

Syncora Holdings Ltd. 2014 GAAP Financial Results and Operating Highlights

April 30, 2015



Forward Looking Statements

This presentation contains statements about future results, plans and events that may constitute "forward-looking" statements. We caution you that the forward-looking information presented in this presentation is not a guarantee of future events, and that actual events may differ materially from those made in or suggested by the forward-looking information contained in this presentation. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "plan," "seek," "comfortable with," "will," "expect," "intend," "estimate," "anticipate," "believe" or "continue" or the negative thereof or variations thereon or similar terminology. Forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond Syncora Holdings Ltd.'s (the "Company") control. These risks and uncertainties include, but are not limited to, the factors described in the Company's historical filings with the NYDFS, and in the Company's, Syncora Guarantee Inc.'s and Syncora Capital Assurance Inc.'s GAAP and statutory financial statements posted on its website at www.syncora.com. Readers are cautioned not to place undue reliance on forward-looking statements which speak only as of the date they are made. The Company does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements are made.

Agenda

- Syncora Holdings Ltd. (SHL) 2014 Financial and Operating Results
- Syncora Guarantee Inc. (SGI) & Syncora Capital Assurance Inc. (SCAI) Claims Paying Resources, Liquidity Estimates and Portfolio Composition
- Strategic Plan Update

Key 2014 Financial Developments

- Detroit
- Puerto Rico
- Structured Single Risk Credits

SHL 2014 GAAP Financial Highlights

Consolidated Statements of Operations FY 2014 and 2013

Syncora Holdings Ltd.
 Consolidated Statements of Operations
 Years Ended December 31, 2014 and 2013
 (U.S. dollars in thousands)

	<u>2014</u>	<u>2013</u>
Revenues		
Net premiums earned	\$ 69,775	\$ 132,714
Net investment income	40,190	36,421
Net realized gains (losses) on investments	305	(7,355)
Net (loss) earnings on insurance cash flow certificates	(165,362)	232,604
Toll revenue	23,295	6,805
Fees and other income	14,536	14,423
Net earnings on credit default and other swap contracts	123,889	21,550
Net change in fair value of consolidated variable interest entities	(58,504)	(108,620)
Total revenues	<u>48,124</u>	<u>328,542</u>
Expenses		
Net (recoveries) and loss adjustment expenses	(18,183)	(397,298)
Amortization of deferred acquisition costs, net	11,979	18,409
Realized loss (gain) on interest rate derivative instrument	3,852	(1,470)
Operating and interest expenses	150,856	124,255
Total expenses	<u>148,504</u>	<u>(256,104)</u>
(Loss) income before income tax expense	(100,380)	584,646
Income tax expense	2,481	2,849
Net (loss) income	<u>\$ (102,861)</u>	<u>\$ 581,797</u>

This financial information should be read in conjunction with the Notes accompanying the consolidated GAAP financial statements.

Syncora Capitalization

(\$ in mm)	Maturity	December 31, 2014			December 31, 2013		
		Gross Outstanding ¹	Held by Syncora	Net Outstanding ¹	Gross Outstanding ¹	Held by Syncora	Net Outstanding ¹
SGI Short-term 5% Surplus Notes	2011	\$165	(\$21)	\$144	\$165	(\$21)	\$144
SGI Long-term 6% Surplus Notes	2024	602	(27)	575	602	(27)	575
Total SGI Surplus Notes		\$768	(\$48)	\$719	\$768	(\$48)	\$719
SGI Twin Reefs Preferred Shares (Series B)		\$200	(\$65)	\$135	\$200	(\$65)	\$135
SHL Preferred Shares (Series A 6.88%)		250	(\$85) ²	165	250	-	250
Total Preferred Shares		\$450	(\$150)	\$300	\$450	(\$65)	\$385
Surplus Notes + Preferred		\$1,218	(\$198)	\$1,020	\$1,218	(\$113)	\$1,104
SHL Common Shares Outstanding³		59.3	(3.0)	56.3	59.3	-	59.3

Notes:

1. Includes PIK and excludes unapproved principal and interest, where applicable.
2. Illustrative pro-forma as of December 31, 2014; actually received in February 2015 (see subsequent events disclosure for additional detail).
3. As previously disclosed, SGI acquired approximately 3 million shares SHL common shares in connection with its litigation settlement with Bank of America/Countrywide. Such shares remain legally outstanding. For tax purposes, the number of shares outstanding is 55 million shares.

Numbers may not foot due to rounding.

SHL GAAP Common Shareholders' Equity Reconciliation to Adjusted Book Value as of December 31, 2014 and 2013

Syncora Holdings Ltd.			
Reconciliation of GAAP Common Shareholders' Equity to Adjusted Book Value ¹			
(in millions)			
	As of December 31,		
	2014	2013	
GAAP Common Shareholders' Equity	\$ 57.5	\$	164.7
After-tax adjustments:			
Deferred acquisition costs	(64.2)		(76.2)
Effect of deconsolidating VIEs	53.7		41.0
Net credit derivative liability	179.5		285.4
Net present value of estimated net future credit derivative revenue	85.4		92.7
Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	373.0		363.6
Notes payable	(378.1)		(397.3)
Unrealized gains on investments	(32.1)		(25.8)
Series A preferred stock	(3.4)		(3.4)
Series B preferred stock	(121.0)		(121.0)
Adjusted Book Value	\$ 150.3	\$	323.7
Common shares outstanding at end of the period	56.3		59.3
Book value per common share	\$ 1.02	\$	2.78
Adjusted book value per common share	\$ 2.67	\$	5.46

¹ Please refer to April 29, 2015 earnings release for footnotes.

This financial information should be read in conjunction with the Notes accompanying the consolidated GAAP financial statements.

SGI & SCAI Claims Paying Resources

(\$ In Millions)	Syncora Guarantee Inc.		Syncora Capital Assurance Inc.	
	As of		As of	
	December 31, 2014 ¹	December 31, 2013 ²	December 31, 2014 ³	December 31, 2013
Claims paying resources				
Policyholders' surplus	\$ 856.0	\$ 973.3	\$ 164.5	\$ 186.5
Contingency reserve	98.5	102.4	85.4	105.8
Qualified statutory capital	954.4	1,075.8	249.9	292.3
Unearned premium revenue	141.6	171.7	216.7	254.4
Loss & loss adjustment expense reserves	277.6	141.2	66.6	70.1
Total policyholders' surplus & reserves	1,373.7	1,388.7	533.3	616.9
NPVFIP ⁴	73.8	155.7	105.1	119.3
Total claims paying resources	\$ 1,447.5	\$ 1,544.4	\$ 638.4	\$ 736.2
Total claims paying resources, excluding equity interest in SCAI	\$ 1,283.0	\$ 1,358.0	N/A	N/A
Net par outstanding	\$ 10,291.9	\$ 12,817.7	\$ 31,252.4	\$ 38,470.6
Leverage ratio (Net par outstanding/Total claims paying resources)	7.1	8.3	49.0	52.3
Leverage ratio (Excluding equity interest in SCAI)	8.0	9.4	N/A	N/A

¹ As of December 31, 2014, the reported loss and loss adjustment expenses excludes the recoverable benefit of six structured single risk credits (\$166.3 million).

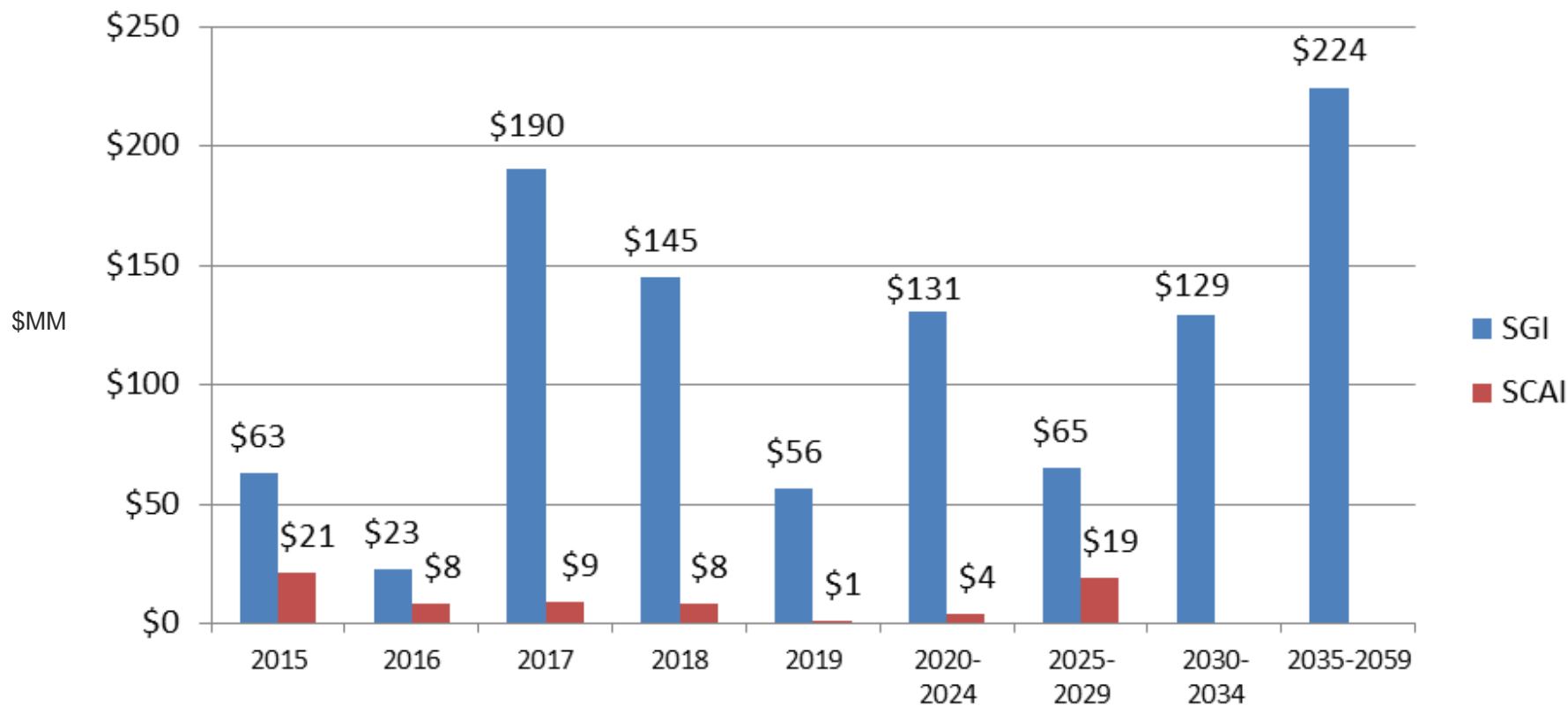
² As of December 31, 2013, the reported loss and loss adjustment expense reserves exclude the benefit of the JPMorgan litigation settlement (\$400.0 million) which was completed in Q1 2014.

³ As of December 31, 2014, the reported loss and loss adjustment expenses excludes the recoverable benefit of a public finance credit (\$44.7 million).

⁴ Represents net present value of future installment premiums on insurance policies and credit derivative contracts.

This financial information should be read in conjunction with the Notes accompanying the consolidated GAAP financial statements.

SGI & SCAI Projected Gross Claims¹: FY 2014 – FY 2059

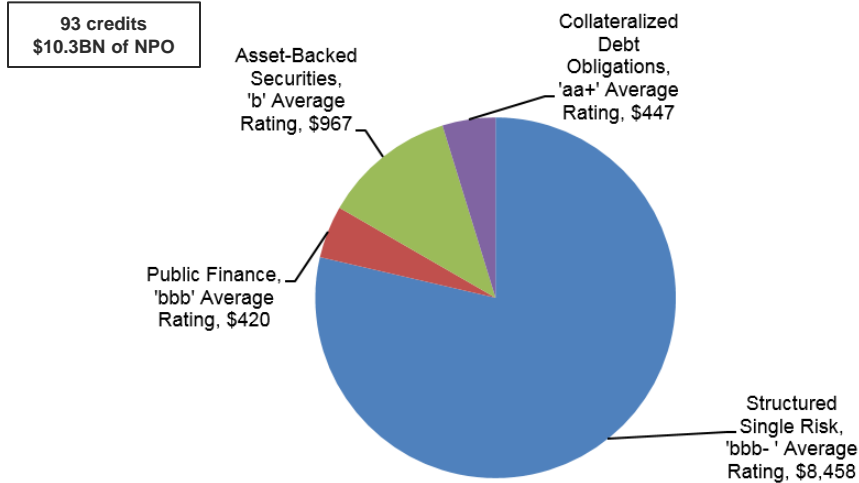


¹ Represents estimated undiscounted cash outflows under direct and assumed financial guaranty contracts, excluding remediated RMBS claims and after ceded reinsurance.

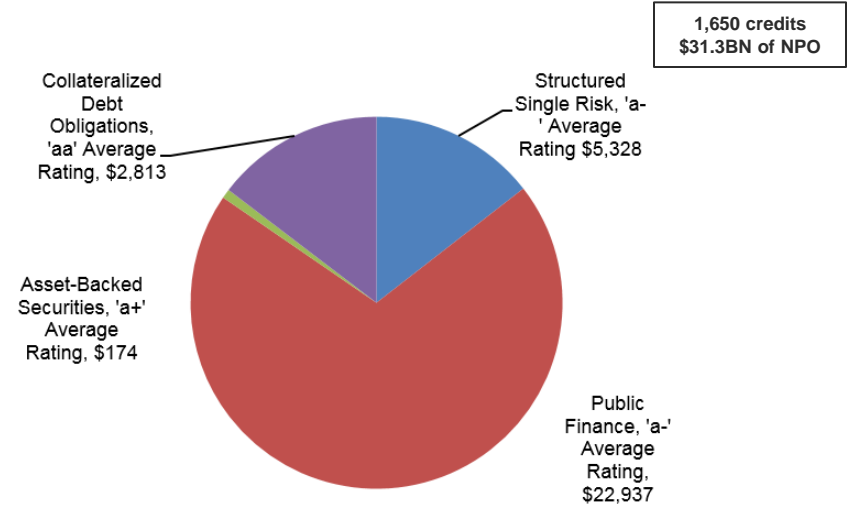
This financial information should be read in conjunction with the Notes accompanying the consolidated GAAP financial statements.

SGI & SCAI Exposure by Sector

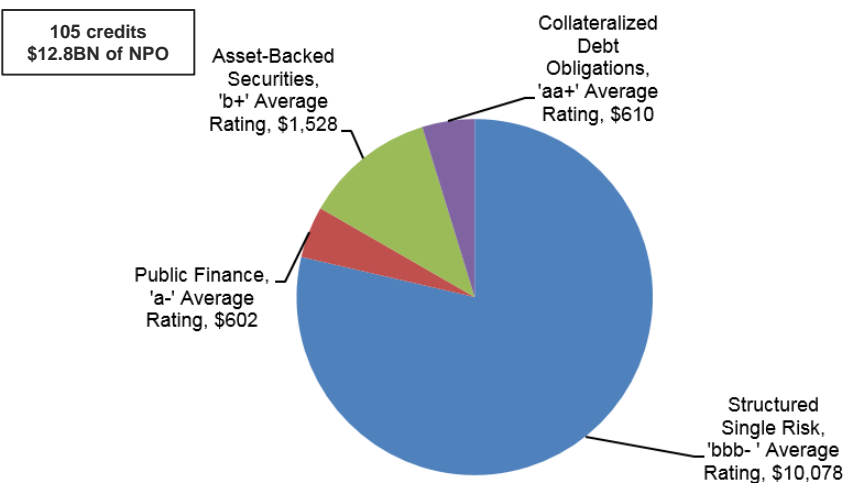
SGI Net Par Outstanding by Sector
as of December 31, 2014 (\$ in millions)



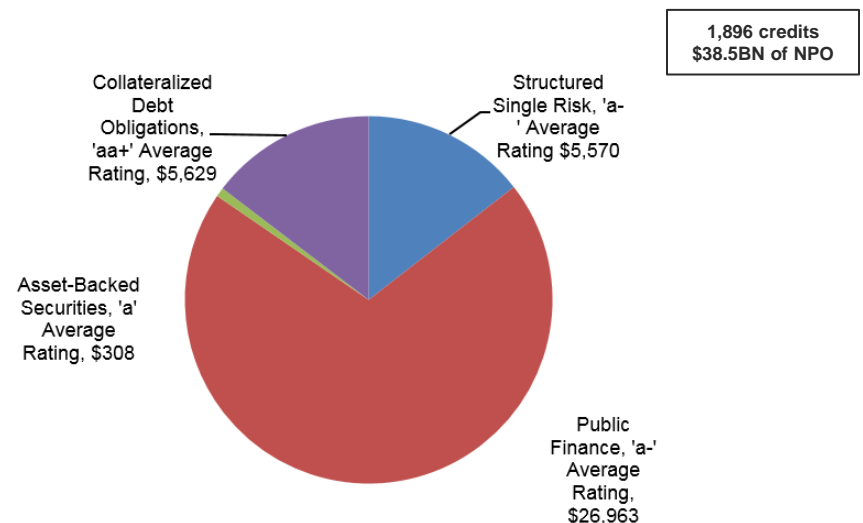
SCAI Net Par Outstanding by Sector
as of December 31, 2014 (\$ in millions)



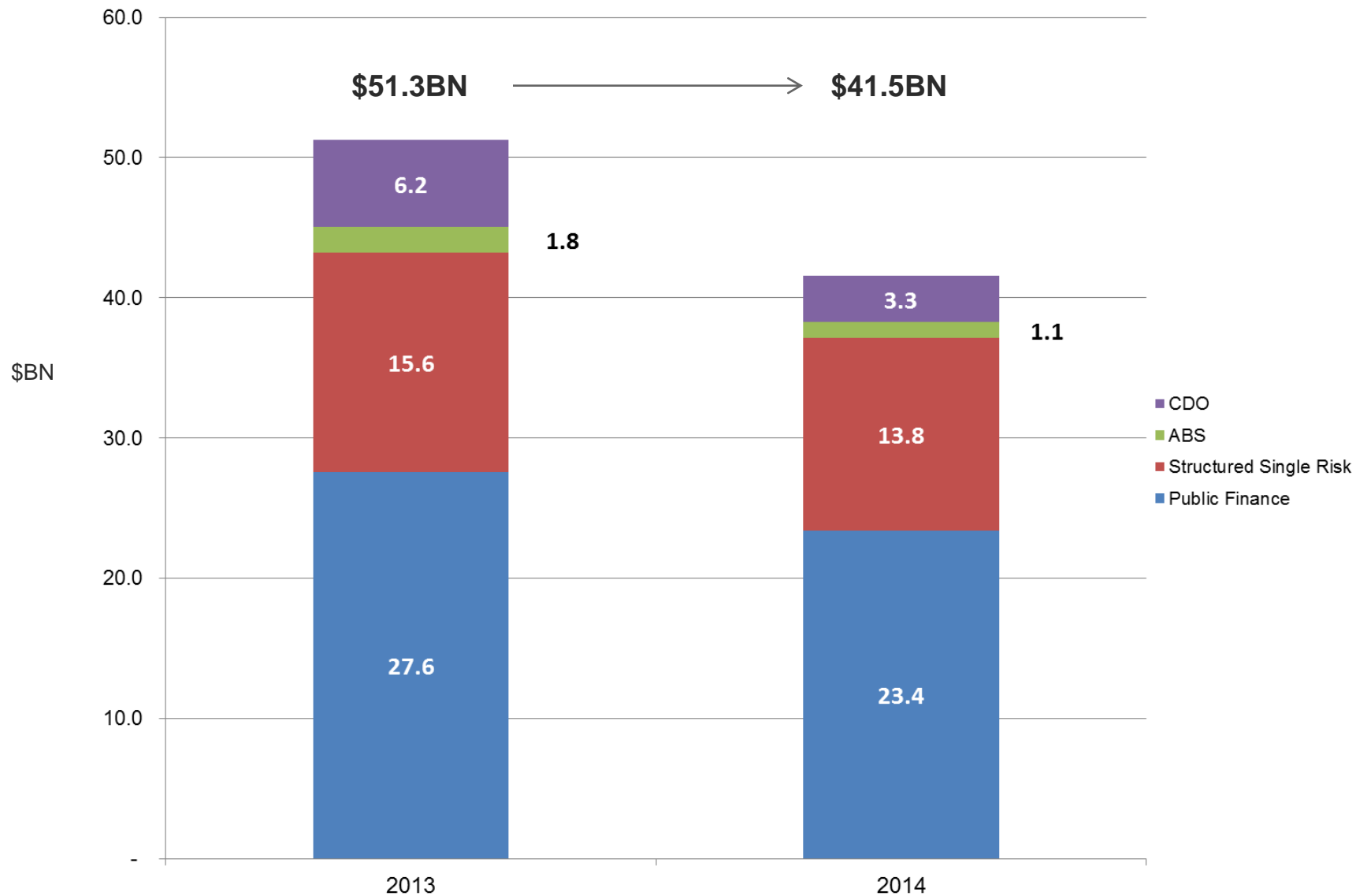
SGI Net Par Outstanding by Sector
as of December 31, 2013 (\$ in millions)



SCAI Net Par Outstanding by Sector
as of December 31, 2013 (\$ in millions)



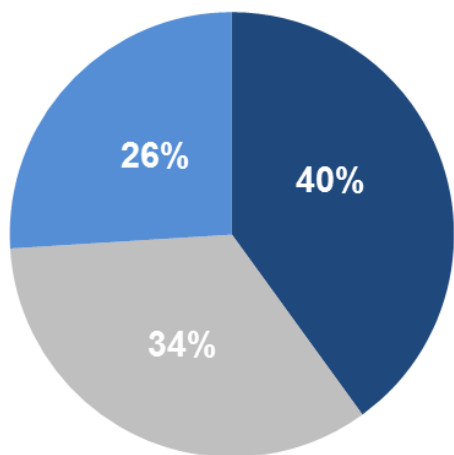
Consolidated Portfolio Exposure as of December 31, 2013 and 2014



Numbers may not foot due to rounding.

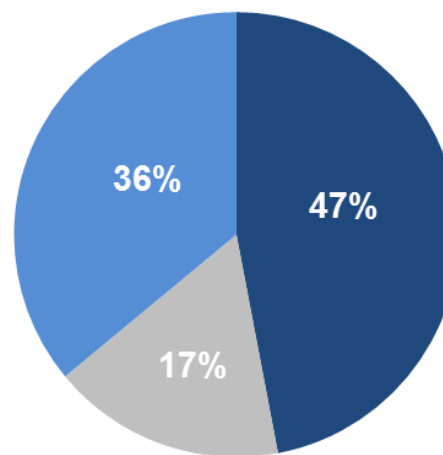
Consolidated Flag & Loss List Exposure as of December 31, 2014

Flag List
(by Net Par Outstanding)



■ Structured Single Risk ■ Public Finance ■ CDOs and ABS

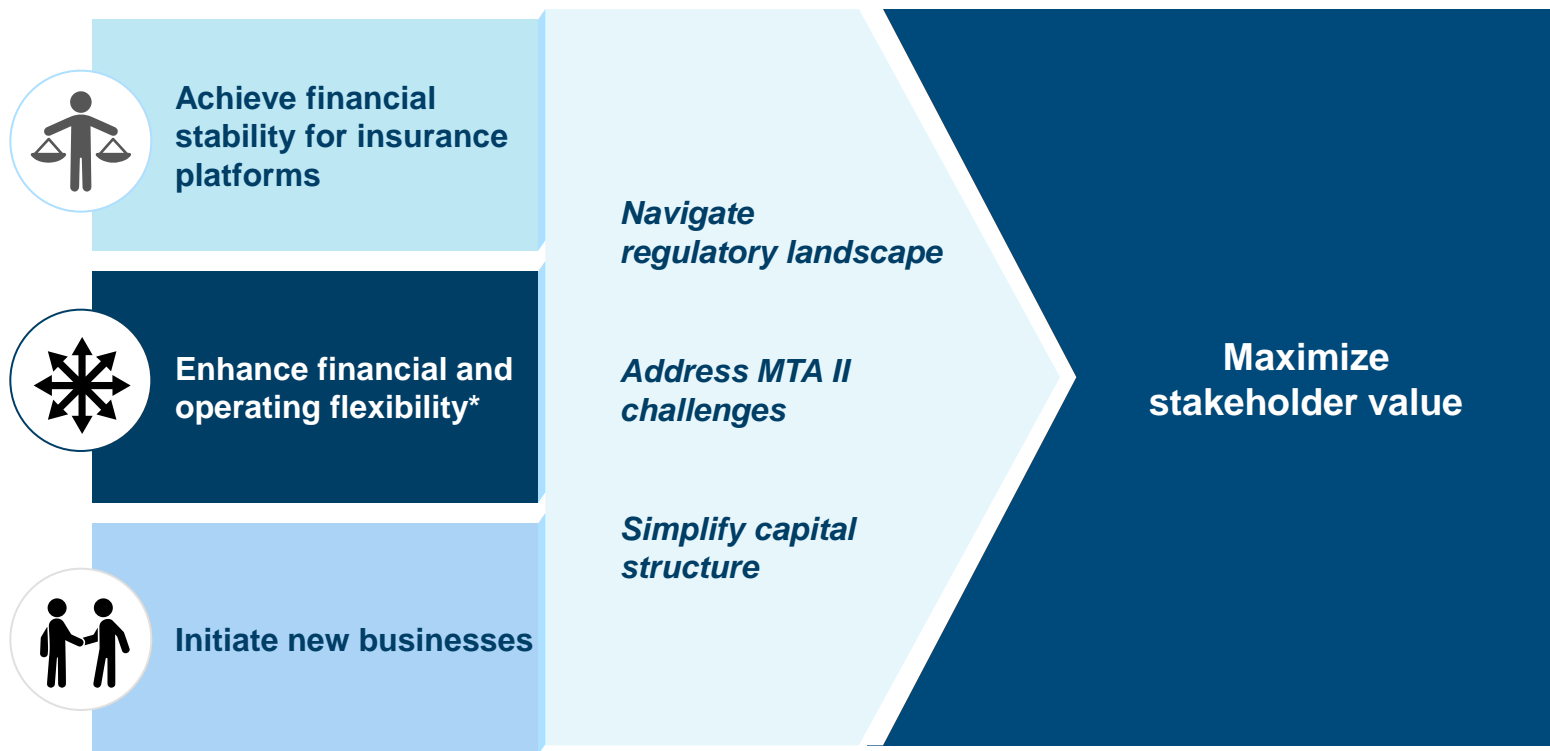
Loss List
(by Net Par Outstanding)



■ Structured Single Risk ■ Public Finance ■ ABS

Strategic Goals

Syncora continues to explore the strategic options outlined during the investor call in November and described in SHL's GAAP financial statements for the year ended 2014, with the primary goals of stabilizing and reducing risk to the insurance platforms and maximizing value for all stakeholders



*The Company is actively exploring options designed to enhance operating and financial flexibility of the insurance platforms and simplify the Company's capital structure. This includes all of the actions described in greater detail in footnote 2 to the Company's 2014 GAAP Financial Statements.

