

Subprime Exposure as of June 30, 2007



Updated: October 5, 2007

Overview

- CIFG is a leading “monoline” financial guaranty company, rated Triple-A by Moody's, Standard & Poor's and Fitch¹
- CIFG provides credit enhancement on public finance, infrastructure and structured finance transactions globally
- CIFG's portfolio remains sound: Transactions that include subprime collateral are overwhelmingly Triple-A rated



¹ Moody's and Fitch rate CIFG Aaa (Stable) and AAA (Stable) respectively. On June 5, 2007 S&P changed its outlook on CIFG from AAA (Stable) to AAA (Negative).

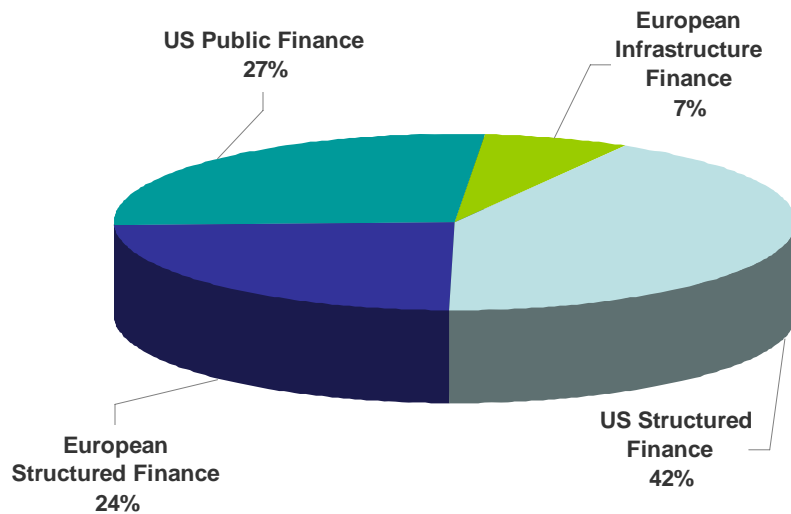
CIFG's Guaranty

- Unconditional and irrevocable financial guaranty
- Credit Default Swap executions structured with standard financial guaranty payment provisions
- Insures timely payment of interest and ultimate payment of principal on investment grade obligations
- Cannot be accelerated against CIFG

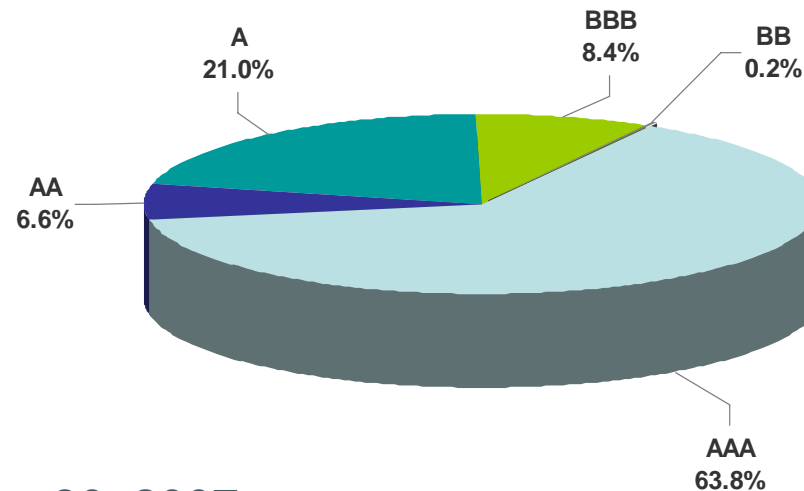
Net Par Outstanding by Business and Rating

CIFG has continued to build a diversified, high credit quality portfolio
Net Par Outstanding: \$85.1 billion

Line of Business



Credit Quality*



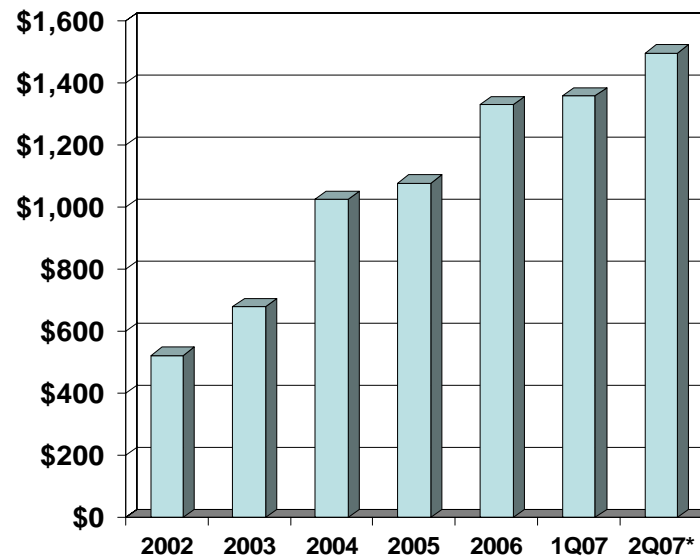
June 30, 2007



* Based on Standard & Poor's assessment of underlying credit quality. If unrated by S&P, an internal assessment of underlying credit quality is used

Total Claims Paying Resources

(in millions)



- Solid growth in capital strength and Claims Paying Resources (qualified statutory capital, unearned premium reserves, present value of future investment premiums and capital support facility)



* Pro forma reflects Natixis contribution of an additional \$100 million of growth equity capital received in 3Q07

Overview: CIFG's Exposure to Subprime RMBS

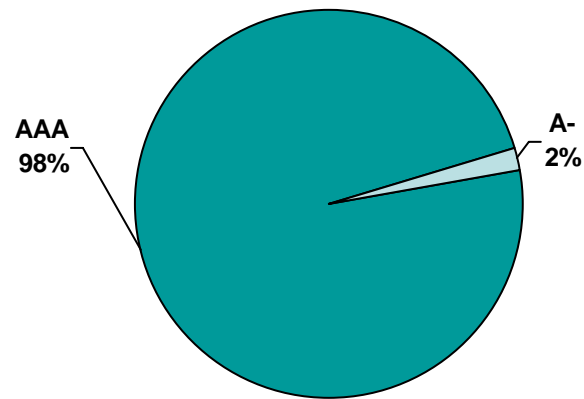
- CIFG has subprime exposure in two forms:
 - » Direct exposure through guarantees of individual Residential Mortgage-Backed Securities (\$1.9 billion of par value)
 - » Guarantees of Multi-Sector CDOs; i.e., securitizations of RMBS securities (\$9.4 billion of par value)
- CIFG closely monitors its insured RMBS and Multi-Sector CDO transactions, and is comfortable with its exposure
- CIFG's exposure to US subprime residential mortgage assets remains well protected under all but the most extreme stress scenarios
- All of CIFG's Multi-Sector CDO exposures are Triple-A by at least two rating agencies
- The investment portfolio has no direct subprime RMBS exposure and minimal indirect subprime RMBS exposure (0.42% of total investment portfolio)
- CIFG has no exposure to Net Interest Margin Securities (NIMS) transactions

Direct Subprime RMBS: Underwriting Process

- CIFG maintains a rigorous process for underwriting each direct subprime RMBS transaction
 - » Thorough review of the underlying collateral
 - » Comprehensive on-site due diligence for potential RMBS transactions, highlighting originator underwriting and servicer platform and experience, and financial and technological resources
 - » Transaction specific analysis to ensure an acceptable structure and portfolio, including collateral composition, credit enhancement amounts, deal triggers and control rights
 - » Legal review of each transaction by internal CIFG and external legal counsel to ensure proper documentation
 - » Preparation and presentation of a detailed credit memo to the Credit Committee for all potential transactions upon completion of the underwriting process
- Triple-A rated transactions are structured to withstand four to five times historical expected losses
- Delinquency and cumulative net loss triggers can cause excess spread to be diverted in order to mute the impact of underperformance by accumulating additional credit support or repaying the insured obligations
- The current average level of subordination is 40%, and the breakeven default rate is 53% (assuming a 25% recovery rate)
- CIFG does not insure subprime second-lien RMBS
- CIFG's direct exposure to US subprime residential mortgage assets remains well protected under all but the most extreme stress scenarios

Direct Subprime RMBS: High Ratings

- CIFG has a high quality RMBS portfolio
 - » 98% in par exposure to RMBS supported by subprime collateral is rated Triple-A by at least two major rating agencies
 - » 2% (\$46 million in two 2004 vintage transactions) is rated A-/A3 and is performing at or above CIFG's initial expectations and is projected to fully amortize within six months



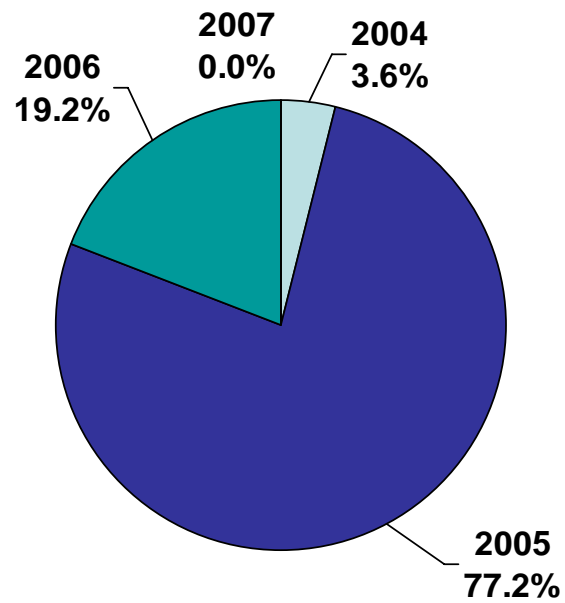
\$1.9 billion

June 30, 2007

Direct Subprime RMBS: Vintages

All exposure to 2005 and 2006 vintages is rated Triple-A

No exposure to 2007 vintage



\$1.9 billion

June 30, 2007

Multi-Sector CDO: Overview

CIFG has a high quality insured CDO portfolio

- CIFG insures the senior-most tranche of Multi-Sector CDO transactions (with subprime RMBS exposure¹) totaling \$9.4 billion as of June 30, 2007, or 11% of CIFG's total par insured of \$85.1 billion
- 100% of CIFG's exposure is Triple-A², and 95% at the "super-senior" Triple-A level by at least two, and often three, rating agencies
- 83% of CIFG's portfolio is composed of CDOs actively managed by highly experienced CDO managers who have been extensively evaluated by CIFG; the remaining 17% of transactions are static



¹ Subprime greater than 10%

² Based on Standard & Poor's assessment of underlying credit quality. If unrated by S&P, an internal assessment of underlying credit quality is used

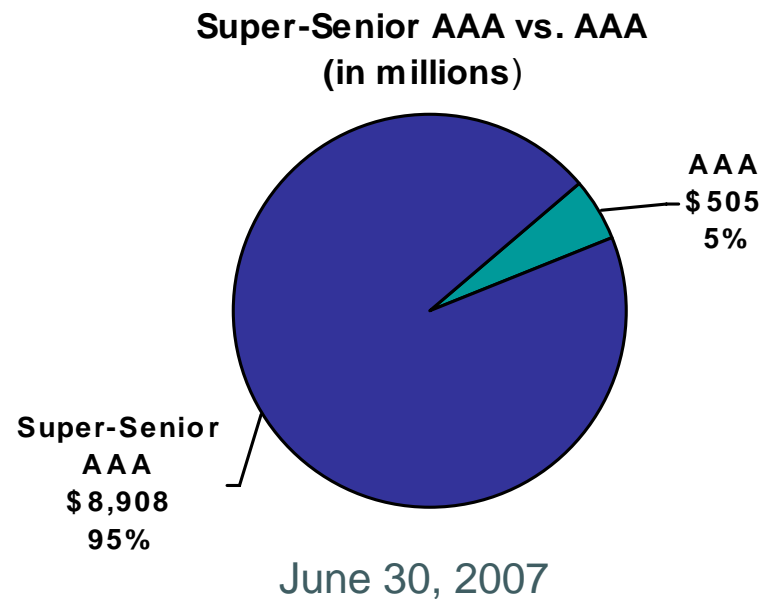
Multi-Sector CDO: Underwriting Process

CIFG maintains a rigorous process for underwriting each Multi-Sector CDO

- Thorough review of the underlying collateral
- Comprehensive on-site due diligence of potential CDO managers, highlighting CDO managers' experience, credit and analytical capabilities, financial and technological resources, performance, and surveillance. Only transactions with managers from CIFG's top internal ratings categories have been enhanced
- Assessment and notching of underlying credit ratings
- Analytical modeling to estimate loss levels in transactions, utilizing both base case and stress case scenarios
 - » In the quantitative analysis, the worst case portfolio is constructed assuming the worst portfolio possible given the limiting criteria imposed on the manager by the transaction documents
 - » The worst case portfolio is stressed further by adjusting default rates, loss rates, severities and correlations
 - » Both base case and stress case scenarios are presented to Credit Committee
- Transaction specific negotiations with the manager/arranging dealer to derive an acceptable structure and portfolio, including collateral quality limits, credit enhancement amounts, deal triggers, and control rights
- Legal review of each transaction by internal CIFG and external legal counsel to ensure proper documentation
- Preparation and presentation of a detailed credit memo to Credit Committee for all potential transactions upon completion of the underwriting process

Multi-Sector CDOs: Super-Senior AAA vs. AAA

- 95% of CIFG's exposure is at the super-senior level, with one or more Triple-A-rated tranches subordinate to CIFG's tranche



Multi-Sector CDOs: Structural Protections

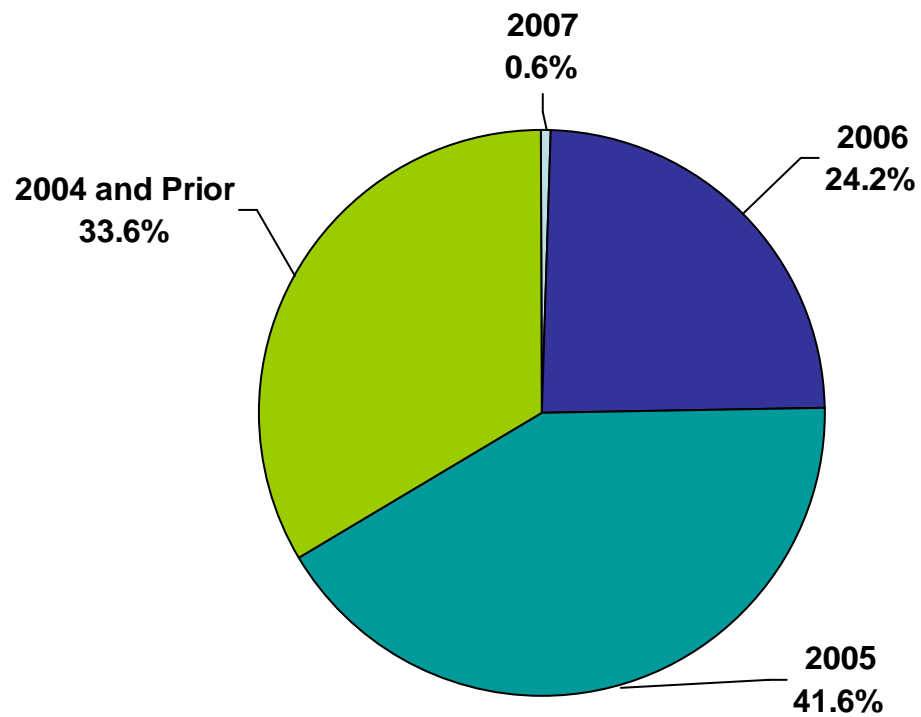
Each CDO incorporates structural features to protect the guarantor and noteholders:

- Over-collateralization, interest coverage, and interest diversion tests divert available cash flow to pay down the senior notes
- Securities purchased at a discount are treated at their purchase prices in the calculation of the tests, not at par
- CIFG maintains ability to exercise control over transaction, or block adverse developments, including acceleration, collateral liquidation, amendments to transaction documents and removal of collateral manager (rare exceptions apply)
- No termination payments against CIFG for non-credit related events
- Credit default swap executions mimic financial guaranty payment provisions (i.e., no acceleration against CIFG)

Multi-Sector CDOs: Subprime RMBS Collateral

- CIFG's exposure to Multi-Sector CDOs is supported by a variety of asset classes
- Less than half (44%) of CIFG's Multi-Sector CDO collateral is made up of subprime RMBS
- The subprime collateral supporting CIFG's Multi-Sector CDO exposure contains over 2600 individual pieces of collateral to ensure servicer and originator diversity

Multi-Sector CDOs: Subprime Collateral Vintage



CIFG Multi-Sector CDOs

Transaction Year	Deal Type	Net Par Insured as of 6/30/07 *	Collateral Composition as % of Deal				Current CIFG Tranche Ratings				CIFG Subordination as of 6/30/07	Subprime RMBS by Vintage			2004 and Prior	
			Total RMBS	Subprime RMBS **	CMBS	Other ABS CDO	Moody's	Standard & Poor's	Fitch Ratings	Aaa/AAA Subordination ***		2007	2006	2005		
<i>High Grade Multi-Sector CDOs (Subprime > 10%)</i>																
2005	Multi-Sector CDO	\$400	67%	29%	8%	0%	25%	Aaa	AAA	NR	11%	16%	0%	3%	97%	0%
2006	Multi-Sector CDO	\$400	69%	22%	3%	0%	28%	Aaa	AAA	NR	5%	10%	0%	63%	33%	4%
2006	Multi-Sector CDO	\$400	94%	25%	0%	0%	6%	Aaa	AAA	NR	4%	14%	0%	16%	84%	0%
2006	Multi-Sector CDO	\$400	65%	22%	5%	0%	30%	Aaa	AAA	NR	5%	10%	0%	97%	2%	1%
<i>Mezzanine Multi-Sector CDOs (Subprime > 10%)</i>																
2002	Multi-Sector CDO	\$57	36%	24%	9%	34%	16%	Aaa	AAA	AA+	19%	45%	0%	0%	0%	100%
2003	Multi-Sector CDO	\$70	65%	48%	0%	5%	30%	Aaa	AAA	AAA	17%	70%	0%	5%	11%	83%
2003	Multi-Sector CDO	\$85	62%	28%	6%	25%	7%	Aaa	AAA	NR	17%	39%	0%	10%	26%	64%
2003	Multi-Sector CDO	\$141	94%	40%	1%	5%	0%	Aaa	AAA	NR	20%	27%	0%	0%	40%	60%
2003	Multi-Sector CDO	\$174	69%	35%	6%	18%	7%	Aaa	AAA	AAA	20%	29%	0%	14%	38%	48%
2003	Multi-Sector CDO	\$257	75%	39%	5%	11%	9%	Aaa	AAA	AAA	20%	41%	12%	11%	9%	69%
2003	Multi-Sector CDO	\$270	75%	43%	5%	5%	6%	Aaa	AAA	AAA	17%	25%	4%	19%	28%	49%
2003	Multi-Sector CDO	\$278	97%	44%	2%	1%	0%	Aaa	AAA	NR	22%	30%	0%	23%	24%	53%
2004	Multi-Sector CDO	\$0.4	97%	81%	0%	3%	0%	Aaa	AAA	NR	16%	88%	0%	0%	0%	100%
2004	Multi-Sector CDO	\$10	85%	38%	2%	2%	11%	Aaa	AAA	AAA	20%	48%	0%	0%	0%	100%
2004	Multi-Sector CDO	\$17	91%	51%	0%	1%	8%	Aaa	AAA	AAA	19%	34%	2%	3%	7%	88%
2004	Multi-Sector CDO	\$55	57%	31%	16%	21%	6%	Aaa	AAA	NR	20%	42%	0%	0%	0%	100%
2004	Multi-Sector CDO	\$210	82%	49%	7%	3%	8%	Aaa	AAA	NR	18%	30%	4%	0%	5%	91%
2004	Multi-Sector CDO	\$222	82%	42%	4%	1%	4%	Aaa	AAA	AAA	17%	27%	0%	2%	5%	94%
2004	Multi-Sector CDO	\$240	85%	61%	5%	1%	8%	Aaa	AAA	AAA	18%	32%	0%	0%	0%	100%
2004	Multi-Sector CDO	\$280	72%	46%	12%	9%	7%	Aaa	AAA	AAA	18%	30%	0%	19%	8%	73%
2005	Multi-Sector CDO	\$9	80%	51%	2%	1%	12%	Aaa	AAA	NR	18%	32%	0%	0%	1%	99%
2005	Multi-Sector CDO	\$15	91%	32%	9%	0%	0%	NR	AAA	AAA	16%	33%	0%	0%	0%	100%
2005	Multi-Sector CDO	\$17	77%	49%	3%	8%	11%	Aaa	AAA	AAA	18%	29%	0%	4%	5%	91%
2005	Multi-Sector CDO	\$20	77%	55%	4%	8%	3%	Aaa	AAA	AAA	18%	35%	1%	2%	13%	84%
2005	Multi-Sector CDO	\$140	64%	40%	21%	15%	0%	Aaa	AAA	AAA	21%	31%	4%	12%	58%	27%
2005	Multi-Sector CDO	\$210	62%	34%	8%	5%	13%	Aaa	AAA	NR	20%	30%	0%	10%	11%	80%
2005	Multi-Sector CDO	\$319	81%	54%	4%	5%	10%	Aaa	AAA	NR	27%	31%	0%	5%	83%	12%

CIFG Multi-Sector CDOs – Continued

Transaction Year	Deal Type	Net Par Insured as of 6/30/07 *	Collateral Composition as % of Deal				Current CIFG Tranche Ratings				CIFG Subordination as of 6/30/07	Subprime RMBS by Vintage			2004 and Prior	
			Total RMBS	Subprime RMBS **	CMBS	Other ABS CDO	Moody's	Standard & Poor's	Fitch Ratings	Aaa/AAA Subordination ***		2007	2006	2005		
<i>Mezzanine Multi-Sector CDOs (Subprime > 10%)</i>																
2006	Multi-Sector CDO	\$236	94%	46%	0%	0%	6%	Aaa	AAA	NR	20%	32%	0%	0%	90%	10%
2006	Multi-Sector CDO	\$259	100%	53%	0%	0%	0%	Aaa	AAA	NR	22%	52%	0%	0%	100%	0%
2006	Multi-Sector CDO	\$261	84%	28%	3%	2%	11%	Aaa	AAA	NR	19%	28%	2%	32%	57%	10%
2006	Multi-Sector CDO	\$275	96%	57%	0%	0%	4%	Aaa	AAA	NR	19%	30%	0%	33%	63%	4%
2006	Multi-Sector CDO	\$315	84%	57%	4%	0%	12%	Aaa	AAA	NR	26%	37%	0%	21%	56%	23%
2006	Multi-Sector CDO	\$322	80%	43%	3%	5%	6%	Aaa	AAA	NR	29%	38%	0%	38%	49%	13%
2006	Multi-Sector CDO	\$340	92%	53%	2%	0%	6%	Aaa	AAA	NR	25%	32%	0%	19%	78%	3%
2006	Multi-Sector CDO	\$393	95%	59%	1%	1%	4%	Aaa	AAA	NR	21%	22%	0%	53%	33%	14%
2006	Multi-Sector CDO	\$396	83%	58%	0%	1%	6%	Aaa	AAA	NR	22%	34%	0%	25%	72%	3%
2006	Multi-Sector CDO	\$399	98%	44%	2%	0%	0%	Aaa	AAA	NR	23%	40%	0%	30%	70%	0%
2006	Multi-Sector CDO	\$399	95%	36%	1%	0%	5%	Aaa	AAA	NR	25%	39%	0%	78%	22%	0%
2006	Multi-Sector CDO	\$400	94%	54%	0%	0%	6%	Aaa	AAA	NR	27%	35%	0%	57%	40%	3%
2007	Multi-Sector CDO	\$325	88%	62%	0%	0%	12%	Aaa	AAA	NR	19%	34%	0%	66%	30%	4%
2007	Multi-Sector CDO	\$398	65%	61%	0%	0%	35%	Aaa	AAA	NR	20%	30%	0%	16%	84%	0%

* In millions

** Subprime defined as FICO of 620 or less. When no FICO score was available, S&P and Moody's Industry Type, Bloomberg Classification were used. For missing FICO scores, all RESB/C, HOMEQ, and Manufactured Housing were classified as subprime.

*** Aaa/AAA Subordination refers to the subordination supporting the most junior class of notes that carries a AAA/Aaa rating at the deal's inception

Multi-Sector CDOs: Simulated Loss Estimates

- CIFG uses a simulation-based Monte Carlo approach to simulate default and non-default scenarios
- These scenarios allow transactions to be evaluated across a number of different default and credit environments
- The examination of transaction performance across different scenarios demonstrates structural strengths of the Multi-Sector CDO portfolio

Stress Factor	Weak Stress	Semi-Stress	Stress	Super Stress	Comment
Rating	Down 1 Rating Notch	Down 3 Rating Notches	Down 3 Rating Notches	Down 3 Rating Notches	Notching a rating increases the default probability.
Loss Given Default	75%	75%	100%	100%	In the latter two cases, the loss given default is 100%, meaning there are zero recoveries upon default.
Subprime Correlation	20%	20%	60%	80%	Increasing correlation increases volatility, making simulated defaults more likely.
Estimated Loss in millions	\$0.1	\$9.3	\$71.1	\$93.2	

Multi-Sector CDOs: Curve Extension Stress Test

- This approach drills down to loan-level losses for the actual subprime collateral
- Loss estimates are based on the collateral characteristics and performance to date
 - » Subprime RMBS: Delinquencies, foreclosures, REO, losses to date, loss timing curve and current credit enhancement are used to estimate tranche write-downs with stresses by vintage and servicer.
 - » CDO tranches within the CDOs: Stress loss rates are used based on tranche ratings
 - Investment Grade tranches: Stressed at double the Moody's idealized loss rate per rating category
 - Non Investment Grade tranches: written off completely
 - » All other collateral: 5% stress loss rate is used
- Total collateral losses are compared to CDO subordination with no credit for CDO triggers

CIFG Multi-Sector CDO Portfolio Impact	Moderate Stress Case	Strong Stress Case
Subprime Loan Level Losses – All Vintages	5.5%	7.5%
Subprime Loan Level Losses – 2006 Vintage	10.9%	15.4%
Theoretical Portfolio Loss (\$mill)	\$6.5	\$61.9

Conclusion

- CIFG is closely monitoring its insured RMBS and ABS CDO transactions and is comfortable with its exposure. The company has no material exposure to subprime RMBS in its investment portfolio and has no exposure to NIMS
- Substantially all CIFG's exposure in these asset classes is rated Triple-A by at least two rating agencies
- Currently 95% of CIFG's ABS CDO exposure is at the super-senior Triple-A level
- No ABS CDO tranches insured by CIFG have been downgraded by Moody's or Standard & Poor's
- CIFG's disciplined underwriting approach ensures high quality collateral managers and servicers and a review of the underlying collateral in each CDO
- CIFG's exposure to US subprime residential mortgage assets remains well protected under all but the most extreme stress scenarios