

# Year End 2017 Highlights

March 27, 2018



# Forward Looking Statements

This presentation contains statements about future results, plans and events that may constitute "forward-looking" statements within the meaning of the U.S. federal securities laws. The Company cautions you that the forward-looking information included 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 the Company's 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 GAAP and statutory financial statements, as applicable, posted on its website at [www.syncora.com](http://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.

# Non-GAAP Financial Measures

This presentation references Non-GAAP operating income (loss) and adjusted book value (“Adjusted Book Value”), financial measures that are not calculated in accordance with GAAP. A Non-GAAP financial measure is a numerical measure of financial performance or financial position that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. While the Company does not manage its business or measure its performance using Non-GAAP measures, we are presenting these Non-GAAP financial measures because they provide greater transparency and enhanced visibility into the underlying performance of our business and, with respect to Adjusted Book Value, the effect of certain items that the Company believes will reverse from GAAP book value over time. In addition, we have included these measures because we believe they provide investors with important additional information to compare the Company to other financial guarantors. Non-GAAP operating income (loss) and Adjusted Book Value as calculated do not consider timing or amounts, if any, of payment on SGI’s surplus notes which would require NYDFS approval, dividend restrictions under New York Insurance Law applicable to the Company’s insurance subsidiary and contractual constraints with respect to any dividend payment. Reference should be made to Note 18 in the most recently issued consolidated GAAP financial statements. In addition, because other financial guarantors may calculate Non-GAAP operating income (loss) and Adjusted Book Value or similarly titled measures differently, or may not be subject to the restrictions noted above, Non-GAAP operating income (loss) and Adjusted Book Value may not necessarily be comparable to similarly titled measures reported by other financial guarantors. Non-GAAP operating income (loss) and Adjusted Book Value are not substitutes for the most directly comparable GAAP measures, should not be viewed in isolation and may be subject to change.

# Key Highlights

## Year Ended December 31, 2017 and 2016 - Financial Results:

- GAAP net income attributable to controlling interest of \$133.5 million as compared to \$32.7 million.
- GAAP basic and diluted earnings per common share of \$1.54 as compared to \$2.18<sup>(1)</sup>.
- Non-GAAP operating income of \$148.3 million as compared to \$150.9 million.
- Non-GAAP basic and diluted operating income per common share of \$1.71 as compared to \$2.22.
- Adjusted Book Value of \$609.3 million as compared to \$484.1 million as of December 31, 2016.
- Adjusted Book Value per common share of \$7.02 as compared to \$5.59 as of December 31, 2016.

## Insured Portfolio:

- Net par exposure decreased by \$5.6 billion to \$14.8 billion as of December 31, 2017 as compared to \$20.4 billion as of December 31, 2016.
- Total premium accelerations of \$24.8 million for the year ended December 31, 2017 as compared to \$43.2 million for the year ended December 31, 2016.
- Consolidated Below Investment Grade (BIG) net par exposure of \$1.2 billion as of December 31, 2017 as compared to \$2.8 billion as of December 31, 2016.
- GAAP BIG Flag List Leverage Ratio decreased 0.74 from 1.45 as of December 31, 2016 to 0.71 as of December 31, 2017.

## Recent Developments and Subsequent Events:

- In November 2017, Syncora Guarantee Inc. (“SGI”) announced the successful refinancing of Reliance Rail.
- In December 2017, SGI settled a dispute with GreenPoint Mortgage Funding Inc. in relation to the GreenPoint Mortgage Funding Trust 2006-HE1 transaction. In connection with this settlement, SGI received cash payments of \$335 million on January 16, 2018.
- In January 2018, Syncora Holdings Ltd. (“SHL”) announced, effective December 31, 2017, the successful merger of its wholly owned subsidiary, Syncora Capital Assurance Inc. (“SCAI”), with and into its wholly owned subsidiary, SGI, with SGI being surviving entity.
- In February 2018, SGI entered into a Reinsurance Framework Agreement with Assured Guaranty Corp., the closing of which is subject to regulatory and other approvals. See Note 22 of SHL’s notes to its consolidated financial statements for further discussion.

<sup>(1)</sup> For purposes of our earnings per share calculation, \$115.2 million is included for 2016, which is related to the extinguishment of the Series A perpetual non-cumulative preference shares.

# Financial Results

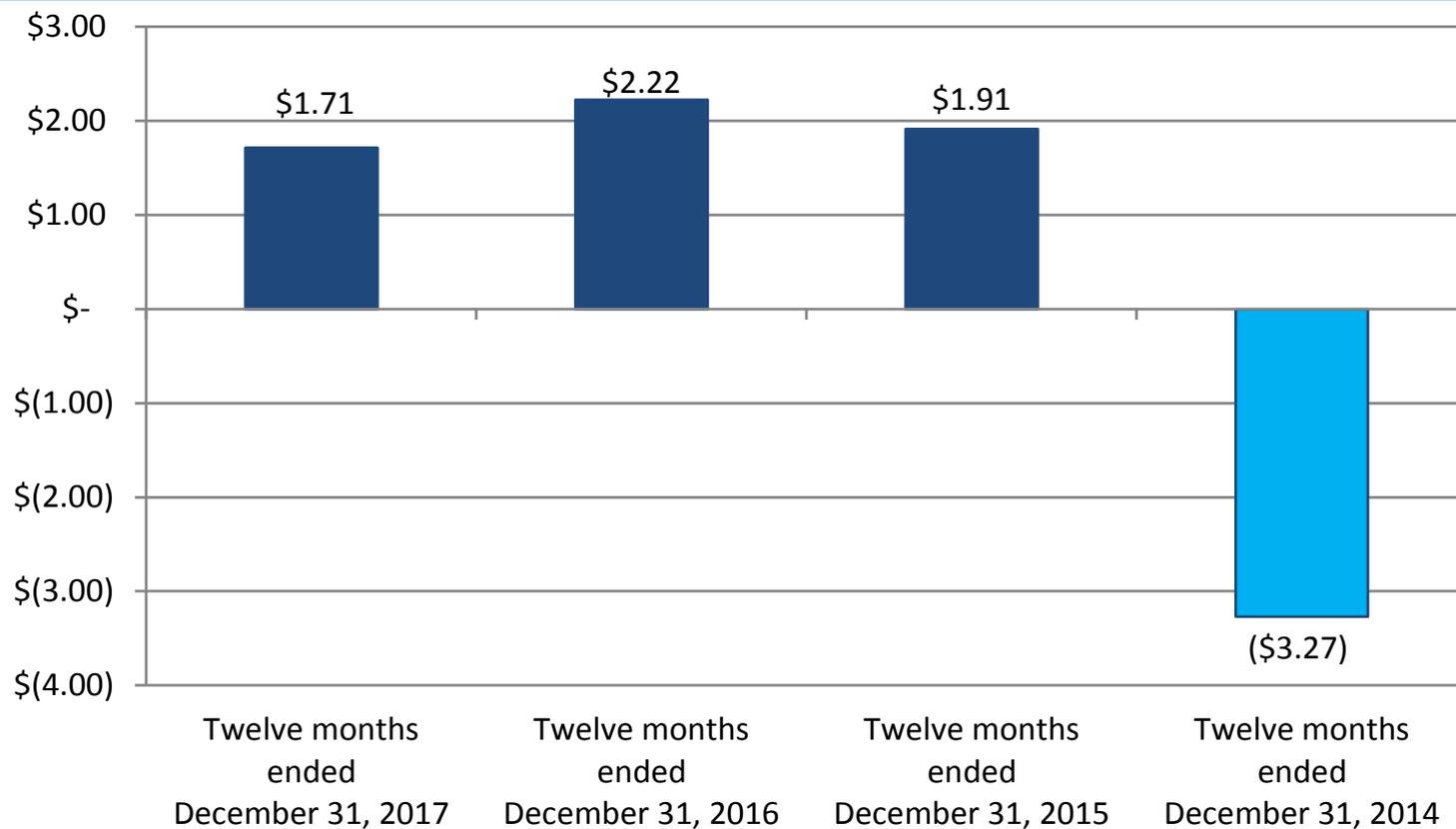
**Syncora Holdings Ltd.**  
**Summary of Consolidated Financial Results**  
**December 31, 2017 and 2016**  
**(U.S. dollars in millions, except per share amounts)**

	Years Ended	
	2017	2016
Net premiums earned	\$ 51.1	\$ 77.2
Net investment income	45.3	48.8
Net realized losses on investments	(17.7)	(19.8)
Net loss on insurance cash flow certificates	(120.1)	(110.6)
Net earnings (loss) on credit default and other swap contracts	59.7	(56.4)
Net recoveries on losses and loss adjustment expenses	(197.7)	(179.3)
Operating expenses	47.0	74.3
Income from continuing operations	121.4	20.2
Income from discontinued operations	12.5	13.0
Net income attributable to controlling interest	\$ 133.5	\$ 32.7
Basic and diluted income per common share	\$ 1.54	\$ 2.18 <sup>(2)</sup>
Basic and diluted income from discontinued operations per common share	\$ 0.14	\$ 0.19
Non-GAAP operating income <sup>(1)</sup>	\$ 148.3	\$ 150.9
Non-GAAP basic and diluted operating income per common share <sup>(1)</sup>	\$ 1.71	\$ 2.22
Basic and diluted weighted average common shares outstanding	86.7	67.9
	<b>As of Year-End</b>	
	<b>2017</b>	<b>2016</b>
Adjusted Book Value <sup>(1)</sup>	\$ 609.3	\$ 484.1
Common shares outstanding at end of period	86.8	86.6
Adjusted Book Value per common share <sup>(1)</sup>	\$ 7.02	\$ 5.59

<sup>(1)</sup> Non-GAAP operating income and adjusted book value are non-GAAP financial measures that exclude (or include) amounts that are included in (or excluded from) total Syncora Holdings Ltd. net income and common shareholders' equity, respectively, which are presented in accordance with GAAP. See below for reconciliations between GAAP and Non-GAAP financial measures.

<sup>(2)</sup> For purposes of our earnings per share calculation, \$115.2 million is included for 2016, which is related to the extinguishment of the Series A perpetual non-cumulative preference shares.

## Non-GAAP Operating Income (Loss) per Common Share



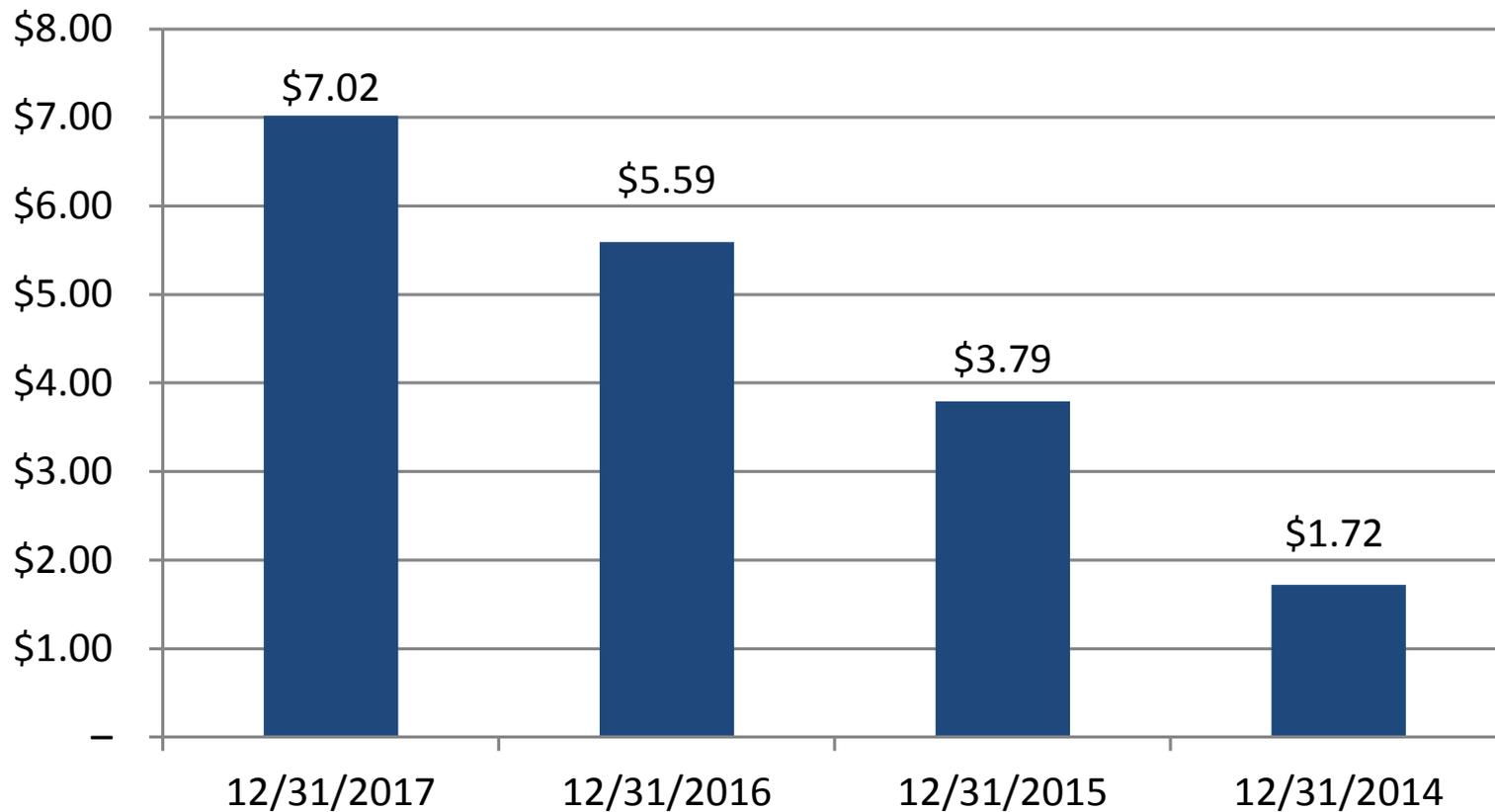
# Financial Results

Syncora Holdings Ltd.				
Reconciliation of GAAP Net Income (Loss) to Non-GAAP Operating Income (Loss)				
December 31, 2017, 2016, 2015 and 2014				
(in millions, except per share amounts)				
	Years Ended			
	2017	2016	2015	2014
<b>GAAP net income (loss) attributable to controlling interest</b>	\$ 133.5	\$ 32.7	\$ 216.7	\$ (102.9)
Extinguishment of Series A perpetual non-cumulative preference shares	-	115.2	83.4	-
<b>GAAP earnings (loss) attributable to common shareholders of Syncora Holdings Ltd.</b>	<u>\$ 133.5</u>	<u>\$ 147.9</u>	<u>\$ 300.1</u>	<u>\$ (102.9)</u>
<b>GAAP net income (loss) attributable to controlling interest</b>	\$ 133.5	\$ 32.7	\$ 216.7	\$ (102.9)
Pre-tax adjustments:				
Non-credit impairment of net realized and unrealized fair value (gains) and losses on credit derivatives <sup>(1)</sup>	(38.1)	69.0	(126.2)	(105.8)
Surplus note accretion <sup>(2)</sup>	40.7	22.9	25.2	19.1
Net realized losses and (gains) on investments <sup>(3)</sup>	24.8	26.8	3.3	(0.3)
Non-recurring transaction related expenses <sup>(4)</sup>	-	12.6	-	-
Income from discontinued operations <sup>(5)</sup>	(12.5)	(13.0)	(11.7)	(2.5)
Total pre-tax adjustments	<u>14.8</u>	<u>118.3</u>	<u>(109.4)</u>	<u>(89.6)</u>
Less tax effect on pre-tax adjustments <sup>(6)</sup>	-	-	-	-
<b>Non-GAAP operating income (loss)</b>	<u>\$ 148.3</u>	<u>\$ 150.9</u>	<u>\$ 107.3</u>	<u>\$ (192.4)</u>
Basic and diluted weighted average common shares	86.7	67.9	56.3	58.8
Basic and diluted earnings (loss) per common share	\$ 1.54	\$ 2.18	\$ 5.33	\$ (1.75)
Non-GAAP basic and diluted operating income (loss) per common share	\$ 1.71	\$ 2.22	\$ 1.91	\$ (3.27)

# Non-GAAP Operating Income (Loss) Adjustments

- (1) Elimination of non-credit impairment net realized and unrealized fair value (gains) and losses on credit derivatives in excess of the present value of the expected estimated economic credit losses, and non-economic payments. The fair value adjustments on derivative financial instruments are heavily influenced by, and fluctuate, in part according to, market interest rates, credit spreads and other factors that management cannot control or predict and that are not expected to result in an economic gain or loss. In addition, this adjustment presents all financial guaranty contracts on a more consistent basis of accounting, whether or not they are subject to derivative accounting rules.
- (2) Elimination of surplus note accretion as the full face amount of the surplus notes (including interest paid-in-kind) is included in the Adjusted Book Value calculation.
- (3) Elimination of net realized (gains) losses on the Company's investments, except for gains and losses on investments for which the fair value option of accounting was elected. The timing of realized gains and losses, which depends largely on market credit cycles, can vary considerably across periods. The timing of sales is largely subject to the Company's discretion and influenced by market opportunities, as well as the Company's tax and capital profile.
- (4) Elimination of expenses associated with the surplus note exchange offer and proxy solicitation for the variation of rights to the SHL Preferred Shares, which were part of Syncora Holdings US Inc.'s ("SHI") restructuring transactions completed on August 12, 2016. The elimination of such non-recurring, infrequent or unusual items presents expenses on a more consistent basis of accounting.
- (5) Elimination of the results from discontinued operations related to American Roads LLC.
- (6) Elimination of the tax effects related to the above adjustments. SHI has a significant tax NOL that is offset by a full valuation allowance in the GAAP consolidated financial statements. As a result, for purposes of Non-GAAP measures, the Company utilizes a 0% effective tax rate until the expiration of these NOLs.

## Adjusted Book Value per Common Share



# Financial Results

**Syncora Holdings Ltd.**  
**Reconciliation of GAAP Common Shareholders' Equity to**  
**Adjusted Book Value**  
**December 31, 2017, 2016, 2015 and 2014**  
**(in millions, except per share amounts)**

	As of Year-End			
	2017	2016	2015	2014
<b>GAAP common shareholders' equity</b>	\$ 686.0	\$ 524.7	\$ 335.5	\$ 57.5
Series A preferred stock <sup>(1)</sup>	-	-	(2.3)	(3.4)
Series B preferred stock <sup>(1)</sup>	(121.0)	(121.0)	(121.0)	(121.0)
<b>Adjusted GAAP common shareholders' equity</b>	<b>\$ 565.0</b>	<b>\$ 403.7</b>	<b>\$ 212.2</b>	<b>\$ (66.9)</b>
Pre-tax adjustments:				
Deferred acquisition costs <sup>(2)</sup>	(34.9)	(42.6)	(54.2)	(64.2)
Net credit derivative liability <sup>(3)</sup>	84.2	122.3	53.4	179.5
Net present value of estimated net future credit derivative revenue <sup>(4)</sup>	65.8	65.9	80.9	94.7
Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed <sup>(5)</sup>	208.9	272.1	317.7	399.0
Notes payable <sup>(6)</sup>	(248.2)	(288.8)	(352.9)	(378.1)
Unrealized gains on investments <sup>(7)</sup>	(24.4)	(21.5)	(15.8)	(32.1)
Income Taxes <sup>(8)</sup>	(7.1)	(27.0)	(27.9)	(35.3)
<b>Adjusted Book Value</b>	<b>\$ 609.3</b>	<b>\$ 484.1</b>	<b>\$ 213.4</b>	<b>\$ 96.6</b>
Common shares outstanding at end of the period	86.8	86.6	56.3	56.3
Book value per common share	\$ 6.51	\$ 4.66	\$ 3.77	\$ (1.19)
Adjusted book value per common share	\$ 7.02	\$ 5.59	\$ 3.79	\$ 1.72

Note: GAAP common shareholders' equity and Adjusted Book Value includes \$175.1 million and \$175.1 million, \$161.9 million and \$161.9 million, \$182.1 million and \$182.0 million, and \$183.0 million and \$183.0 million as of December 31, 2017, 2016, 2015 and 2014, respectively, related to American Roads LLC.

# Adjusted Book Value Adjustments

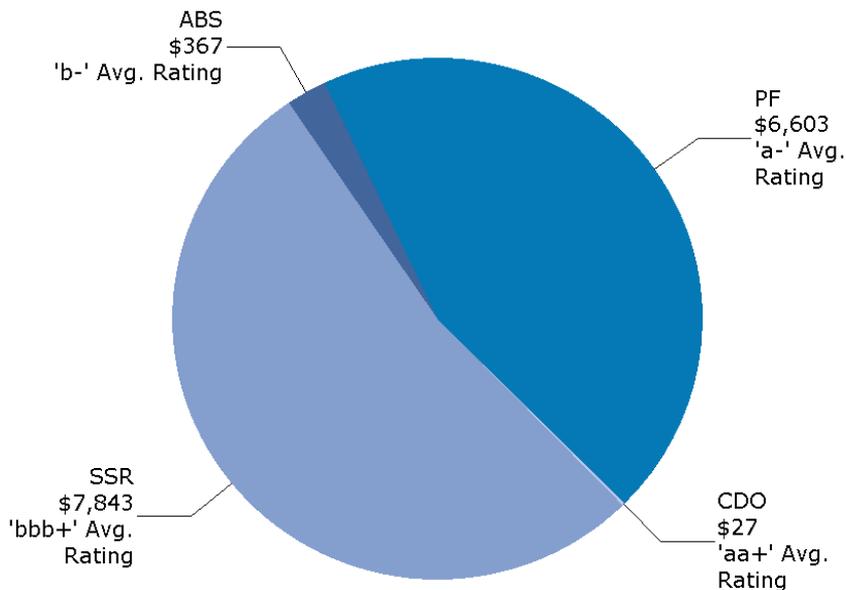
- (1) Addition of the excess of the outstanding liquidation preference of the SHL Series A perpetual non-cumulative preferred shares and the SGI Series B non-cumulative preferred shares over their carrying values. Including the SHL Series A perpetual non-cumulative preferred shares and the SGI Series B non-cumulative preferred shares at their outstanding liquidation value (which, for the SGI Series B, is net of the shares received in connection with our 2012 settlement with Countrywide, Bank of America Corp.) instead of their carrying value is more in line with the residual value to common shareholders.
- (2) Elimination of pre-tax deferred acquisition costs as these amounts represent net deferred expenses that have already been paid and will be expensed in future accounting periods.
- (3) Elimination of the consolidated net credit derivative liability which represents an estimate of the fair value of the Company's guarantees issued as CDS contracts in excess of the present value of the expected losses. By excluding the net credit derivative liability, this metric eliminates the benefit to our shareholders' equity embedded therein from the Company's non-performance risk, which reflects the market's view of the risk that the Company will not be able to financially honor its obligations as they become due. The fair value adjustments on derivative financial instruments are heavily influenced by, and fluctuate, in part according to, market interest rates, credit spreads and other factors that management cannot control or predict and that are not expected to result in an economic gain or loss. In addition, by including our best estimate of losses we expect to incur on our CDS contracts if we were to hold such CDS contracts to maturity and pay claims as they arise over the remaining life of such contracts, the metric presents our guarantees of insurance and derivatives on a consistent basis, which results in a more meaningful measure of our value.
- (4) Addition of the pre-tax net present value of estimated net future credit derivative revenue. Including the net present value of estimated net future credit derivative revenue enables an evaluation of the value of future estimated credit derivative revenue for which there is no corresponding GAAP financial measure.
- (5) Addition of the pre-tax value of the unearned premium reserve on financial guaranty contracts in excess of expected losses to be expensed on an individual policy level, net of reinsurance as the unearned premium reserve on financial guaranty contracts represents revenues that are expected to be earned in the future.
- (6) Addition to the full face amount, in excess of the carrying amount, of the surplus notes payable held by third parties (including interest paid-in-kind), as including the full face amount of the surplus notes is consistent with the treatment of these instruments as debt.
- (7) Elimination of the pre-tax unrealized gains on the Company's investments that are recorded as a component of accumulated other comprehensive income ("AOCI"), excluding the effects of foreign exchange. The effects of the AOCI component of the fair value adjustment on investments are not deemed economic until the Company sells such investments.
- (8) Elimination of the tax effects related to the above adjustments. SHI has a significant tax NOL that is offset by a full valuation allowance in the GAAP consolidated financial statements. As a result, for purposes of Non-GAAP measures, the Company utilizes a 0% effective tax rate until the expiration of these NOLs.

# Insured Portfolio Overview: SHL

SHL's **December 31, 2017** portfolio consists of 495 credits totaling \$14.8BN in net par exposure. Average internal rating<sup>(1)</sup> of the SHL portfolio is 'bbb+'. 8% or \$1.2BN<sup>(2)</sup> of SHL's portfolio is internally rated Below Investment Grade (BIG).

## SHL Net Par Outstanding by Sector

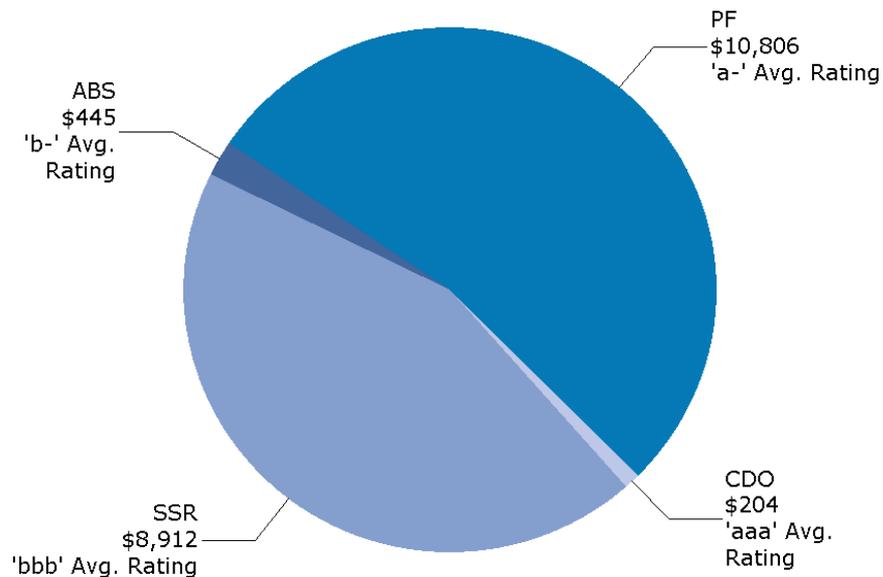
as of December 31, 2017 (in \$MM)



SHL's **December 31, 2016** portfolio consists of 819 credits totaling \$20.4BN in net par exposure. Average internal rating<sup>(1)</sup> of the SHL portfolio is 'bbb+'. 14% or \$2.8BN<sup>(2)</sup> of SHL's portfolio is internally rated Below Investment Grade (BIG).

## SHL Net Par Outstanding by Sector

as of December 31, 2016 (in \$MM)



<sup>(1)</sup> All average ratings reflect Syncora's internal ratings.

Refer to December 31, 2017 Total Exposure >=\$40 million in Appendix A for discussion of Internal Ratings.

<sup>(2)</sup> Including credits written in CDS form.

# GAAP Below Investment Grade (BIG) Flag List Credits

<b>SHL Net Par Outstanding by BIG Category<sup>(1)(2)</sup></b> (in \$MM)			
		<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>Loss List</b>	<b>Business Area</b>		
	Asset-Backed Securities	303	340
	Collateralized Debt Obligations	2	2
	Public Finance	224	343
	Structured Single Risk	–	–
	<b>Total Loss List:</b>	<b>529</b>	<b>685</b>
<b>Red Flag</b>	<b>Business Area</b>		
	Asset-Backed Securities	–	16
	Collateralized Debt Obligations	–	–
	Public Finance	21	3
	Structured Single Risk	–	799
	<b>Total Red Flag:</b>	<b>21</b>	<b>818</b>
<b>Yellow Flag</b>	<b>Business Area</b>		
	Asset-Backed Securities	18	20
	Collateralized Debt Obligations	–	–
	Public Finance	299	545
	Structured Single Risk	300	606
	<b>Total Yellow Flag:</b>	<b>617</b>	<b>1,171</b>
	<b>Total:</b>	<b>1,167</b>	<b>2,674</b>

<sup>(1)</sup> BIG Categories:

- Based on Syncora's internal ratings.
- Loss List – credits where a loss is probable and reasonably estimable and a case reserve has been established.
- Red Flag List – credits where a loss is possible but not probable and reasonably estimable, including credits where claims may have been paid or may be paid but full recovery is in doubt.
- Yellow Flag List – credits that we determine to be below investment grade, including credits where claims may have been paid or may be paid but reimbursement is likely.

<sup>(2)</sup> CDS credits are not included in Syncora's GAAP Flag List given CDS credits are held at fair value.

# BIG Credits >\$100MM in Net Par



## SHL BIG Credits

As of December 31, 2017 (in \$MM)

Business Area	Business Type	Net Par Outstanding	4Q 2017 Internal Rating <sup>(1)</sup>	Flag List <sup>(3)</sup>
PF	Municipal	110	d	Loss List
ABS	RMBS	116	c	Loss List
PF	Municipal	106	bb-	Yellow Flag
SSR	Global Infrastructure	300	bb	Yellow Flag
PF	Municipal	124	bb	Yellow Flag
<b>Total:</b>		<b>757</b>		

## SHL BIG Credits

As of December 31, 2016 (in \$MM)

Business Area	Business Type	Net Par Outstanding	4Q 2016 Internal Rating <sup>(1)</sup>	Flag List <sup>(3)</sup>
PF	Municipal	169	d	Loss List
PF	Municipal	141	c	Loss List
ABS	RMBS	122	c	Loss List
SSR	Global Infrastructure <sup>(2)</sup>	799	b-, b+	Red Flag
PF	Municipal	108	bb-	Yellow Flag
SSR	Global Infrastructure	275	bb	Yellow Flag
SSR	Global Infrastructure	238	bb	Yellow Flag
PF	Special Revenue	234	bb	Yellow Flag
PF	Municipal	126	bb	Yellow Flag
PF	Special Revenue	149	bb+	n/a - CDS <sup>(4)</sup>
<b>Total:</b>		<b>2,361</b>		

<sup>(1)</sup> Refer to December 31, 2017 Total Exposure >=\$40 million in Appendix A for discussion of Internal Ratings.

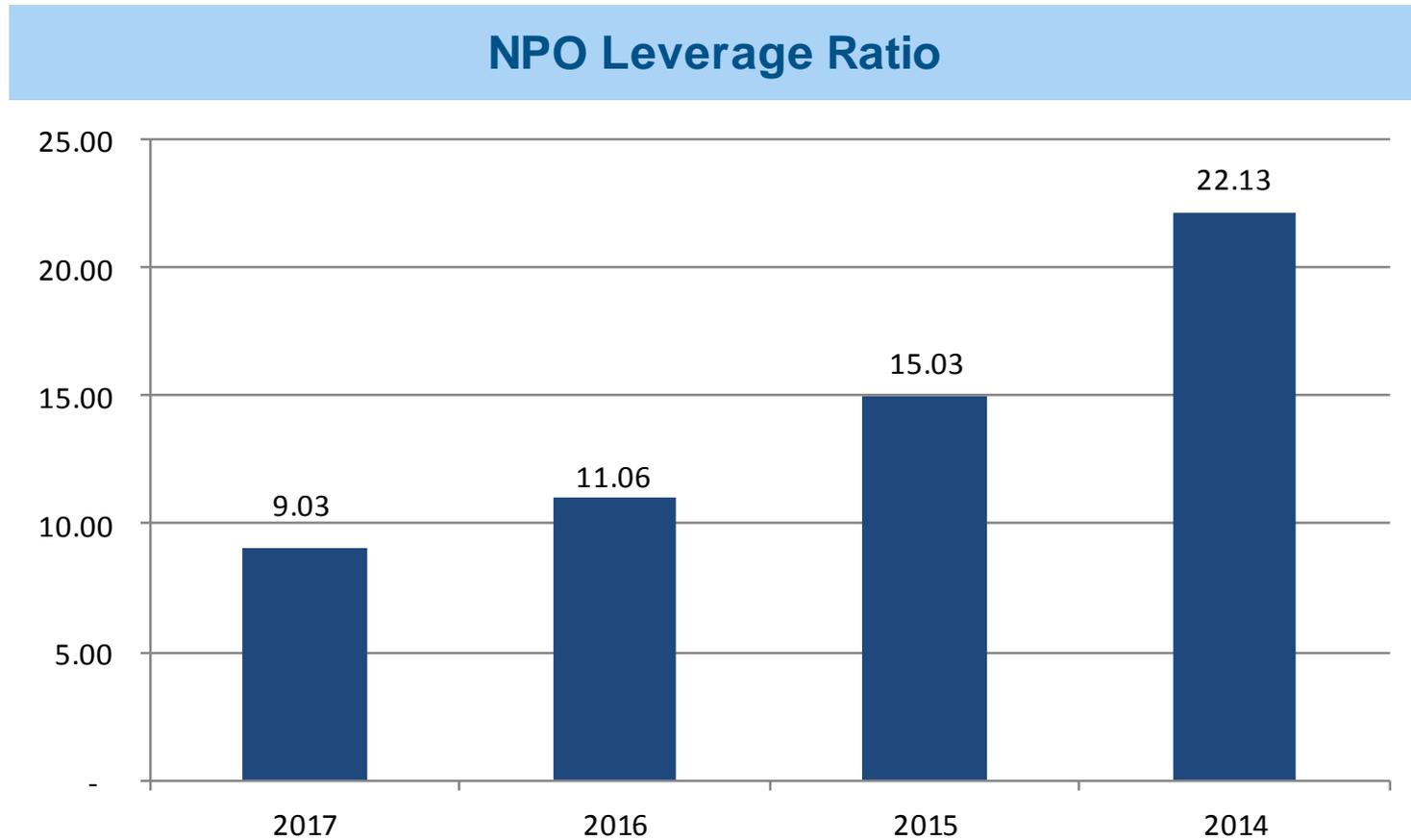
<sup>(2)</sup> Total exposure consists of a small junior lien tranche and a large senior lien tranche. Rating differential reflects the different lien status.

<sup>(3)</sup> Flag list designations as follows:

- Loss List – credits where a loss is probable and reasonably estimable and a case reserve has been established.
- Red Flag List – credits where a loss is possible but not probable and reasonably estimable, including credits where claims may have been paid or may be paid but full recovery is in doubt.
- Yellow Flag List – credits that we determine to be below investment grade, including credits where claims may have been paid or may be paid but reimbursement is likely.

<sup>(4)</sup> CDS credits are not included in Syncora's GAAP Flag List given CDS credits are held at fair value.

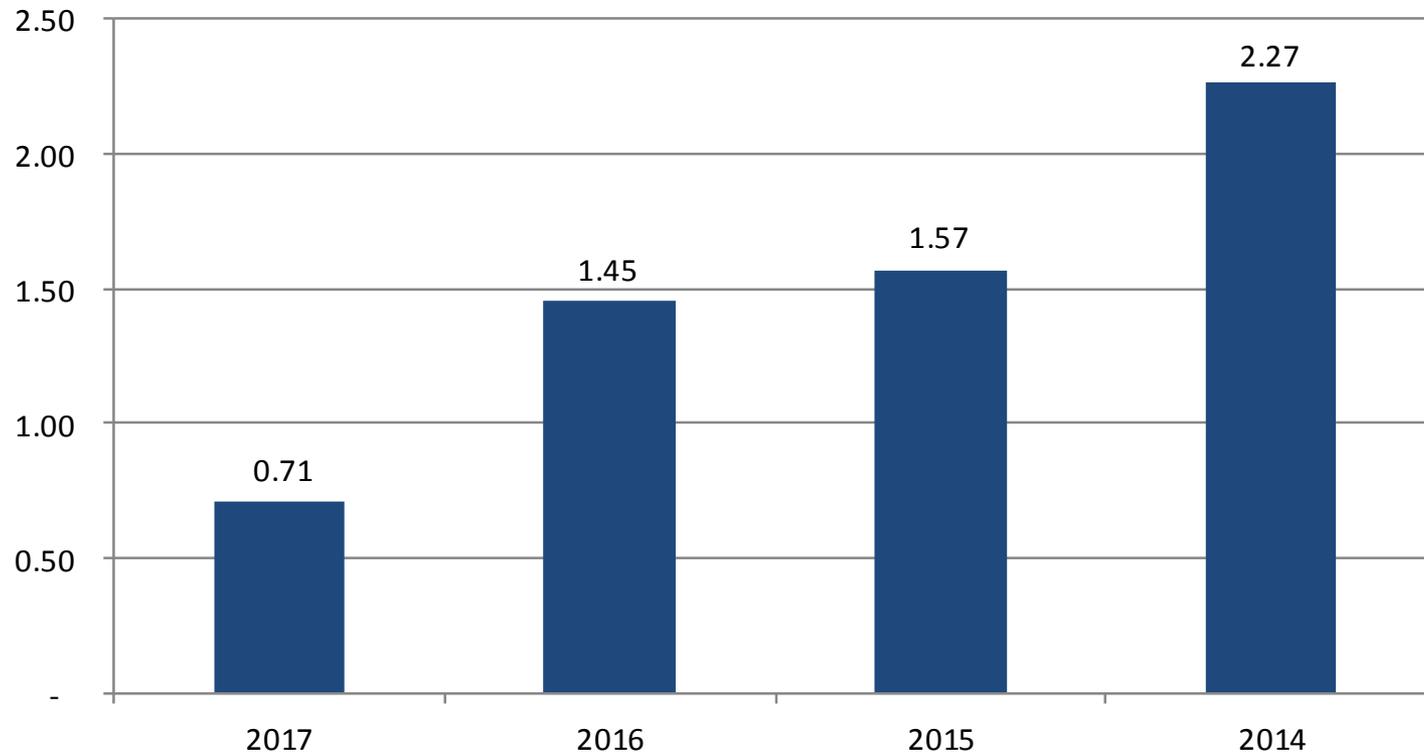
# Net Par Outstanding Leverage Ratio<sup>(1)</sup>



<sup>(1)</sup> Net par outstanding/Total claims paying resources

# GAAP Below Investment Grade (BIG) Flag List Leverage Ratio<sup>(1)</sup>

## GAAP BIG Flag List Leverage Ratio



### Major Changes:

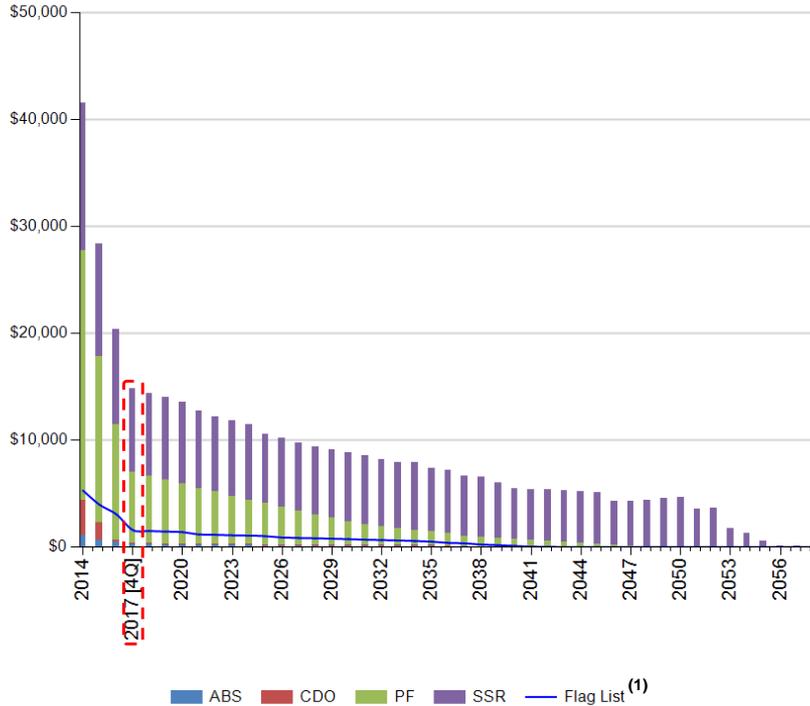
**(2016 – 2017):** Refinancing of large structured single risk credit

**(2014 – 2015):** Termination of three large structured single risk credits.

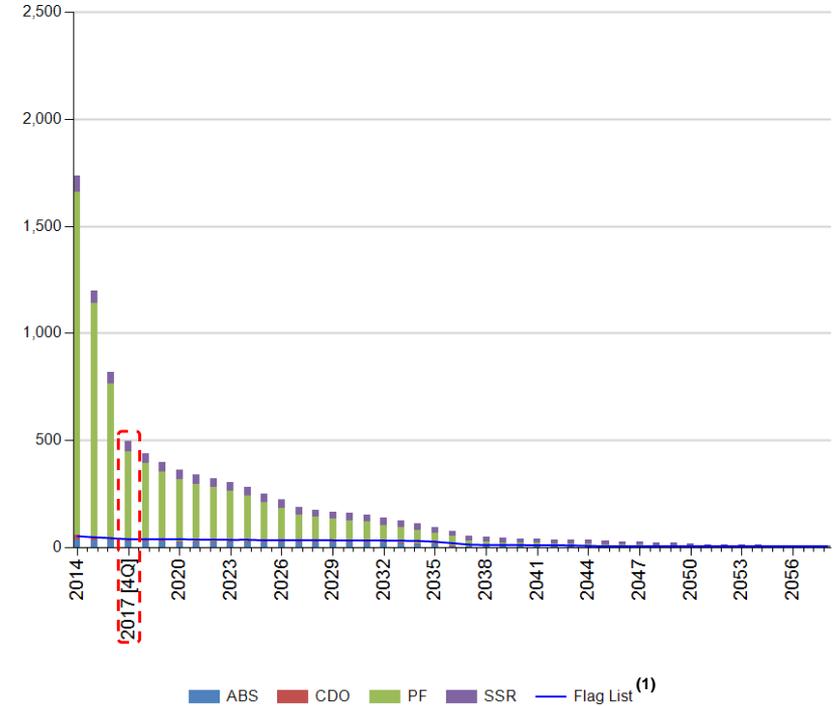
<sup>(1)</sup> BIG net par outstanding/Total claims paying resources

# SHL Portfolio Expected Net Par & Credit Count Reduction by Business Area as of December 31, 2017

## SHL Net Par Runoff (in \$MM)



## SHL Credit Count Runoff



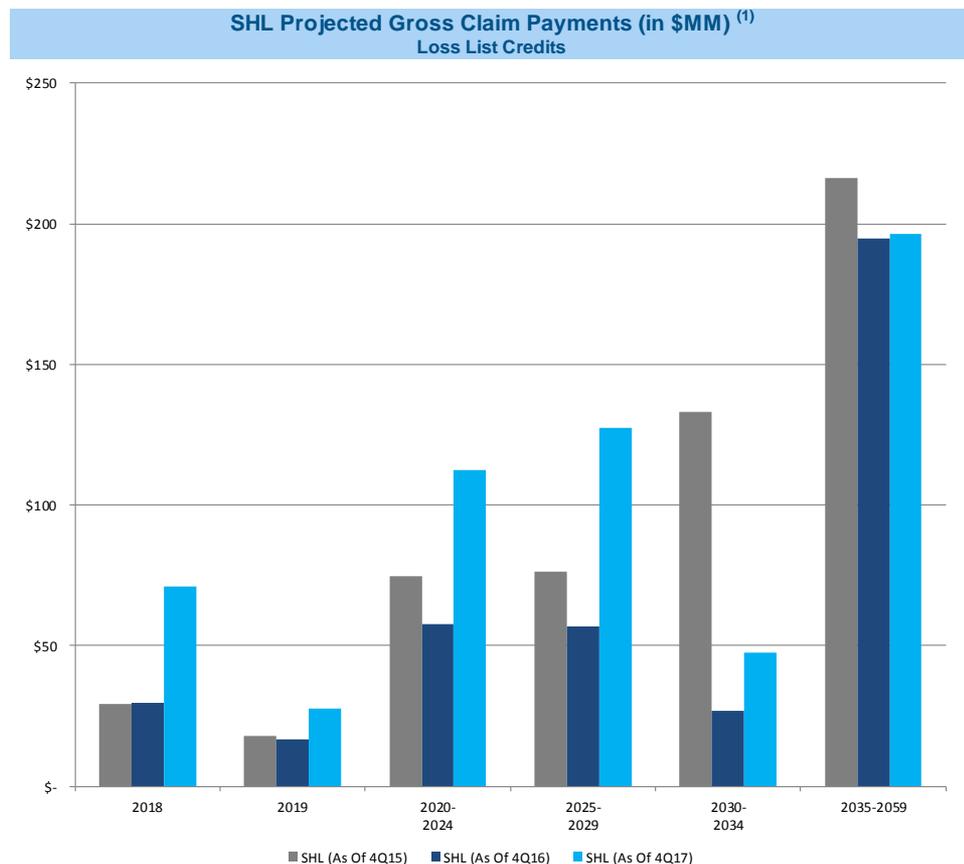
(1) Syncora's GAAP Flag List consists of all BIG credits plus credits on Syncora's Special Monitoring List (not including those credits in CDS form which are carried at fair value). The Special Monitoring List is defined as those credits that are viewed as low investment grade where a material covenant or trigger may be breached and increased surveillance is warranted.

Note: The above tables do not reflect potential remediation and refundings.

# SHL Projected Gross Claims on Loss List Credits: FY2018-2059



- SHL faces a potential liquidity mismatch between expected future claims payments and recoveries relating to these claims.
  - As of December 31, 2017, SHL (through its insurance subsidiary) anticipates that it will be requested to make gross claim payments in the period 2018 – 2029 of approximately \$338.7 million based on expected loss exposures without regard to potential adverse development on loss and other portfolio exposures – see disclosures on following page.

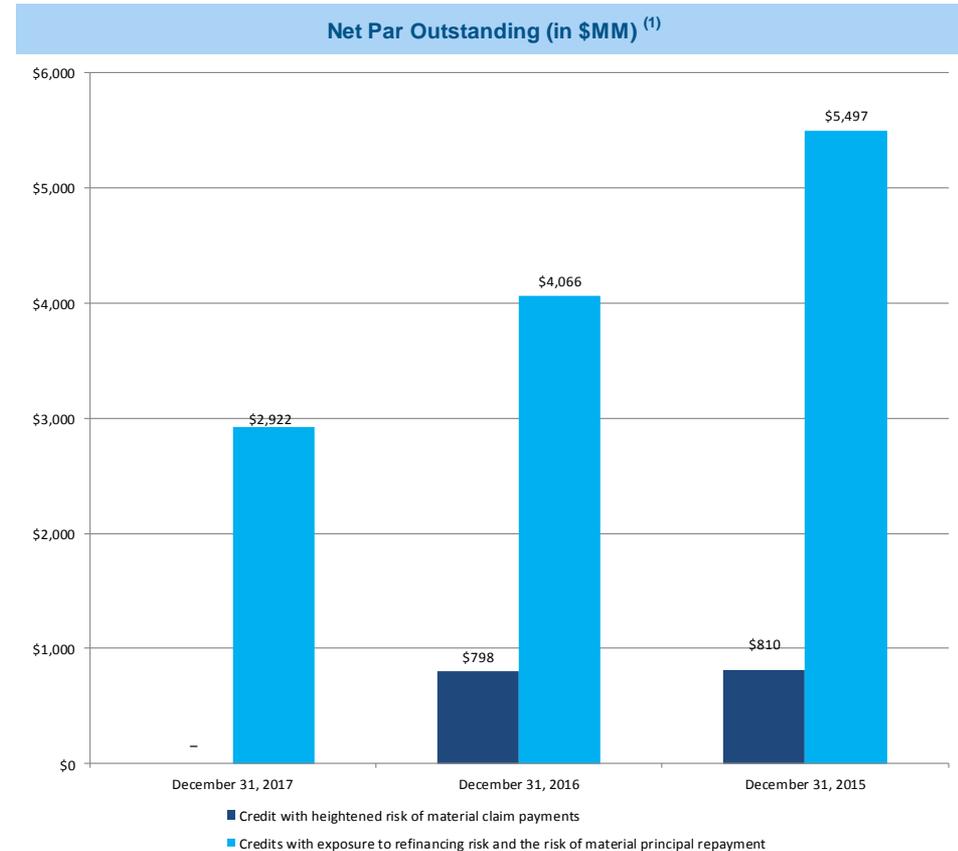


<sup>(1)</sup> Represents estimated undiscounted cash outflows under direct and assumed financial guaranty contracts, excluding remediated claims and after ceded reinsurance.

# SGI Significant Refinancing Risk Credits' NPO



- SGI also remains exposed to transactions with refinancing risk through 2019 including a number of credits with exposure to refinancing risk and the risk of material principal repayments with an aggregate par outstanding of \$2.9 billion.
- See the description of significant risks and uncertainties in Note 2 of SHL's recently issued consolidated GAAP financial statements for further discussion.



<sup>(1)</sup> Amounts for 2016 and 2015 were restated to include SCAI as a result of the merger of SCAI into SGI.



## Puerto Rico Exposure

As of December 31, 2017 and December 31, 2016 (in \$MM)

	Insured Exposure <sup>(1)</sup>		Bonds Purchased & Salvage <sup>(2)</sup>		Total	
	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2016</u>
<b>Direct (Insurance):</b>						
Commonwealth of Puerto Rico - General Obligations	\$ 29.4	\$ 104.3	\$ 22.2	\$ 34.7	\$ 51.6	\$ 139.0
Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	96.4	127.1	47.4	65.6	143.8	192.7
Commonwealth of Puerto Rico, Highway & Transportation Authority	6.5	6.2	—	—	6.5	6.2
Puerto Rico (Commonwealth) - Mixed State and Local Revenue	—	—	—	—	—	—
<b>Direct Subtotal</b>	<b>\$ 132.3</b>	<b>\$ 237.6</b>	<b>\$ 69.6</b>	<b>\$ 100.3</b>	<b>\$ 201.9</b>	<b>\$ 337.9</b>
<b>Assumed (Reinsurance):</b>						
Commonwealth of Puerto Rico - General Obligations	\$ 55.7	\$ 64.3	\$ 10.8	\$ 16.0	\$ 66.5	\$ 80.3
Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	13.6	13.7	0.9	0.7	14.5	14.4
Commonwealth of Puerto Rico, Highway & Transportation Authority	—	—	—	—	—	—
Puerto Rico (Commonwealth) - Mixed State and Local Revenue	<u>18.8</u>	<u>23.2</u>	<u>—</u>	<u>—</u>	<u>18.8</u>	<u>23.2</u>
<b>Assumed Subtotal</b>	<b>\$ 88.1</b>	<b>\$ 101.2</b>	<b>\$ 11.7</b>	<b>\$ 16.7</b>	<b>\$ 99.8</b>	<b>\$ 117.9</b>
<b>Total:</b>						
Commonwealth of Puerto Rico - General Obligations	\$ 85.1	\$ 168.6	\$ 33.0	\$ 50.7	\$ 118.1	\$ 219.3
Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	110.0	140.8	48.3	66.3	158.3	207.1
Commonwealth of Puerto Rico, Highway & Transportation Authority	6.5	6.2	—	—	6.5	6.2
Puerto Rico (Commonwealth) - Mixed State and Local Revenue	<u>18.8</u>	<u>23.2</u>	<u>—</u>	<u>—</u>	<u>18.8</u>	<u>23.2</u>
<b>Total</b>	<b>\$ 220.4</b>	<b>\$ 338.8</b>	<b>\$ 81.3</b>	<b>\$ 117.0</b>	<b>\$ 301.7</b>	<b>\$ 455.8</b>

<sup>(1)</sup> Excludes total interest outstanding of \$75.3 million and \$95.6 million as of December 31, 2017 and 2016, respectively.

<sup>(2)</sup> Purchased bonds shown at GAAP carrying value for the insured bonds. Salvage is for claims paid to date.

# Status of Affirmative Litigation<sup>(1)</sup>



Litigation Case	Current Status (as of March 21, 2018)
<p><b>Syncora Guarantee Inc. v Alinda Capital Partners LLC, American Roads LLC, Macquarie Securities (USA) Inc., and John S. Laxmi</b> – New York State Supreme Court, Index No. 651258/2012</p>	<ul style="list-style-type: none"> <li>• On April 18, 2012, Syncora Guarantee initiated an action in the Supreme Court of the State of New York against Macquarie Capital (USA) Inc. (“Macquarie”), among others. The case remains pending only against Macquarie, with Syncora Guarantee having entered into a stipulation dismissing the other defendants from the lawsuit. Syncora Guarantee alleges that Macquarie made misrepresentations and omissions in obtaining insurance in connection with a bond offering by American Roads LLC. Macquarie’s initial motion to dismiss the claims was denied in its entirety and decided in Syncora Guarantee’s favor.</li> <li>• On September 28, 2015, Syncora Guarantee filed a motion to amend its complaint to include additional allegations against Macquarie.</li> <li>• In May 2016, Macquarie filed a motion to dismiss Syncora Guarantee’s amended complaint and, in the alternative, to narrow Syncora Guarantee’s claims and damages.</li> <li>• On February 15, 2017, the court ruled on Macquarie’s motion to dismiss. The court sustained Syncora Guarantee’s fraud and negligent misrepresentation claims for compensatory damages but dismissed Syncora Guarantee’s claims for “rescissory” damages and punitive damages. The court also rejected Macquarie’s request to strike the amended complaint’s reference to Section 3105.</li> <li>• On January 17, 2018, Macquarie filed its opening brief in support of its appeal from the trial court’s ruling that upheld Syncora Guarantee’s claims for compensatory damages. The appeal is fully briefed, and oral argument before the Appellate Division is expected to occur during the May term (between April 17, 2018 and May 10, 2018).</li> <li>• Pretrial discovery has concluded. The court has set July 11, 2018 as the trial date.</li> </ul>

<sup>(1)</sup> This litigation is Syncora’s affirmative litigation. From time to time, Syncora may also be a defendant in certain litigations. Information disclosed herein is accurate as of the date indicated. The information included in this slide may change from time to time without notice, and Syncora Holdings Ltd. is under no duty or obligation to update this information.



## Supplemental Information

# Supplemental Information – GAAP Loss Reserves Rollforward <sup>(1)(2)</sup>

## As of December 31, 2017 (in \$MM)

Business Area	Business Category	December 31, 2016		December 31, 2017	
		Net Unpaid Loss and LAE <sup>(3)</sup>	Incurred Losses / (recoveries)	Paid Claims	Net Unpaid Loss and LAE <sup>(3)</sup>
Asset - Backed Securities	RMBS	485.5	(380.8)	(3.9)	100.8
Collateralized Debt Obligation	ABS CDO	1.2	0.1	-	1.3
Public Finance	Municipal	133.8	173.9	(168.2)	139.5
	Special Revenue	1.7	0.2	-	1.9
Structured Single Risk	Global Infrastructure	(3.9)	0.7	1.2	(1.9)
Net loss reserve subtotal		618.4	(206.0)	(171.0)	241.5
Loss Adjustment Expense (LAE)		22.6	8.3	(20.1)	10.8
Total net loss and LAE reserves		641.0	(197.7)	(191.0)	252.3

<sup>(1)</sup> Excludes policies written in CDS form and those consolidated under the variable interest entity accounting guidance.

<sup>(2)</sup> In accordance with GAAP, these amounts are net of unearned premium.

<sup>(3)</sup> Net of salvage and subrogation, and reinsurance.

Note: Legal entity detail is provided for informational purposes only.

# Supplemental Information – December 31, 2017 Total Exposure >=\$40 Million

Credit Name <sup>(1)</sup>	Business Area	Sector / Sub-Sector Detail	Sum of Net Par O/S	Internal Rating <sup>(2)</sup>	Legal Maturity
Public Finance 11	Public Finance	Military Housing	>=250MM	aa	2040 - 2050
Structured Single Risk 17	Structured Single Risk	Water & Sewer - IOU - Secured	>=250MM	a	2050 - 2060
Structured Single Risk 4	Structured Single Risk	PF/PPP Availability - Public Buildings, Hospitals, Schools	>=250MM	a	2040 - 2050
Public Finance 6	Public Finance	U.S. Federal Building Lease	>=250MM	a-	2030 - 2040
Public Finance 4	Public Finance	Municipal Project Finance (without mitigating support)	>=250MM	bbb+	2030 - 2040
Structured Single Risk 7	Structured Single Risk	Power & Gas - Public - International	>=250MM	bbb+	2030 - 2040
Structured Single Risk 16	Structured Single Risk	Power & Gas - IOU - International	>=250MM	bbb	2030 - 2040
Structured Single Risk 6	Structured Single Risk	Toll Roads (Intl Public) >= 5 Years of Operating History - Cash	>=250MM	bbb	2040 - 2050
Structured Single Risk 8	Structured Single Risk	Ports - International	>=250MM	bbb-	2020 - 2030
Structured Single Risk 11	Structured Single Risk	PF/PPP Availability - Public Buildings, Hospitals, Schools	>=250MM	bb	2040 - 2050
Public Finance 12	Public Finance	Military Housing	>=100MM < 250MM	aa-	2040 - 2050
Public Finance 13	Public Finance	Military Housing	>=100MM < 250MM	a+	2040 - 2050
Structured Single Risk 14	Structured Single Risk	Power & Gas Project - International - 1-4 years	>=100MM < 250MM	a+	2020 - 2030
Public Finance 8	Public Finance	Military Housing	>=100MM < 250MM	a	2050 - 2050
Structured Single Risk 19	Structured Single Risk	Water & Sewer - IOU - Secured	>=100MM < 250MM	a	2050 - 2060
Structured Single Risk 5	Structured Single Risk	Toll Roads (Intl Public) >= 5 Years of Operating History - Cash	>=100MM < 250MM	a	2040 - 2050
Public Finance 10	Public Finance	Pension Obligation - Local Government	>=100MM < 250MM	a-	2020 - 2030
Structured Single Risk 18	Structured Single Risk	Water & Sewer - IOU - Secured	>=100MM < 250MM	bbb+	2050 - 2060
Public Finance 15	Public Finance	Lease & Appropriation Obligations - City	>=100MM < 250MM	bbb	2030 - 2040
Public Finance 5	Public Finance	Tax Allocation Bonds (TABs)	>=100MM < 250MM	bbb-	2030 - 2040
Public Finance 7	Public Finance	Military Housing	>=100MM < 250MM	bbb-	2040 - 2050
Structured Single Risk 1	Structured Single Risk	Toll Roads (Intl Public) >= 5 Years of Operating History -	>=100MM < 250MM	bbb-	2020 - 2030
Structured Single Risk 2	Structured Single Risk	Sub Sovereign State, Region, Province -Gen Obligation	>=100MM < 250MM	bbb-	2030 - 2040
Structured Single Risk 3	Structured Single Risk	PF/PPP Availability - Public Buildings, Hospitals, Schools	>=100MM < 250MM	bbb-	2040 - 2050
Structured Single Risk 9	Structured Single Risk	Transportation Project Finance - Availability	>=100MM < 250MM	bbb-	2030 - 2040

(1) A credit is a unique combination of obligor, legal security and seniority level that defines the repayment risk that Syncora faces. A credit may have only one credit rating.

(2) Internal ratings are provided solely to indicate the underlying credit quality of guaranteed obligations based on the Company's view, before giving effect to the guarantee. The Company's rating symbology has a one-to-one correspondence to the ratings symbologies used by S&P and Moody's (e.g., aa3 = AA- = Aa3, bbb2 = BBB = Baa2, etc.) except in the cases of loss reserve credits. For these credits, the Company assigns "d" ratings to insured transactions where the transaction has resulted in a paid claim and a loss reserve has been established. "c" ratings are assigned for insured transactions where a future claim is expected but recovery is in doubt and a loss reserve has been established.

# Supplemental Information – December 31, 2017 Total Exposure >=\$40 Million cont.

Credit Name <sup>(1)</sup>	Business Area	Sector / Sub-Sector Detail	Sum of Net Par O/S	Internal Rating <sup>(2)</sup>	Legal Maturity
Public Finance 14	Public Finance	Tax Allocation Bonds (TABs)	>=100MM < 250MM	bb	2040 - 2050
Public Finance 2	Public Finance	Public Power Agency (Little/No Nuclear or Special Project)	>=100MM < 250MM	bb-	2040 - 2050
Asset-Backed Securities 2	Asset-Backed Securities	Subprime (1st lien)	>=100MM < 250MM	c	2030 - 2040
Public Finance 9	Public Finance	Electric Retail M uni Utility	>=100MM < 250MM	d	2030 - 2040
Structured Single Risk 15	Structured Single Risk	Financial/Insurance - Other	>=75MM < 100MM	a	2017 - 2020
Public Finance 3	Public Finance	Other M unicipal	>=75MM < 100MM	bbb-	2020 - 2030
Structured Single Risk 10	Structured Single Risk	Bridges >= 5 Years of Operating History - International	>=75MM < 100MM	bbb-	2050 - 2060
Asset-Backed Securities 1	Asset-Backed Securities	Subprime (1st lien)	>=75MM < 100MM	d	2030 - 2040
Structured Single Risk 13	Structured Single Risk	Sovereign-Revenue	>=40MM < 75MM	a	2030 - 2040
Structured Single Risk 12	Structured Single Risk	PF/PPP Availability - Public Buildings, Hospitals, Schools	>=40MM < 75MM	bbb-	2040 - 2050
Public Finance 1	Public Finance	Public College & University - General Obligation	>=40MM < 75MM	bb+	2030 - 2040
DOT Headquarters II Lease-Backed Mortgage Finance Trust Senior	Public Finance	U.S. Federal Building Lease	\$326,000,000	a	12/7/2031
National Grid Gas PLC	Structured Single Risk	Power & Gas - IOU - International	\$322,886,392	a-	6/30/2046
United Utilities Water PLC - Senior Unsecured	Structured Single Risk	Water & Sewer - IOU - Secured	\$320,046,164	a-	8/16/2056
Consolidated Edison of New York, NY	Structured Single Risk	Power & Gas - IOU - Unsecured	\$245,300,000	a-	1/1/2039
Thames Water Utilities Ltd.	Structured Single Risk	Water & Sewer - IOU - Secured	\$244,127,886	bbb+	8/28/2062
Duke Energy Florida	Structured Single Risk	Power & Gas - IOU - Secured	\$240,865,000	a	1/1/2027
Yorkshire Water PLC (Inflation Linked)	Structured Single Risk	Water & Sewer - IOU - Secured	\$239,070,887	bbb	2/1/2054
Yorkshire Water PLC	Structured Single Risk	Water & Sewer - IOU - Secured	\$230,361,154	a	8/1/2051
Mighty River Power	Structured Single Risk	Power & Gas - Public - International	\$212,940,000	a-	9/7/2021
Chillan-Collipulli Chilean Toll Road	Structured Single Risk	Toll Roads (Intl Public) >= 5 Years of Operating History - Cash	\$203,331,900	bbb-	1/1/2050
City of Houston, TX Airport System - Revenue Bonds	Public Finance	Airports - Revenue	\$185,495,000	a	7/1/2032
National Grid Electricity Transmission, UK	Structured Single Risk	Power & Gas - IOU - International	\$174,838,337	a-	7/28/2056
Vespucio Sur Chilean Toll Road	Structured Single Risk	Toll Roads (Intl Public) < 5 Years of Operating History - Cash	\$166,872,404	bbb+	12/15/2028
Southern Water Services Limited, UK	Structured Single Risk	Water & Sewer - IOU - Secured	\$152,960,000	bbb	9/30/2033

# Supplemental Information – December 31, 2017 Total Exposure >=\$40 Million cont.

Credit Name <sup>(1)</sup>	Business Area	Sector / Sub-Sector Detail	Sum of Net Par O/S	Internal Rating <sup>(2)</sup>	Legal Maturity
Metropolitan Transportation Authority, NY - Lease Revenue Bonds	Public Finance	Public Building Leases	\$52,287,702	bbb-	9/15/2047
Avista Corporation	Structured Single Risk	Power & Gas - IOU - Secured	\$150,000,000	a-	7/1/2037
San Diego County, CA - Pension Obligation Bonds	Public Finance	Pension Obligation - Local Government	\$147,825,000	aa-	8/15/2024
New Jersey Economic Development Authority, NJ	Public Finance	Gas Tax/Motor Vehicle Registration - State	\$140,875,326	bbb	7/1/2027
Municipal Gas Authority of Georgia (MGAG) Gas Prepay	Public Finance	Gas Muni Utility	\$126,690,000	a	7/1/2028
Wessex Water Services Limited, UK	Structured Single Risk	Water & Sewer - IOU - Secured	\$118,252,000	a-	7/31/2051
Niagara Mohawk Power Corporation, NY	Structured Single Risk	Power & Gas - IOU - Secured	\$115,705,000	a-	7/1/2029
Natural Gas Acquisition Corporation of City of Clarksville (NGAC), Vector Limited	Public Finance	Gas Muni Utility	\$115,480,741	a	10/15/2021
University System of Georgia, Board of Regents, GA	Structured Single Risk	Power & Gas - Public - International	\$110,019,000	bbb+	10/26/2020
Hydro Quebec/Province of Quebec (Canada)	Public Finance	Public College & University - Auxiliary Enterprises	\$104,115,000	a+	8/1/2038
Long Beach Gas Enterprise Fund, CA - Gas Prepay	Public Finance	General Obligation - State	\$97,800,000	a+	11/15/2030
Duke Energy Ohio	Public Finance	Gas Muni Utility	\$97,366,760	a	9/1/2037
Commonwealth of Massachusetts State College Building Authority,	Structured Single Risk	Power & Gas - IOU - Unsecured	\$94,000,000	a-	11/1/2039
Commonwealth of Puerto Rico - GO	Public Finance	Lease & Appropriation Obligations - State	\$89,002,560	aa-	5/1/2043
Oregon School Boards Association, OR	Public Finance	General Obligation - State	\$85,095,530	d	7/1/2036
DOT Headquarters II Lease-Backed Mortgage Finance Trust	Public Finance	General Obligation - School District	\$84,450,000	aa	6/30/2028
Indiana University of Pennsylvania, PA - Student Housing Revenue	Public Finance	U.S. Federal Building Lease	\$73,865,108	aa	12/7/2031
Suny Research Foundation, NY	Public Finance	Public College & University - Student Housing	\$68,495,000	bbb	7/1/2039
Association of Bay Area Governments, CA - Water/Sewer Revenue	Public Finance	Public College & University - Auxiliary Enterprises	\$65,585,000	a	9/1/2035
Severn Trent Water, UK	Public Finance	Sewer Muni Utility	\$60,910,000	bbb	3/1/2036
Scotland Gas Networks plc, UK	Structured Single Risk	Water & Sewer - IOU - Secured	\$55,093,944	a-	2/1/2067
Argonne National Laboratory	Structured Single Risk	Electric Distribution - IOU (w/o Construction Risk) - Secured	\$50,863,000	bbb+	10/21/2022
Fairfield (City of), CA - Water Rev	Public Finance	U.S. Federal Building Lease	\$49,575,000	a-	7/1/2033
	Public Finance	Water Muni Utility	\$40,856,697	a+	4/1/2042