

# Third Quarter 2018 Highlights

November 14, 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 and 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 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.

# Key Highlights

## Nine Months Ended September 30, 2018 and 2017 - Financial Results:

- Net loss attributable to controlling interest of \$(19.3) million as compared to \$(125.7) million.
- Basic and diluted loss per common share of \$(0.22) as compared to \$(1.45).
- Non-GAAP operating loss of \$(11.7) million as compared to \$(123.5) million.
- Non-GAAP basic and diluted operating loss per common share of \$(0.13) as compared to \$(1.42).
- Adjusted Book Value of \$524.3 million as of September 30, 2018 as compared to \$609.3 million as of December 31, 2017.
- Adjusted Book Value per common share of \$6.03 as of September 30, 2018 as compared to \$7.02 as of December 31, 2017.

## Retained Insured Portfolio:

- As of September 30, 2018, net retained par exposure was \$1.0 billion as compared to \$14.8 billion as of December 31, 2017, primarily as a result of the closing of the reinsurance transaction with Assured Guaranty Corp. (“Assured”) effective June 1, 2018.
- Consolidated Below Investment Grade (BIG) net par exposure of \$0.5 billion as of September 30, 2018 as compared to \$1.2 billion as of December 31, 2017, also primarily as a result of the reinsurance transaction.
- GAAP BIG Flag List Leverage Ratio decreased 0.28 from 0.71 as of December 31, 2017 to 0.43 as of September 30, 2018.

## Recent Developments and Subsequent Events:

After September 30, 2018, but prior to the date of this release, the Company:

- Received approval from the NYDFS for a net payment of \$275 million on its long-term and short-term notes (including principal and accrued interest) to be made on December 28, 2018.
- Received other income in the amount of approximately \$38 million, primarily from the settlement of litigation.
- Commuted a \$100 million international power and gas exposure.
- Entered into a transaction for the sale of certain of the Company’s private equity investments for gross proceeds of approximately \$33 million, which is expected to result in a de minimis net income effect.

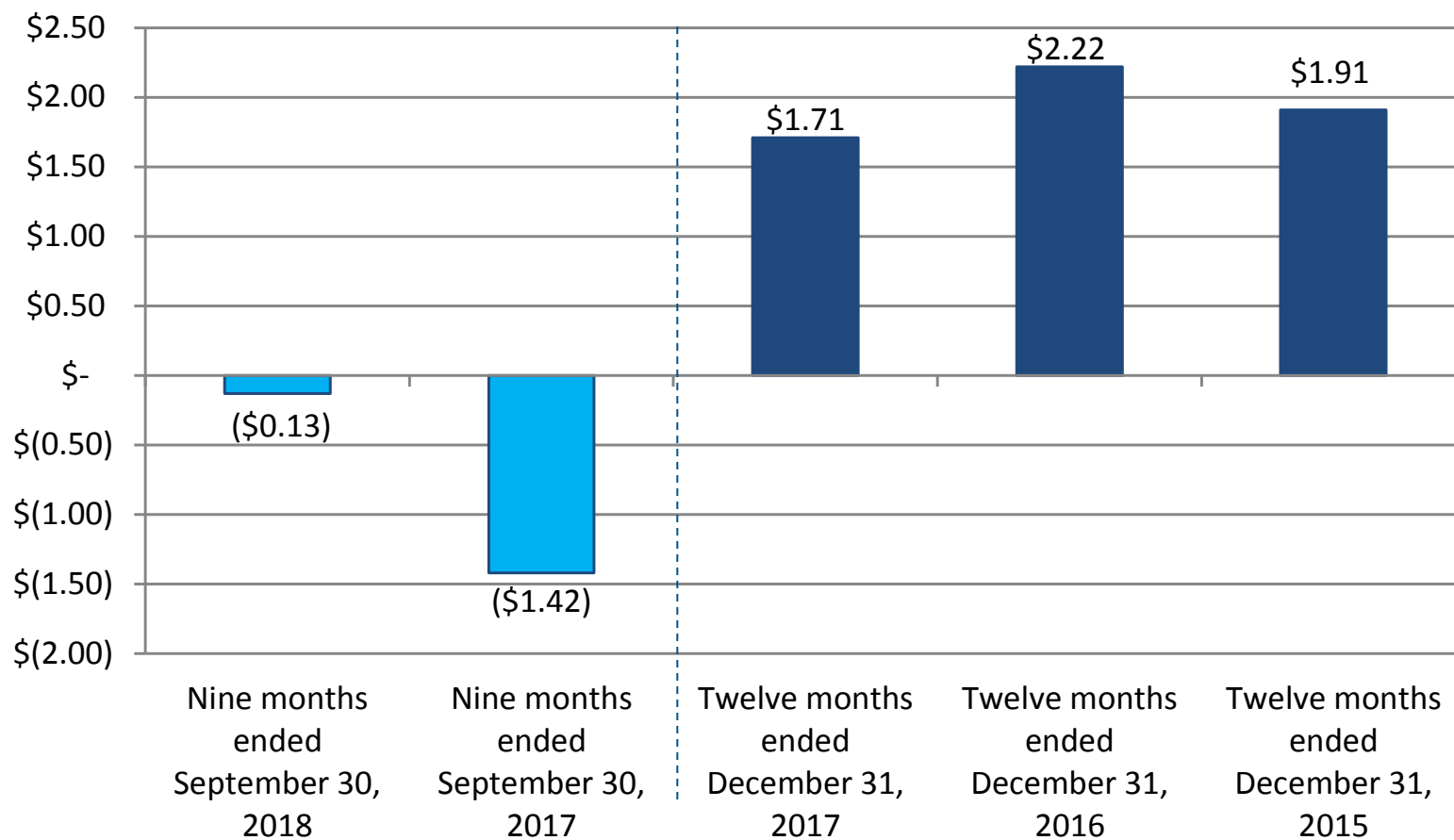
# Financial Results

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

	<u>2018</u>	<u>2017</u>
Premiums earned, net of reinsurance ceded	\$ 26.1	\$ 38.6
Net investment income	31.1	34.0
Net unrealized and realized gains (losses) on investments	7.8	(15.8)
Net earnings (loss) on insurance cash flow certificates	21.4	(29.9)
Net (loss) earnings on credit default and other swap contracts	(25.5)	45.6
(Recoveries) losses and loss adjustment expenses, net of reinsurance ceded	(17.9)	120.2
Loss on debt prepayment	91.4	-
Operating expenses	36.1	31.7
Loss from continuing operations	(94.2)	(135.8)
Income from discontinued operations, including gain on disposal	75.1	10.3
Net loss attributable to controlling interest	\$ (19.3)	\$ (125.7)
Basic and diluted income from discontinued operations per common share	\$ 0.87	\$ 0.12
Basic and diluted loss per common share	\$ (0.22)	\$ (1.45)
Non-GAAP operating loss <sup>(1)</sup>	\$ (11.7)	\$ (123.5)
Non-GAAP basic and diluted operating loss per common share <sup>(1)</sup>	\$ (0.13)	\$ (1.42)
Basic and diluted weighted average common shares outstanding	86.9	86.7
	<b>As of</b>	<b>As of</b>
	<b>September 30,</b>	<b>December 31,</b>
	<b>2018</b>	<b>2017</b>
Adjusted Book Value <sup>(1)</sup>	\$ 524.3	\$ 609.3
Common shares outstanding at end of period	87.0	86.8
Adjusted Book Value per common share <sup>(1)</sup>	\$ 6.03	\$ 7.02

<sup>(1)</sup> 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.

## 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)					
(in millions, except per share amounts)					
	Nine Months Ended September 30,		Year Ended December 31,		
	2018	2017	2017	2016	2015
<b>GAAP net (loss) income attributable to controlling interest</b>	\$ (19.3)	\$ (125.7)	\$ 133.5	\$ 32.7	\$ 216.7
Extinguishment of Series A perpetual non-cumulative preference shares	-	-	-	115.2	83.4
<b>GAAP (loss) earnings attributable to common shareholders of Syncora Holdings Ltd.</b>	<b>\$ (19.3)</b>	<b>\$ (125.7)</b>	<b>\$ 133.5</b>	<b>\$ 147.9</b>	<b>\$ 300.1</b>
<b>GAAP net (loss) income</b>	(19.3)	(125.7)	133.5	32.7	216.7
Pre-tax adjustments:					
Non-credit impairment of net realized and unrealized fair value (gains) and losses on credit derivatives <sup>(1)</sup>	43.5	(39.6)	(38.1)	69.0	(126.2)
Surplus note accretion <sup>(2)</sup>	34.2	29.7	40.7	22.9	25.2
Net unrealized and realized (gains) losses on investments <sup>(3)</sup>	(3.5)	22.4	24.8	26.8	3.3
Non-recurring transaction related expenses <sup>(4)</sup>	8.6	-	-	12.6	-
Income from discontinued operations <sup>(5)</sup>	(75.1)	(10.3)	(12.5)	(13.0)	(11.7)
Total pre-tax adjustments	7.6	2.2	14.8	118.3	(109.4)
Less tax effect on pre-tax adjustments <sup>(6)</sup>	-	-	-	-	-
<b>Non-GAAP operating income (loss)</b>	<b>\$ (11.7)</b>	<b>\$ (123.5)</b>	<b>\$ 148.3</b>	<b>\$ 150.9</b>	<b>\$ 107.3</b>
Basic and diluted weighted average common shares	86.9	86.7	86.7	67.9	56.3
GAAP basic and diluted earnings (loss) per common share	\$ (0.22)	\$ (1.45)	\$ 1.54	\$ 2.18	\$ 5.33
Non-GAAP basic and diluted operating income (loss) per common share	\$ (0.13)	\$ (1.42)	\$ 1.71	\$ 2.22	\$ 1.91

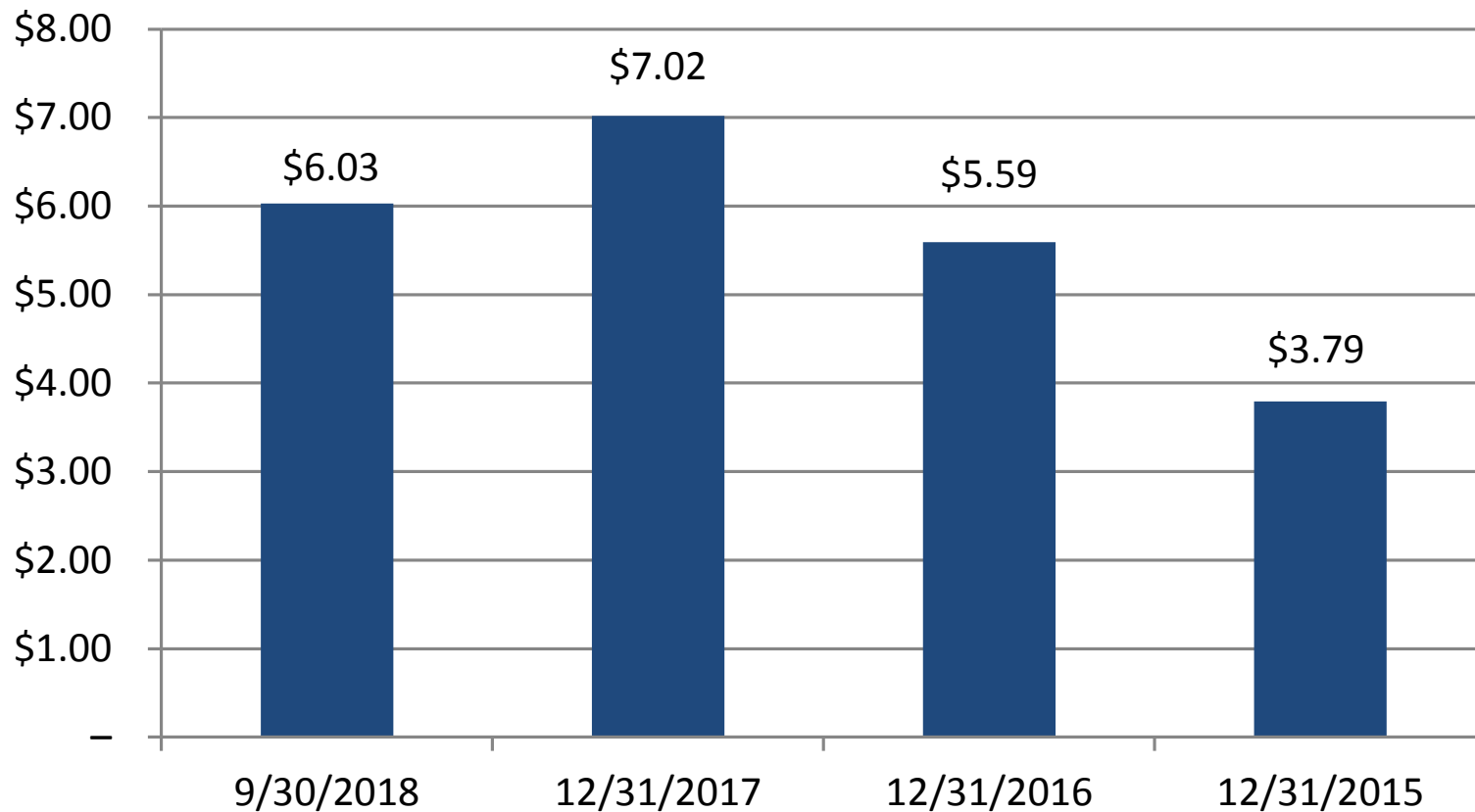
# Non-GAAP Operating Income (Loss) Adjustments

- (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 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 (1) the reinsurance transaction completed on June 1, 2018 with Assured pursuant to which Assured agreed to provide reinsurance, generally on a 100% quota share basis, to SGI and (2) 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, including the gain on sale 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				
(in millions, except per share amounts)				
	As of September 30,	As of December 31,		
	2018	2017	2016	2015
<b>GAAP common shareholders' equity</b>	<b>\$ 648.3</b>	<b>\$ 686.0</b>	<b>\$ 524.7</b>	<b>\$ 335.5</b>
Series A preferred stock <sup>(1)</sup>	-	-	-	(2.3)
Series B preferred stock <sup>(1)</sup>	(121.0)	(121.0)	(121.0)	(121.0)
<b>Adjusted GAAP common shareholders' equity</b>	<b>\$ 527.3</b>	<b>\$ 565.0</b>	<b>\$ 403.7</b>	<b>\$ 212.2</b>
Pre-tax adjustments:				
Deferred acquisition costs <sup>(2)</sup>	(3.0)	(34.9)	(42.6)	(54.2)
Net credit derivative liability <sup>(3)</sup>	7.5	84.2	122.3	53.4
Net present value of estimated net future credit derivative revenue <sup>(4)</sup>	2.0	65.8	65.9	80.9
Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed <sup>(5)</sup>	21.0	208.9	272.1	317.7
Deferred gain on insurance cash flow certificates <sup>(6)</sup>	114.1	-	-	-
Deferred loss on reinsurance <sup>(7)</sup>	(16.6)	-	-	-
Notes payable <sup>(8)</sup>	(123.6)	(248.2)	(288.8)	(352.9)
Unrealized gains on investments <sup>(9)</sup>	(4.5)	(24.4)	(21.5)	(15.8)
Taxes <sup>(10)</sup>	-	(7.1)	(27.0)	(27.9)
<b>Adjusted Book Value</b>	<b>\$ 524.3</b>	<b>\$ 609.3</b>	<b>\$ 484.1</b>	<b>\$ 213.4</b>
Common shares outstanding at end of the period	87.0	86.8	86.6	56.3
Book value per common share	\$ 6.06	\$ 6.51	\$ 4.66	\$ 3.77
Adjusted book value per common share	\$ 6.03	\$ 7.02	\$ 5.59	\$ 3.79

**Notes:**

- GAAP common shareholders' equity and Adjusted Book Value includes zero and zero, \$175.1 million and \$175.1 million, \$161.9 million and \$161.9 million, and \$182.1 million and \$182.0 million as of September 30, 2018, December 31, 2017, 2016 and 2015, respectively, related to American Roads LLC.

- Had the deferred gain on insurance cash flow certificates adjustment been included as of December 31, 2017, 2016 and 2015 the adjusted book value and adjusted book value per common share would have been \$725.7 million and \$8.36, \$561.9 million and \$6.5 and \$298.3 million and \$5.3, respectively.

# Adjusted Book Value Adjustments

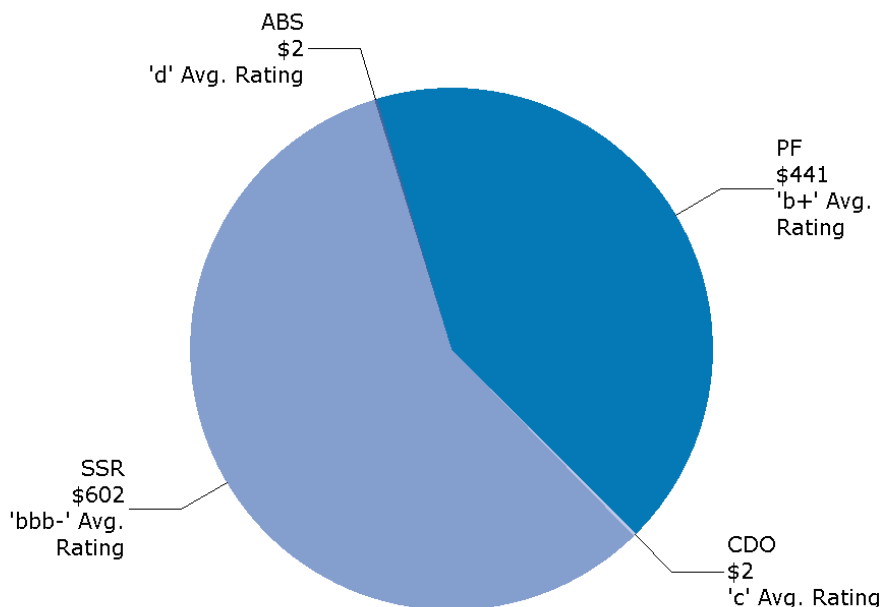
- (1) Addition of the excess of the outstanding liquidation preference of the SHL Series A perpetual non-cumulative preferred shares and the SGI Series B non-cumulative preferred shares over their carrying values. Including the SHL Series A perpetual non-cumulative preferred shares and the SGI Series 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 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.

# Retained Insured Portfolio Overview: SHL

SHL's **September 30, 2018** retained portfolio consists of 20 credits totaling \$1.0BN in net par exposure. Average internal rating<sup>(1)</sup> of the SHL portfolio is 'bb'. 44% or \$0.5BN<sup>(2)</sup> of SHL's retained portfolio is internally rated Below Investment Grade (BIG).

## SHL Net Retained Par Outstanding by Sector

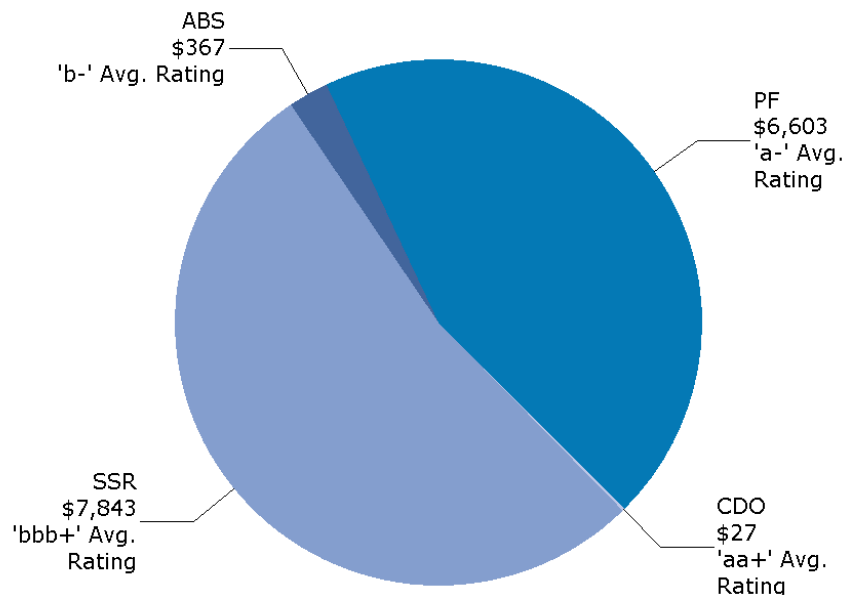
as of September 30, 2018 (in \$MM)



SHL's **December 31, 2017** retained 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 retained portfolio is internally rated Below Investment Grade (BIG).

## SHL Net Retained Par Outstanding by Sector

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



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

Refer to September 30, 2018 Total Exposure 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 Retained Par Outstanding by BIG Category<sup>(1)(2)</sup></b>		<b>(in \$MM)</b>	
		<b>September 30, 2018</b>	<b>December 31, 2017</b>
<b>Loss List</b>	<b>Business Area</b>		
	Asset-Backed Securities	2	303
	Collateralized Debt Obligations	2	2
	Public Finance	188	224
	Structured Single Risk	–	–
	<b>Total Loss List:</b>	<b>192</b>	<b>529</b>
<b>Red Flag</b>	<b>Business Area</b>		
	Asset-Backed Securities	–	–
	Collateralized Debt Obligations	–	–
	Public Finance	15	21
	Structured Single Risk	–	–
	<b>Total Red Flag:</b>	<b>15</b>	<b>21</b>
<b>Yellow Flag</b>	<b>Business Area</b>		
	Asset-Backed Securities	–	18
	Collateralized Debt Obligations	–	–
	Public Finance	–	298
	Structured Single Risk	256	300
	<b>Total Yellow Flag:</b>	<b>256</b>	<b>616</b>
	<b>Total:</b>	<b>463</b>	<b>1,166</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 September 30, 2018 (in \$MM)

Business Area	Business Type	Net Retained Par Outstanding	3Q 2018 Internal Rating <sup>(1)</sup>	Flag List <sup>(2)</sup>
SSR	Global Infrastructure	256	bb	Yellow Flag
	<b>Total:</b>	<b>256</b>		

## SHL BIG Credits

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

Business Area	Business Type	Net Retained Par Outstanding	4Q 2017 Internal Rating <sup>(1)</sup>	Flag List <sup>(2)</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>		

<sup>(1)</sup> Refer to September 30, 2018 Total Exposure in Appendix A for discussion of Internal Ratings.

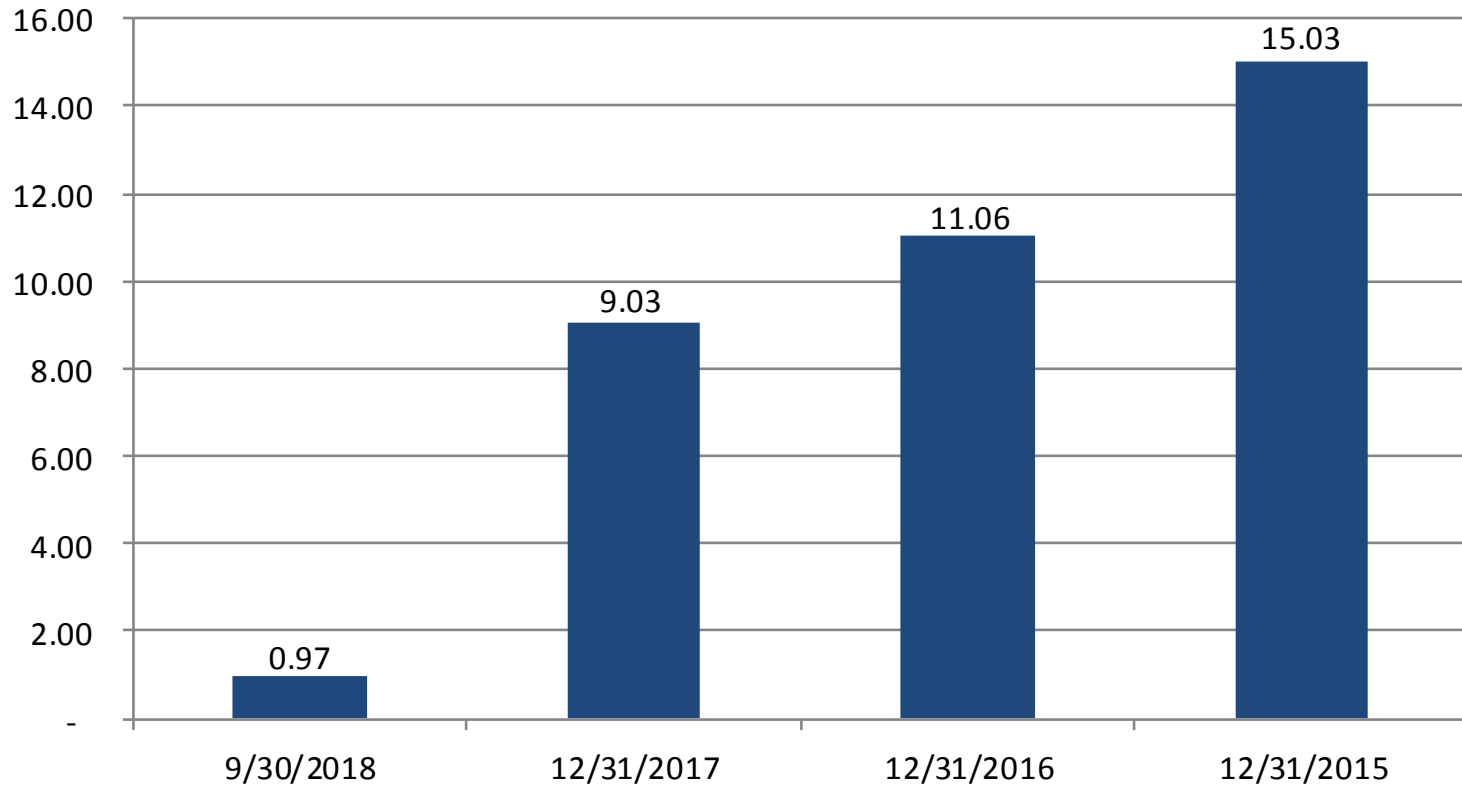
<sup>(2)</sup> Flag list designations as follows:

- 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.

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



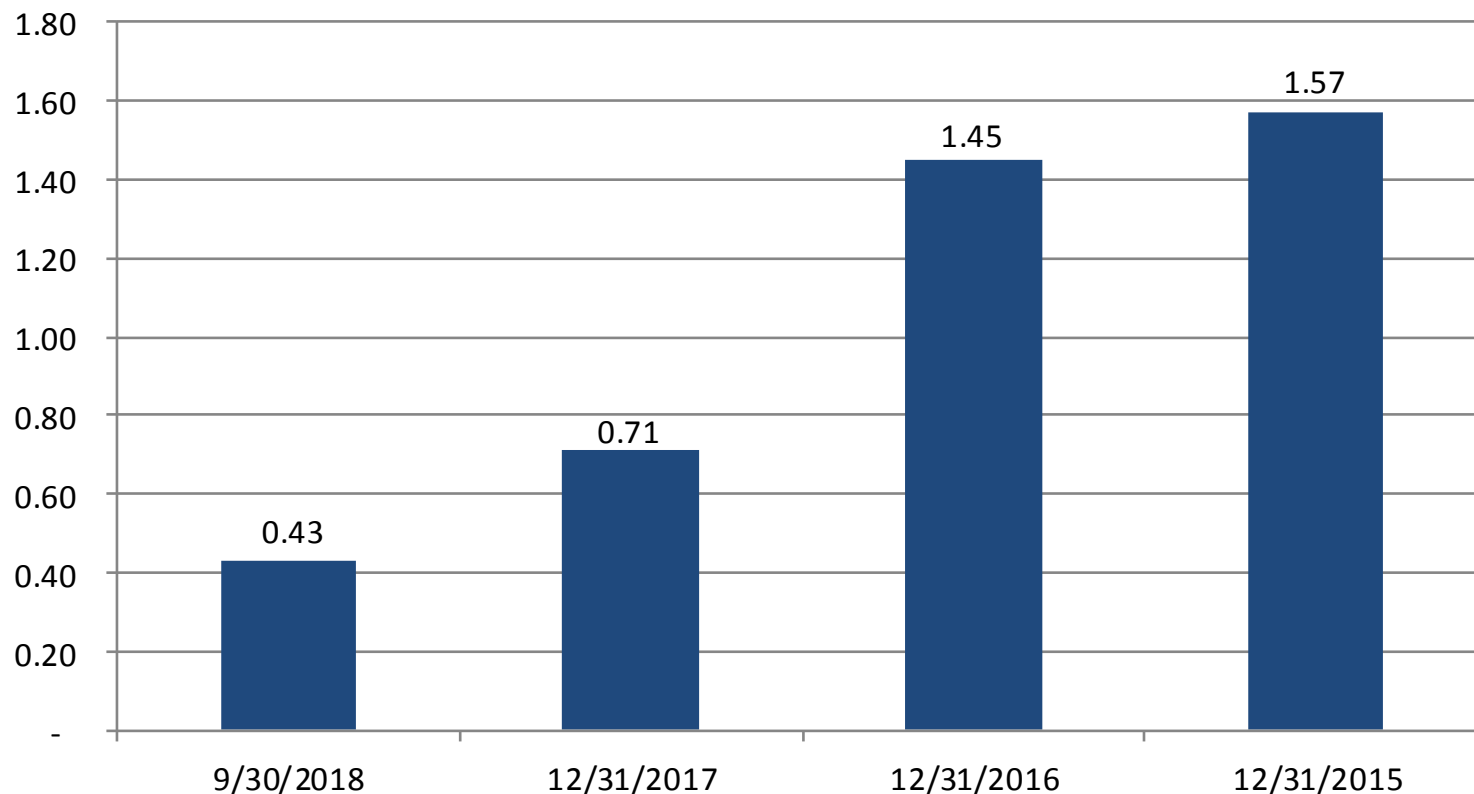
## NPO Leverage Ratio



(1) Net retained par outstanding/Total claims paying resources

# GAAP Below Investment Grade (BIG) Flag List Leverage Ratio<sup>(1)</sup> <sup>(2)</sup>

## GAAP BIG Flag List Leverage Ratio



### Major Changes:

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

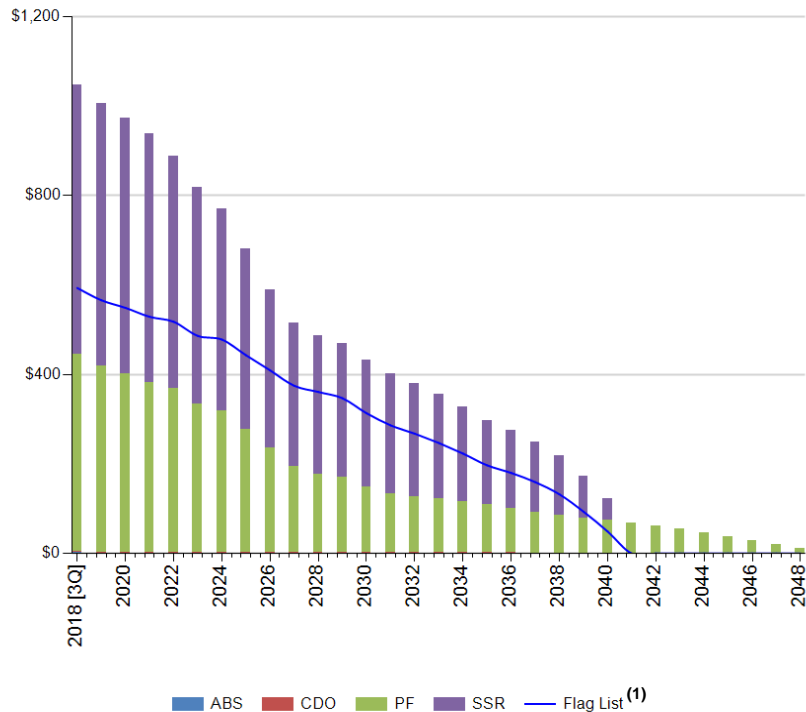
<sup>(1)</sup> BIG net retained par outstanding/Total claims paying resources

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

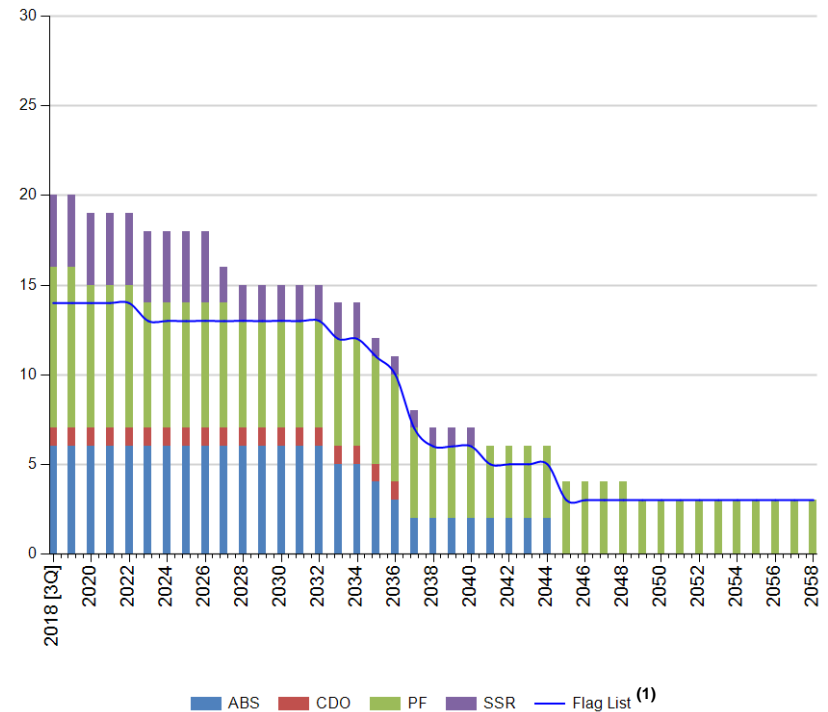


# SHL GAAP Portfolio Expected Net Retained Par & Credit Count Reduction by Business Area as of September 30, 2018

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



## SHL Retained Credit Count Runoff

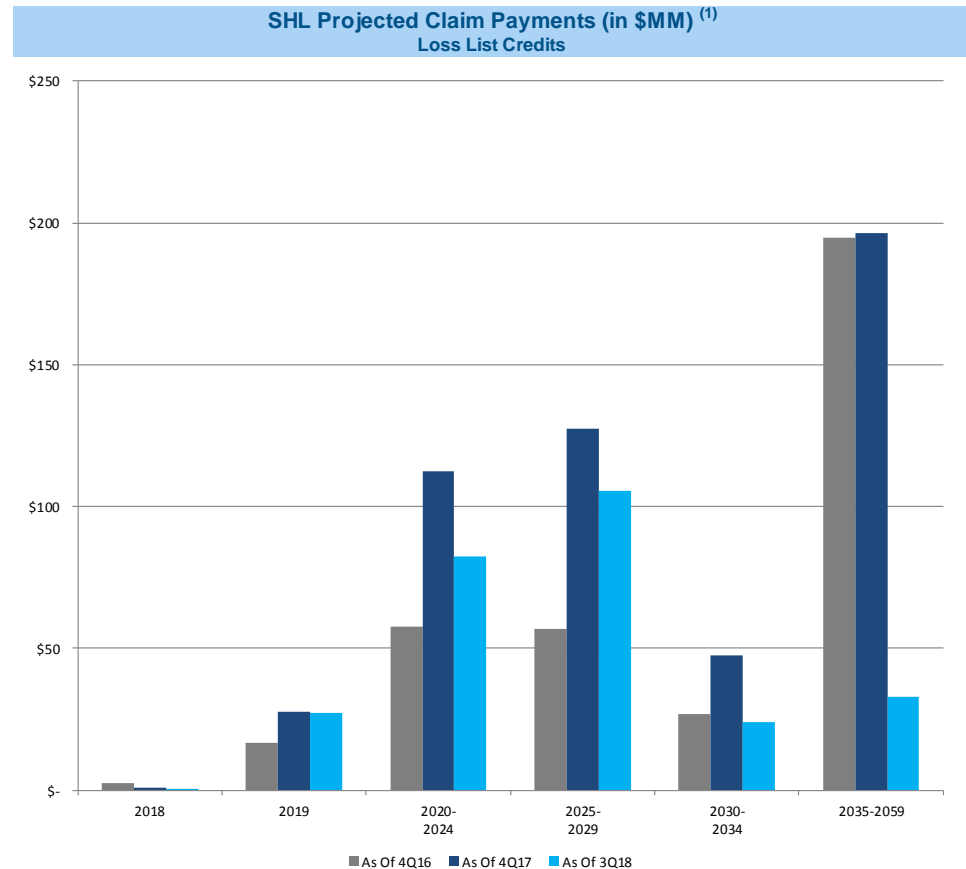


(1) Syncora's GAAP Flag List consists of all BIG credits plus credits on Syncora's Special Monitoring List (not including those credits in CDS form which are carried at fair value). The Special Monitoring List is defined as those credits that are viewed as low investment grade where a material covenant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

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

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

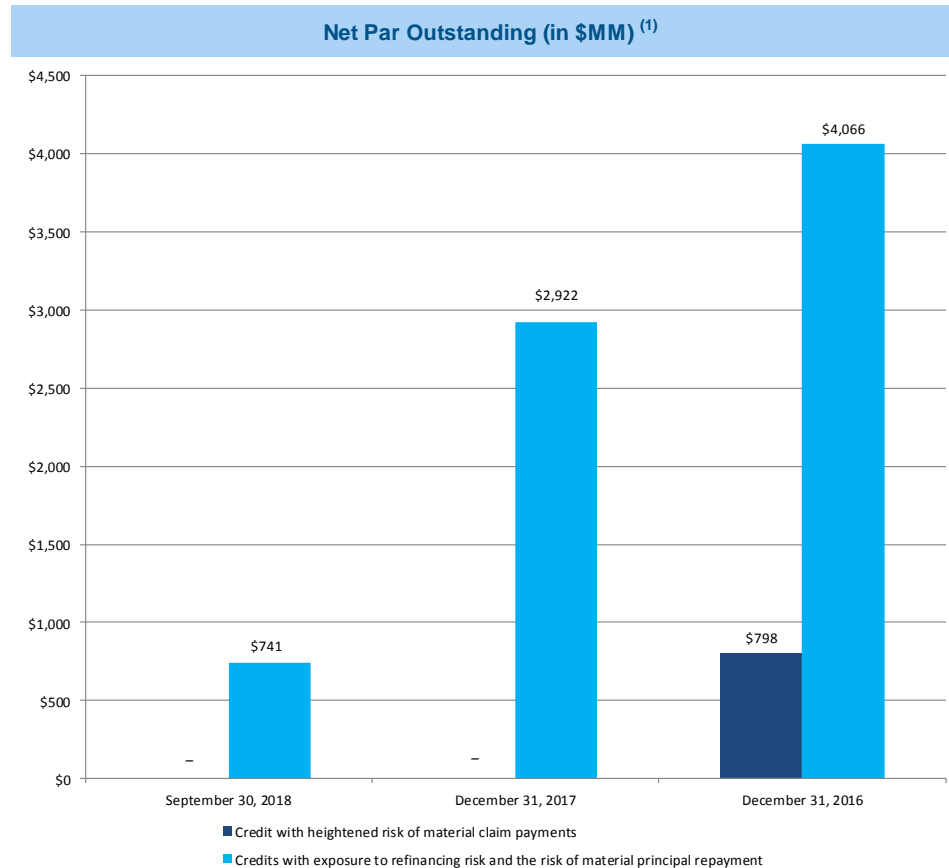
- As of September 30, 2018, net of the reinsurance transaction with Assured which was effective June 1, 2018, SHL (through its insurance subsidiary) anticipates that it will be requested to make Puerto Rico related claim payments in the period 2018 – 2029 of approximately \$211.7 million based on expected 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

- As of September 30, 2018, SGI significantly reduced its exposure to transactions with refinancing risk as a result of the reinsurance transaction with Assured.



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



## Puerto Rico Exposure As of September 30, 2018 and December 31, 2017 (in \$MM)

	Total		Insured Exposure <sup>(1)</sup>		Bonds Purchased & Salvage <sup>(2)</sup>	
	<u>9/30/2018</u>	<u>12/31/2017</u>	<u>9/30/2018</u>	<u>12/31/2017</u>	<u>9/30/2018</u>	<u>12/31/2017</u>
<b>Total:</b>						
Commonwealth of Puerto Rico - General Obligations	\$ 97.4	\$ 118.1	\$ 77.9	\$ 85.1	\$ 19.5	\$ 33.0
Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	137.6	158.3	81.8	110.0	55.8	48.3
Commonwealth of Puerto Rico, Highway & Transportation Authority	6.5	6.5	6.5	6.5	—	—
Puerto Rico (Commonwealth) - Mixed State and Local Revenue	<u>18.8</u>	<u>18.8</u>	<u>18.8</u>	<u>18.8</u>	<u>—</u>	<u>—</u>
<b>Total</b>	<b>\$ 260.3</b>	<b>\$ 301.7</b>	<b>\$ 185.0</b>	<b>\$ 220.4</b>	<b>\$ 75.3</b>	<b>\$ 81.3</b>

<sup>(1)</sup> Excludes total interest outstanding of \$64.4 million and \$75.4 million as of September 30, 2018 and December 31, 2017, 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 November 14, 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., among others in connection with a bond offering by American Roads LLC. On October 29, 2018, Syncora Guarantee settled this dispute. The settlement agreement was reached without admission of any wrongdoing or unlawful conduct by either party. The settlement agreement was reached to the mutual benefit and satisfaction of both parties. The terms of the settlement are confidential.</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 September 30, 2018 (in \$MM)

Business Area	Business Category	December 31, 2017 Net Unpaid Loss and LAE <sup>(3)</sup>	Incurred Losses / (recoveries)	Paid Claims	September 30, 2018 Net Unpaid Loss and LAE <sup>(3)</sup>
Asset - Backed Securities	RMBS	100.8	16.5	86.5	203.7
Collateralized Debt Obligation	ABS CDO	1.3	(0.1)	-	1.2
Public Finance	Municipal	139.5	(40.3)	(22.5)	76.7
	Special Revenue	1.9	(0.1)	(1.8)	-
Structured Single Risk	Global Infrastructure	(1.9)	(0.0)	0.3	(1.6)
Net loss reserve subtotal		241.5	(24.0)	62.4	280.0
Loss Adjustment Expense (LAE)		10.8	6.0	(14.7)	2.2
Total net loss and LAE reserves		252.3	(17.9)	47.8	282.2

<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.

# Supplemental Information – September 30, 2018 Total Retained Exposure

Description	Net Retained Par Outstanding (\$000s)	Internal Rating <sup>(1)</sup>	Maturity Date
Newcastle Hospitals PFI Project	255,884	bb	09/30/2041
Puerto Rico Exposures (including PREPA and GO)	185,021	d	07/01/2038
Military Housing Bonds (pre-insured)	146,583	bbb-	10/15/2049
Sub Sovereign State, Region	130,980	bbb-	11/30/2035
Toll Roads (International Public) > = 5 years of operating history	115,539	bbb-	06/15/2027
Power and Gas - International <sup>(2)</sup>	100,000	a+	09/30/2027
City of Syracuse Industrial Development Agency	91,590	bbb-	01/01/2028
Tulare Local Health Care District, CA	14,530	b	08/01/2037
Detroit (City of), MI	3,002	d	04/01/2023
Collateralized Debt Obligation	2,185	c	11/25/2037
RMBS exposure (6 separate credits)	1,697	d	12/13/2021
State of California - GO	140	a-	10/01/2020
<b>Total</b>	<b>1,047,152</b>		

<sup>(1)</sup> 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.

<sup>(2)</sup> Exposure is expected to be eliminated in 4Q18 due to a commutation recently executed with the sole bondholder.