

Syncora Holdings Ltd. Announces Third Quarter 2019 Interim GAAP Consolidated Financial Results

HAMILTON, Bermuda, November 14, 2019 (GLOBE NEWSWIRE) – Syncora Holdings Ltd. (“SHL” or the “Company”), a Bermuda holding company whose wholly-owned subsidiary provides financial guarantee insurance and reinsurance, today reported financial results for the nine months ended September 30, 2019 and 2018.

During the third quarter of 2019, as a result of the announced agreement to sell SGI to Star Insurance Holdings LLC, the Company presented SGI as held-for-sale on the consolidated balance sheets as of September 30, 2019 and December 31, 2018, and the results of SGI as discontinued operations in the consolidated statements of operations for the nine months ended September 30, 2019 and 2018.

Financial Results

Consolidated Statements of Operations

Fee revenue was \$4.2 million for the nine months ended September 30, 2019, as compared to \$3.4 million for the nine months ended September 30, 2018. The increase was primarily due to higher deal volume at Swap Financial Group.

Other income was \$0.5 million for the nine months ended September 30, 2019, as compared to \$11.0 million for the same period last year. The prior period included gain from the sale of a real estate development option.

Impairment loss on indefinite-lived intangible assets was \$2.8 million for the nine months ended September 30, 2019, as compared to zero for the same period last year. This loss represented a write-down of goodwill and trademark related to Swap Financial based upon information obtained in connection with the SGI sale process.

Operating expenses were \$11.1 million for the nine months ended September 30, 2019, as compared to \$4.8 million for the nine months ended September 30, 2018. The increase was primarily due to a one-time board of director incentive plan payment which was made in the first quarter of 2019, as well as from certain sale-related expenses incurred to date.

Loss from discontinued operations represents the total revenues and total expenses of SGI for 2019, which was \$88.4 million for the nine months ended September 30, 2019 and \$29.8 million for the same period last year which also included American Roads. The current period includes a \$132.7 million impairment loss on SGI and the prior period amount includes a \$64.4 million gain on the sale of American Roads LLC which closed on July 16, 2018.

Consolidated Balance Sheets

Total assets decreased by \$379.5 million from \$1,690.4 million as of December 31, 2018 to \$1,310.9 million as of September 30, 2019 primarily as a result of the change in assets held-for-sale, including the impairment loss of \$132.7 million, the final payment of surplus note principal and interest and the

purchase of \$97.3 million of aggregate face amount of Pass-Through Trust Preferred Securities issued by the Twin Reefs Pass-Through Trust for \$82.7 million.

Total liabilities decreased by \$216.6 million from \$1,040.9 million as of December 31, 2018 to \$824.3 million as of September 30, 2019 also primarily as a result of the change in liabilities held-for-sale. The decrease was primarily due to lower unpaid losses at SGI as a result of public finance and RMBS positive developments, as well as from the full paydown of the surplus note principal and interest.

Subsequent Events

On November 8, 2019, Pike Pointe sold its interest in an infrastructure asset for \$2.0 million in cash, which will be recorded as other income in the fourth quarter of 2019 as part of continuing operations.

On November 12, 2019, SGI purchased from a third party \$3.0 million of aggregate face amount of Pass-Through Trust Preferred Securities issued by the Twin Reefs Pass-Through Trust for approximately \$2.3 million, in which the Twin Reefs Securities purchased correspond to 30 shares of SGI's Series B Preferred shares. Pursuant to the sale agreement with Star Insurance, the purchase price will be increased by approximately \$0.4 million.

Syncora Holdings Ltd.
Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited)
Nine Months Ended September 30, 2019 and 2018
(U.S. dollars in thousands, except share and per share amounts)

	2019	2018
Revenues		
Fee revenue	\$ 4,237	\$ 3,408
Net investment income	375	1,044
Net realized (losses) gains on investments, including other-than-temporary impairment losses of zero and \$(443)	(319)	2
Other income	514	11,040
Total revenues	4,807	15,494
Expenses		
Impairment loss on indefinite-lived intangible assets	2,761	-
Operating expenses	11,117	4,760
Total expenses	13,878	4,760
(Loss) income before income tax expense from continuing operations	(9,071)	10,734
Income tax expense	63	23
(Loss) income from continuing operations	(9,134)	10,711
Loss from discontinued insurance operations, including 2019 impairment loss of \$(132,685)	(88,411)	(104,933)
Income from discontinued toll road operations, including gain on disposal of \$64,383	-	75,143
Loss from discontinued operations, net of tax	(88,411)	(29,790)
Net loss	(97,545)	(19,079)
Other comprehensive income (loss):		
Other comprehensive (loss) income from continuing operations	(79)	88
Other comprehensive income (loss) from discontinued operations	17,035	(19,166)
Other comprehensive income (loss):	16,956	(19,078)
Comprehensive loss	\$ (80,589)	\$ (38,157)
Net income and comprehensive income attributable to non-controlling interest	\$ 115	\$ 260
Net loss and comprehensive income (loss) attributable to controlling interest:		
Net loss	\$ (97,660)	\$ (19,339)
Comprehensive loss	\$ (80,704)	\$ (38,417)
Calculation of basic and diluted earnings (loss) per share attributable to Syncora Holdings Ltd. common shareholders:		
(Loss) income from continuing operations	\$ (9,249)	\$ 10,451
<i>Per share</i>	\$ (0.11)	\$ 0.12
Loss from discontinued operations	\$ (88,411)	\$ (29,790)
Accounting effect for the purchases of Series B perpetual non-cumulative preference shares	(72,997)	-
Total	(161,408)	(29,790)
<i>Per share</i>	\$ (1.85)	\$ (0.34)
Loss	\$ (170,657)	\$ (19,339)
<i>Per share</i>	\$ (1.96)	\$ (0.22)
Weighted average common shares outstanding	87,042,571	86,924,997

Syncora Holdings Ltd.
Consolidated Balance Sheets
September 30, 2019 (Unaudited) and December 31, 2018
(U.S. dollars in thousands, except share and per share amounts)

ASSETS	2019	2018
Debt securities, available-for-sale, at fair value (amortized cost: \$3,087 and \$13,611)	\$ 3,100	\$ 13,703
Cash and cash equivalents	33,002	26,299
Total cash and invested assets	36,102	40,002
Indefinite-lived intangible assets	449	3,210
Definite-lived intangible assets, net	7,643	8,427
Prepaid expenses and other assets	2,266	4,275
Assets of entity held-for-sale	1,264,457	1,634,468
Total assets	\$ 1,310,917	\$ 1,690,382
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable, accrued expenses and other liabilities	\$ 10,134	\$ 10,258
Liabilities of entity held-for-sale	814,132	1,030,600
Total liabilities	824,266	1,040,858
Shareholders' equity		
Preferred shares of entity held-for-sale - Series B perpetual non-cumulative preferred shares of Syncora Guarantee Inc. (2,000 shares authorized and issued; 372 and 1,345 shares outstanding, 1,628 and 655 shares held by subsidiary; \$37,196 and \$134,526 liquidation preference)	3,720	13,453
Non-controlling interest in consolidated entity	1,917	2,247
Common shares (500,000,000 shares authorized; 90,102,159 and 90,013,135 shares issued; 87,057,571 and 86,968,547 shares outstanding, 3,044,588 shares held as treasury; \$0.01 par value) and additional paid-in capital	2,718,524	2,717,633
Accumulated deficit	(2,256,294)	(2,085,637)
Accumulated other comprehensive income	18,784	1,828
Total Syncora Holdings Ltd. shareholders' equity	481,014	633,824
Total shareholders' equity	486,651	649,524
Total liabilities and shareholders' equity	\$ 1,310,917	\$ 1,690,382

Conference Call Details

The Company plans to host a conference call at 8:30 a.m. on Friday, November 15, 2019, to discuss its financial results for the nine months ended September 30, 2019. 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# 3998525. 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# 3998525.

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.

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