 18	
Total	\$ 165	
Structured Finance BIG Exposures Greater than \$7.5 Million		
Name or description		
U.S. Structured Finance		
U.S. RMBS:		
Countrywide Home Equity Loan Trust 2007-D	\$ 8	CCC
Total U.S. RMBS	\$ 8	
Other:		
Alesco Preferred Funding XVI, Ltd.	\$ 24	BB
Total Other	\$ 24	
Total	\$ 32	
Non-U.S. Structured Finance		
Cypress Point VI	\$ 10	BB
Total Non-U.S. Structured Finance	\$ 10	
Total	\$ 42	

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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 June 30, 2016 and year ended December 31, 2015.

	Period ended June 30, 2016	Year ended December 31, 2015
Balance, beginning of period	\$ (16,779)	\$ (46,696)
Total unrealized (losses)/gains included in earnings	(4,624)	30,070
Total realized (losses)/gains included in earnings	(103)	459
Net cash payments/(receipts) ⁽¹⁾	444	(612)
Balance, end of period	<u>\$ (21,062)</u>	<u>\$ (16,779)</u>

⁽¹⁾ 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
Annual 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.

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.