**Syncora Holdings Ltd. Announces Interim GAAP Consolidated Financial Results for the Six Months Ended June 30, 2018**

HAMILTON, Bermuda, August 14, 2018 (GLOBE NEWSWIRE)–Syncora Holdings Ltd. ("Syncora" or the "Company"), a Bermuda holding company whose wholly-owned subsidiary provides financial guarantee insurance and reinsurance, today reported financial results for the six months ended June 30, 2018.

**Syncora Holdings Ltd.**
**Summary of Consolidated Financial Results**
**Six Months Ended June 30, 2018 and 2017**
**(U.S. dollars in millions, except per share amounts)**

| | | 2018 | | 2017 |
|---|---|---|---|---|
| Premiums earned, net of reinsurance ceded | $ | 23.1 | $ | 27.4 |
| Net investment income | | 21.4 | | 23.5 |
| Net unrealized and realized gains (losses) on investments | | 3.5 | | (9.8) |
| Net earnings (loss) on insurance cash flow certificates | | 30.1 | | (16.7) |
| Net (loss) earnings on credit default and other swap contracts | | (24.7) | | 3.1 |
| Losses and loss adjustment expenses, net of reinsurance ceded | | 14.6 | | 41.9 |
| Loss on debt prepayment | | 91.4 | | - |
| Operating expenses | | 28.5 | | 21.4 |
| Loss from continuing operations | | (118.1) | | (75.3) |
| Income from discontinued operations | | 10.8 | | 6.0 |
| Net loss attributable to controlling interest | $ | (107.5) | $ | (69.5) |
| Basic and diluted income from discontinued operations per common share | $ | 0.12 | $ | 0.07 |
| Basic and diluted loss per common share | $ | (1.24) | $ | (0.80) |
| Non-GAAP operating loss [1] | $ | (45.3) | $ | (39.1) |
| Non-GAAP basic and diluted operating loss per common share [1] | $ | (0.52) | $ | (0.45) |
| Basic and diluted weighted average common shares outstanding | | 86.9 | | 86.7 |

| | | As of June 30, 2018 | | As of December 31, 2017 |
|---|---|---|---|---|
| Adjusted Book Value [1] | $ | 428.8 | $ | 609.3 |
| Common shares outstanding at end of period | | 87.0 | | 86.8 |
| Adjusted Book Value per common share [1] | $ | 4.93 | $ | 7.02 |

[1] Non-GAAP operating income (loss) 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 (loss) and common shareholders' equity, respectively, which are presented in accordance with GAAP. See below for reconciliations between GAAP and Non-GAAP financial measures.

## Financial Results

***Consolidated Statements of Operations***

Net premiums earned were $23.1 million for the six months ended June 30, 2018, as compared to $27.4 million for the six months ended June 30, 2017. The decrease was due to $3.3 million of premiums ceded to Assured Guaranty Corp. ("Assured") under the reinsurance agreement effective June 1, 2018 and as a result of lower earned premiums from the continued run-off of the Company's book of business. Total premium accelerations decreased slightly to $13.8 million for the six months ended June 30, 2018, from $13.9 million for the six months ended June 30, 2017.

Net investment income decreased by $2.1 million from $23.5 million for the six months ended June 30, 2017 to $21.4 million for the six months ended June 30, 2018. The decrease was primarily due to lower income on remediation bonds as compared to the prior period.

Net unrealized and realized gains on investments increased by $13.3 million to $3.5 million for the six months ended June 30, 2018 from a net realized loss of $9.8 million for the six months ended June 30, 2017. The change was primarily due to lower other-than-temporary impairment charges and foreign exchange gains on the sale of certain Euro-denominated remediation bonds in the current period.

Net earnings on insurance cash flow certificates was $30.1 million for the six months ended June 30, 2018, as compared to a loss of $16.7 million for the six months ended June 30, 2017. The increase was a result of a reduction to reimbursements owed to third party UCF holders as a result of the receipt of cash from the GreenPoint litigation settlement.

Fees and other income were $14.3 million for the six months ended June 30, 2018, as compared to $3.2 million for the same period last year. The increase was primarily due to the sale of a real estate development option.

Net loss on credit default and other swap contracts was $24.7 million for the six months ended June 30, 2018, as compared to earnings of $3.1 million for the six months ended June 30, 2017. The decrease was primarily due to lower non-performance risk spreads during the current period.

Net losses and loss adjustment expenses were $14.6 million for the six months ended June 30, 2018, as compared to $41.9 million for the six months ended June 30, 2017. The decrease was primarily due to public finance positive developments, partially offset by RMBS adverse developments and additional loss adjustment expenses related to the sale of American Roads LLC.

Loss on debt prepayment was $91.4 million for the six months ended June 30, 2018, as a result of the payment made on the long-term notes which have not yet been fully accreted to par. On June 27, 2018, Syncora Guarantee Inc. made a net payment of $400 million on its long-term and short-term surplus notes.

Operating expenses were $28.5 million for the six months ended June 30, 2018, as compared to $21.4 million for the same period last year. The increase was primarily due to expenses incurred in connection with the reinsurance agreement.

Income from discontinued operations represents the total revenues and total expenses of American Roads LLC, which was $10.8 million for the six months ended June 30, 2018 and $6.0 million for the same period last year.

***Consolidated Balance Sheets***

Total assets decreased by $444.1 million from $2,385.5 million as of December 31, 2017 to $1,941.4 million as of June 30, 2018 primarily as a result of the $400.0 million note payment.

Total liabilities decreased by $317.9 million from $1,683.5 million as of December 31, 2017 to $1,365.6 million as of June 30, 2018. The decrease was primarily due to lower notes payable and accrued interest balances as a result of the $400.0 million note payment made, RMBS and public finance positive developments, lower unearned premium revenue from the continued run-off of the Company's insured portfolio, lower liabilities of variable interest entities as a result of the deconsolidation of two variable interest entities and lower accounts payable, accrued expenses and other liabilities due to lower compensation-related expenses as a result of headcount reductions. These amounts were partially offset by higher mark-to-market fair values on our credit default and other swap contracts due to lower non-performance risk spreads primarily on the ceded book of business.

Assets and liabilities of entity held-for-sale represent the total assets and total liabilities of American Roads LLC, which met the accounting criteria for held-for-sale during the third quarter of 2017.

**Syncora Holdings Ltd.**
**Consolidated Statements of Operations**
**Six Months Ended June 30, 2018 and 2017**
**(U.S. dollars in thousands)**

| | 2018 | 2017 |
|---|---|---|
| **Revenues** | | |
| Premiums earned, net of reinsurance ceded | $ 23,117 | $ 27,386 |
| Net investment income | 21,394 | 23,455 |
| Net unrealized and realized gains (losses) on investments, including other-than-temporary impairment losses of $(11,067) and $(25,558) | 3,488 | (9,750) |
| Earnings (loss) on insurance cash flow certificates, net of amortization of deferred gains of $1,679 and $1,054 | 30,084 | (16,657) |
| Fees and other income | 14,285 | 3,184 |
| Net (loss) earnings on credit default and other swap contracts: net unrealized gains (losses) of $95,726 and $1,466 and realized (losses) gains and other settlements of $(120,407) and $1,654 | (24,681) | 3,120 |
| Net change in fair value of consolidated variable interest entities | 2,149 | 5,600 |
| **Total revenues** | 69,836 | 36,338 |
| **Expenses** | | |
| Losses and loss adjustment expenses, net of reinsurance ceded | 14,605 | 41,853 |
| Amortization of deferred acquisition costs, net | 3,730 | 4,025 |
| Interest expense, including accretion of $25,927 and $18,960 | 49,376 | 42,613 |
| Loss on debt prepayment | 91,416 | – |
| Operating expenses | 28,524 | 21,440 |
| **Total expenses** | 187,651 | 109,931 |
| **Loss before income tax expense from continuing operations** | (117,815) | (73,593) |
| Income tax expense | 244 | 1,750 |
| **Loss from continuing operations** | (118,059) | (75,343) |
| **Income from discontinued operations** | 10,760 | 6,043 |
| **Net loss** | (107,299) | (69,300) |
| **Net income attributable to non-controlling interest** | 191 | 178 |
| **Net loss attributable to controlling interest** | (107,490) | (69,478) |

**Syncora Holdings Ltd.**
**Consolidated Balance Sheets**
**June 30, 2018 (Unaudited) and December 31, 2017**
**(U.S. dollars in thousands, except share and per share amounts)**

| **ASSETS** | **2018** | **2017** |
|---|---|---|
| Cash and invested assets: | | |
| Debt securities, available-for-sale, at fair value (amortized cost: $661,701 and $910,858) | $ 664,666 | $ 928,044 |
| Other invested assets, at fair value (cost: $91,560 and $94,232) | 113,727 | 117,110 |
| Cash and cash equivalents | 110,496 | 311,951 |
| Total cash and invested assets | 888,889 | 1,357,105 |
| Insurance operating assets, retained business: | | |
| Premiums receivable | 17,187 | 79,903 |
| Salvage and subrogation recoverable | 123,530 | 422,687 |
| Receivables on insurance cash flow certificates, net | 137,769 | 109,869 |
| Deferred acquisition costs, net | 3,388 | 34,930 |
| Assets of consolidated variable interest entities, at fair value | 17,068 | 118,154 |
| Total insurance operating assets, retained business | 298,942 | 765,543 |
| Insurance operating assets, ceded business: | | |
| Premiums receivable | 53,221 | 12,921 |
| Prepaid reinsurance | 127,497 | 15,565 |
| Reinsurance recoverable on unpaid losses and loss adjustment expenses | 151,759 | – |
| Credit default and other swap contracts, at fair value | 203,441 | – |
| Total insurance operating assets, ceded business | 535,918 | 28,486 |
| Other assets | 50,305 | 38,811 |
| Assets of entity held-for-sale | 167,372 | 195,540 |
| Total assets | $ 1,941,426 | $ 2,385,485 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Insurance operating liabilities, retained business: | | |
| Unpaid losses and loss adjustment expenses | $ 459,540 | $ 674,999 |
| Unearned premium revenue | 34,066 | 209,320 |
| Credit default and other swap contracts, at fair value | 8,221 | 104,094 |
| Liabilities of consolidated variable interest entities, at fair value | 761 | 60,708 |
| Total insurance operating liabilities, retained business | 502,588 | 1,049,121 |
| Insurance operating liabilities, ceded business: | | |
| Unpaid losses and loss adjustment expenses | 151,759 | – |
| Unearned premium revenue | 127,497 | 15,565 |
| Credit default and other swap contracts, at fair value | 203,441 | – |
| Liabilities of consolidated variable interest entities, at fair value | 53,221 | 12,921 |
| Total insurance operating liabilities, ceded business | 535,918 | 28,486 |
| Notes payable (par value: $389,549 and $677,117) | 257,643 | 428,887 |
| Accrued interest on notes payable | 39,364 | 127,329 |
| Other liabilities | 17,721 | 29,244 |
| Liabilities of entity held-for-sale | 12,375 | 20,428 |
| Total liabilities | 1,365,609 | 1,683,495 |
| Shareholders' equity | | |
| Non-controlling interest in subsidiary- Series B perpetual non-cumulative preferred shares of Syncora Guarantee Inc. (2,000 shares authorized and issued; 1,345 shares outstanding, 655 shares held by subsidiary; $134,526 liquidation preference) | 13,453 | 13,453 |
| Non-controlling interest in consolidated entity | 2,200 | 2,578 |
| Common shares (500,000,000 shares authorized; 90,013,135 and 89,811,623 shares issued; 86,968,547 and 86,767,035 shares outstanding, 3,044,588 shares held as treasury; $0.01 par value) and additional paid-in capital | 2,717,440 | 2,716,798 |
| Accumulated deficit | (2,161,875) | (2,061,854) |
| Accumulated other comprehensive income | 4,599 | 31,015 |
| Total Syncora Holdings Ltd. shareholders' equity | 560,164 | 685,959 |
| Total shareholders' equity | 575,817 | 701,990 |
| Total liabilities and shareholders' equity | $ 1,941,426 | $ 2,385,485 |

**Non-GAAP Financial Measures**

This earnings release references Non-GAAP operating income (loss) and 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 insurance subsidiaries and contractual constraints with respect to any dividend payment. Reference should be made to Note 13 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.

The following table reconciles GAAP net loss attributable to common shareholders of Syncora Holdings Ltd. to Non-GAAP operating loss attributable to common shareholders of Syncora Holdings Ltd.:

**Syncora Holdings Ltd.**
**Reconciliation of GAAP Net Loss to Non-GAAP Operating Loss**
**(in millions, except per share amounts)**

| | Six Months Ended June 30, 2018 | Six Months Ended June 30, 2017 |
|---|---|---|
| **GAAP net loss attributable to controlling interest** | (107.5) | (69.5) |
| Pre-tax adjustments: | | |
| Non-credit impairment of net realized and unrealized fair value (gains) and losses on credit derivatives (1) | 42.5 | 1.4 |
| Surplus note accretion (2) | 25.9 | 19.0 |
| Net unrealized and realized (gains) losses on investments (3) | (4.0) | 16.1 |
| Non-recurring transaction related expenses (4) | 8.5 | - |
| Income from discontinued operations (5) | (10.8) | (6.0) |
| Total pre-tax adjustments | 62.2 | 30.4 |
| Less tax effect on pre-tax adjustments (6) | - | - |
| **Non-GAAP operating loss** | **$ (45.3)** | **$ (39.1)** |
| Basic and diluted weighted average common shares | 86.9 | 86.7 |
| GAAP basic and diluted loss per common share | $ (1.24) | $ (0.80) |
| Non-GAAP basic and diluted operating loss per common share | $ (0.52) | $ (0.45) |

Non-GAAP operating income 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 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 and changes in net unrealized gains (losses) on equity securities. 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 reinsurance transaction completed on June 30, 2018 with Assured Guaranty Corp. pursuant to which Assured Guaranty Corp. agreed to provide reinsurance, generally on a 100% quota share basis, to SGI.

(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.

The following table reconciles GAAP common shareholders' equity to Adjusted Book Value:

**Syncora Holdings Ltd.**
**Reconciliation of GAAP Common Shareholders' Equity to Adjusted Book Value**
**(in millions, except per share amounts)**

| | As of June 30, 2018 | As of December 31, 2017 |
|---|---|---|
| **GAAP common shareholders' equity** | **$ 560.2** | **$ 686.0** |
| Series B preferred stock [1] | (121.0) | (121.0) |
| **Adjusted GAAP common shareholders' equity** | **$ 439.2** | **$ 565.0** |
| Pre-tax adjustments: | | |
| Deferred acquisition costs [2] | (3.4) | (34.9) |
| Net credit derivative liability [3] | 6.2 | 84.2 |
| Net present value of estimated net future credit derivative revenue [4] | 2.0 | 65.8 |
| Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed [5] | 23.9 | 208.9 |
| Deferred gain on insurance cash flow certificates [6] | 114.7 | - |
| Deferred loss on reinsurance [7] | (17.6) | - |
| Notes payable [8] | (131.9) | (248.2) |
| Unrealized gains on investments [9] | (4.2) | (24.4) |
| Taxes [10] | - | (7.1) |
| **Adjusted Book Value** | **$ 428.8** | **$ 609.3** |
| Common shares outstanding at end of the period | 87.0 | 86.8 |
| Book value per common share | $ 5.05 | $ 6.51 |
| Adjusted book value per common share | $ 4.93 | $ 7.02 |

Notes:

- The decrease in Adjusted Book Value was primarily driven by reinsurance agreement with Assured Guaranty which closed on June 1, 2018. First, in addition to the cash consideration paid, SGI assigned over all future installment premiums for the reinsured policies. As these future installment premiums previously represented positive reconciliation adjustments, this benefit is no longer included in our Adjusted Book Value. Second, since a portion of the consideration paid for reinsurance was for the cession of substantially all of our CDS policies, the company has effectively realized an economic loss on those policies where we previously expected these mark-to-market losses to reverse over time.
- GAAP common shareholders' equity and Adjusted Book Value includes $155.0 million and $155.0 million, $175.1 million and $175.1 million, as of June 30, 2018 and December 31, 2017, respectively, related to American Roads LLC.
- Had the deferred gain on insurance cash flow certificates adjustment been included as of December 31, 2017, the adjusted book value and adjusted book value per common share would have been $725.7 million and $8.36, respectively.

Adjusted Book Value adjustments:

(1) Addition of the excess of the outstanding liquidation preference of the SGI Series B non-cumulative preferred shares over their carrying values. Including the SGI Series B non-cumulative preferred shares at their outstanding liquidation value (which 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 revenues. Including the net present value of estimated net future credit derivative revenues 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 of the deferred gain on insurance cash flow certificates which represent the excess of amounts paid to directly or effectively defease or, in substance, commute the Company's exposure on certain of its financial guarantee insurance policies over the amount of future expected claim payments on those policies. As these remediation costs have already been paid, the effect of these deferred gains is deemed to be economic.

[7] Elimination of the deferred loss on reinsurance which is amortized over the life of the underlying reinsured contracts and which represents the difference between amounts paid for the reinsurance and the amount of liabilities for policy benefits relating to those underlying reinsured contracts. The effect of this deferred loss is considered economic as the reinsurance premium has already been paid.

[8] 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.

[9] 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.

[10] 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.

***Conference Call Details***

The Company plans to host a conference call at 8:30 a.m. on Wednesday, August 15, 2018, to discuss its financial results for the six months ended June 30, 2018. The earnings call will be webcast via the Investor Events page of the Investor Relations section of the Company's website, or by dialing (877) 512-9165 (U.S. toll free), or (706) 679-5795 outside the U.S., Puerto Rico and Canada, approximately 10 minutes prior to the scheduled start time and providing conference ID# 125-7679. Following conclusion of the call, the Company will post a transcript on its website alongside a replay of the webcast. The replay will also be available via telephone by dialing (855) 859-2056 (U.S. toll free), or (404) 537-3406 outside the U.S., Puerto Rico and Canada, and providing conference ID# 125-7679.

**Important Information**

This press release 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 presented in this press release 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 press release. 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 New York State Department of Financial Services, and in the Company's and Syncora Guarantee Inc.'s GAAP and statutory financial statements, as applicable, 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.