Banc of America Securities
Financial Guarantor Conference Presentation
November 27, 2007

SECURITY CAPITAL ASSURANCE

Important notice

This presentation provides certain information regarding Security Capital Assurance Ltd (SCA). By accepting this presentation, the recipient agrees that it will use, and it will cause its directors, officers, employees, agents, professional advisors and representatives to use, the information herein for internal purposes only and will not divulge any such information to any other person. Any reproduction of this information, in whole or in part, is prohibited.

This presentation includes forward-looking statements, both with respect to us and our industry, that reflect our current views with respect to future events and financial performance. Statements that include the words “expect,” “intend,” “plan,” “believe,” “project,” “anticipate,” “will,” “may” and similar statements of a future or forward-looking nature identify forward-looking statements. All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in such statements.

We believe that these factors include, but are not limited to, the following:

- changes in rating agency policies or practices, including adverse changes to the financial strength or financial enhancement ratings of any or all of our operating subsidiaries;
- higher risk of loss in connection with obligations guaranteed by the Company due to recent deterioration in the credit markets stemming from the poor performance of subprime residential mortgage loans;
- ineffectiveness or obsolescence of our business strategy, due to changes in current or future market conditions or other factors;
- the performance of our invested assets or losses on credit derivatives;
- availability of capital (whether in the form of debt or equity) and liquidity (including letter of credit facilities);
- the timing of claims payments being faster or the receipt of reinsurance recoverables being slower than anticipated by us;
- increased competition on the basis of pricing, capacity, terms or other factors;
- greater frequency or severity of claims and loss activity, including as a result of natural or man-made catastrophic events, than our underwriting, reserving or investment practices anticipate based on historical experience or industry data;
- developments in the world’s financial and capital markets that adversely affect the performance of our investments and our access to such markets;
- changes in the fair value of the credit default swaps that we issue, which we are required to report at fair value under applicable accounting rules.
- changes in, or termination of, our ongoing reinsurance agreements with XL Capital or FSA;
- changes in regulation or tax laws applicable to us or our customers or suppliers such as our reinsurers;
- changes in the rating agencies’ views on third-party inward reinsurance;
- changes in the availability, cost or quality of reinsurance or retrocessions, including a material adverse change in the ratings of our reinsurers or retrocessionaires;
- changes with respect to XL Capital (including changes in its ownership percentage in us) or our relationship with XL Capital;
- changes that may occur in our operations as our operations as a public company mature;
- changes in accounting policies or practices or the application thereof;
- changes in the officers of our company or our subsidiaries;
- legislative or regulatory developments;
- changes in general economic conditions, including inflation, interest rates, foreign currency exchange rates and other factors; and
- the effects of business disruption or economic contraction due to war, terrorism or natural or other catastrophic events.

The information herein provides a general summary of SCA and its business and does not purport to be a complete description of the company or its financial condition. Certain simplifications and approximations were made to such information to facilitate the calculations herein. Accordingly, neither SCA nor any of its respective affiliates makes any representations or warranties, express or implied, as to the accuracy or completeness of the information contained herein (or the validity, completeness or accuracy of assumptions underlying any estimates contained herein), nor assumes any duty to update or revise any of the statements contained herein, whether as a result of new information, future developments or otherwise.

Overview

- Security Capital Assurance Ltd ("SCA") is a Bermuda-domiciled monoline financial guarantee holding company
- SCA through its operating subsidiaries offers triple-A rated monoline financial guarantee insurance and reinsurance
- SCA owns XL Capital Assurance Inc. ("XLCA"), a primary monoline financial guarantor, and XL Financial Assurance Ltd. ("XLFA"), a monoline financial guarantee reinsurance company
- Through XLCA, SCA is one of only four publicly traded monoline financial guarantee insurers with triple-A ratings from Moody's, S&P and Fitch
- XLCA's primary insurance policy provides for the unconditional, irrevocable and timely payment of principal and interest on the scheduled debt service of securities insured
- XLFA is the only monoline financial guarantee reinsurance company with Triple-A ratings from Moody's, S&P and Fitch

Recent Developments

- The information in this presentation should be read in conjunction with SCA's 3rd quarter 10-Q, filed on November 15, 2007. Please note the following:
  - Common to all financial guarantors, SCA is exposed to risks associated with the deterioration in the credit markets.
  - Transactions within SCA's insured RMBS and CDO portfolios may be subject to ratings actions by S&P, Moody's and Fitch, all of whom have granted SCA's operating subsidiaries their triple-A ratings. Any change in ratings could have a material impact on SCA.
  - As of November 2007, Fitch and Moody's are reevaluating the capital adequacy of the entire financial guarantor industry, including that of SCA*.
  - On November 12th and November 21st, 2007, Fitch announced ratings actions associated with its global review of cash and synthetic SF CDOs with exposure to U.S. residential mortgage backed securities. SCA experienced downgrades with respect to three transactions representing $1.36 billion in net par insured or approximately 0.88% of SCA's total net insured par outstanding.

* On November 7, 2007, Fitch issued a press release stating there is a "moderate probability" that SCA may experience pressure in its capital cushion under it's updated stress analysis. On November 8, 2007, Moody's noted there is a "moderate risk" of SCA falling below Moody's Aaa capital adequacy benchmark under a stress scenario (please see press releases at www.fitchratings.com and www.moodys.com, respectively.)

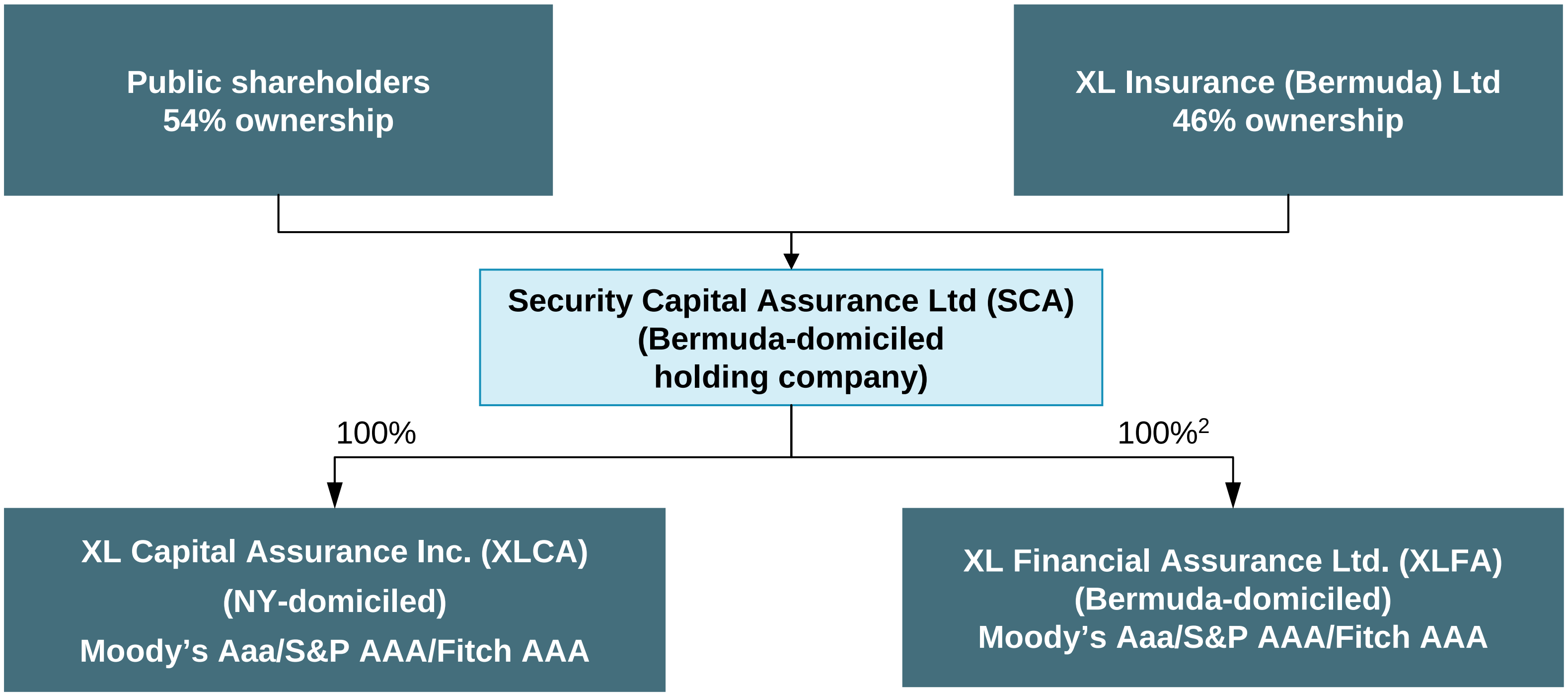
The triple-A monoline business model

- Rigorously regulated by the New York State Insurance Department and the three major rating agencies: Moody’s, S&P & Fitch
- Insure only credits rated investment grade at inception
- We review and rate each credit independently of the rating agencies
- Underwrite to a “remote-loss” standard
- Disciplined credit culture and committee process
- Diversification is paramount
- Not subject to margin or capital calls; low financial leverage

The triple-A monoline business model

- We have control rights in our deals to mitigate risks and protect performance
- Ongoing surveillance of insured risks
- In the unlikely event of a loss, we are required to pay only scheduled principal and interest, minimizing liquidity risk
- No forced acceleration

SCA's triple-A financial guarantee platform[1]



- Reinsures up to 75% for XLCA

As of 9/30/07, SCA had $3.491 billion in claims-paying resources. Up from $2.902 billion at year end 2006.

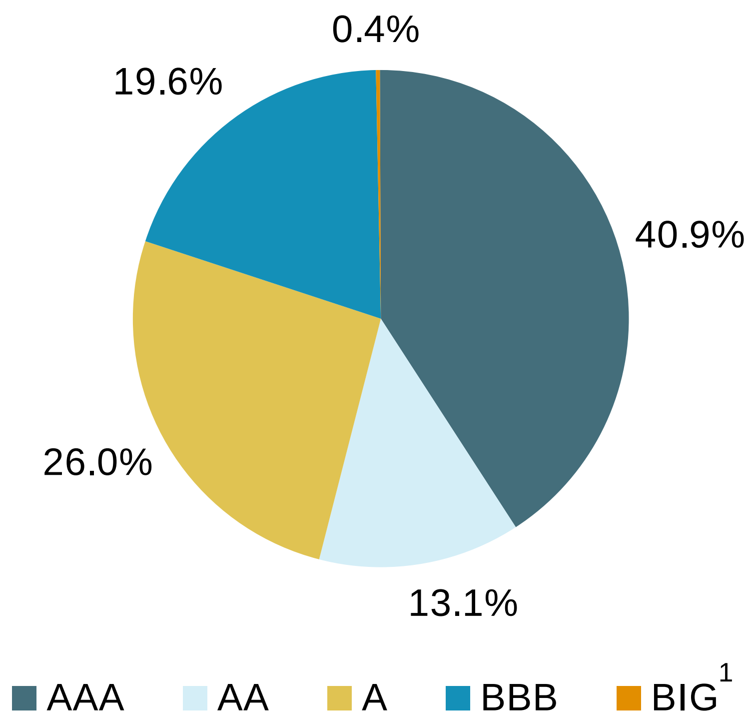
1. Holders of XLCA-insured bonds have direct recourse against XLCA only. XLFA, SCA, XL Insurance (Bermuda) Ltd, and XL Capital Ltd are not directly liable to such bondholders
2. SCA owns all of the common shares outstanding for XLFA. Financial Security Assurance owns all of the series A preferred shares of XLFA with a stated value of $39MM

Please refer to page 4 of this presentation for additional disclosure

SCA portfolio overview

$154.2 billion net insured par outstanding as of 9/30/07

Underlying Credit Rating *

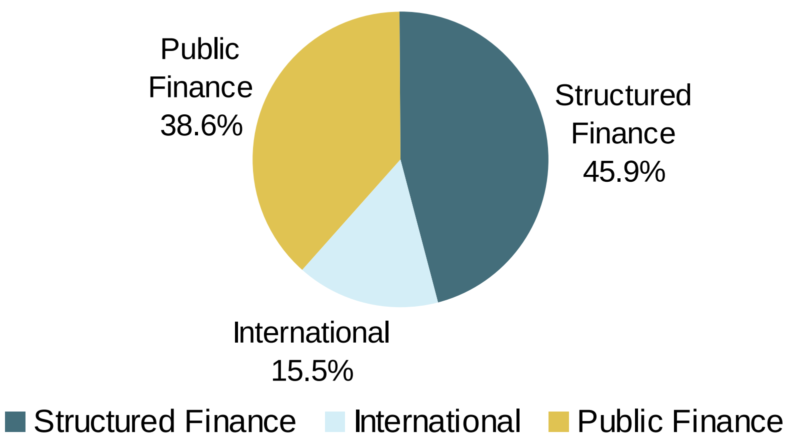


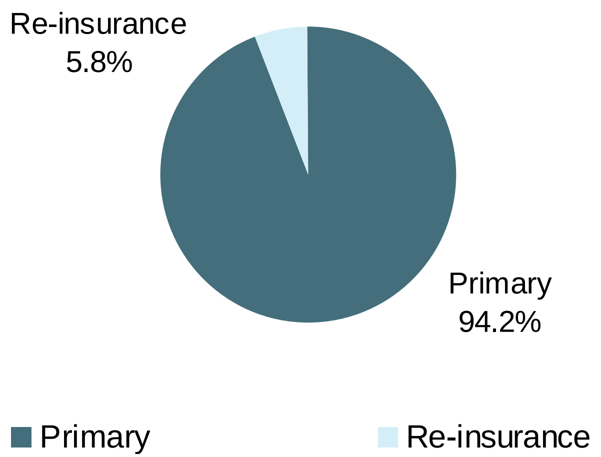
- Weighted average credit rating: AA-

** Based on Standard and Poor's ratings, if available, and internal SCA rating if no S&P rating is available.*

1. BIG – Below investment grade

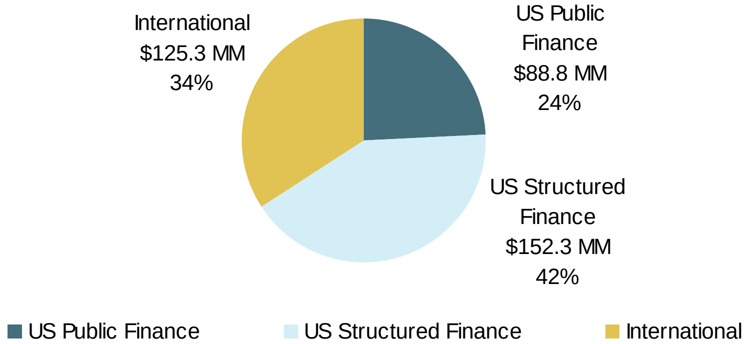
Business Mix





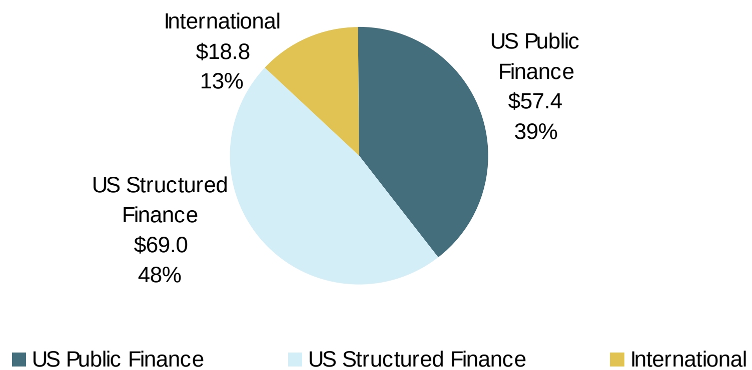
Primary insurance strategy

3Q YTD 2007 Direct
Adjusted Gross Premiums (AGP)[1]



Total nine months 2007 AGP: $366.4 MM

3Q 2007 Direct Net Par Outstanding (NPO)



Third quarter net par outstanding: $145.2 BN

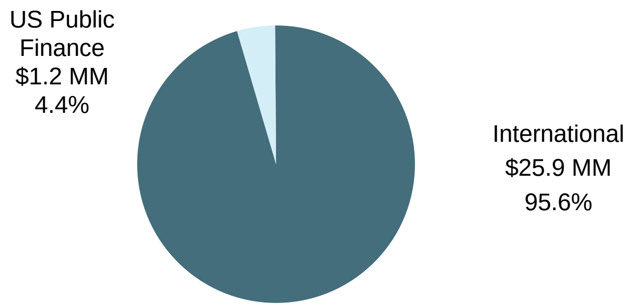
1. Non GAAP measure: see reconciliation at the end of the presentation

Highlights

- Diversified insured portfolio
- Balance flow with higher-return, off-the-run deals
- Responsive services driven approach
- Market acceptance in all product lines
- Profitable growth

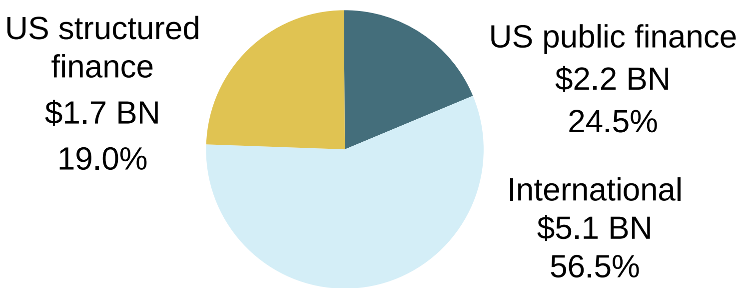
Unique triple-A reinsurance franchise

3Q YTD 2007
Adjusted Gross Premiums (AGP)[1]



Total Nine Months 2007 AGP: $27.1 MM

3Q2007 Net Par Outstanding



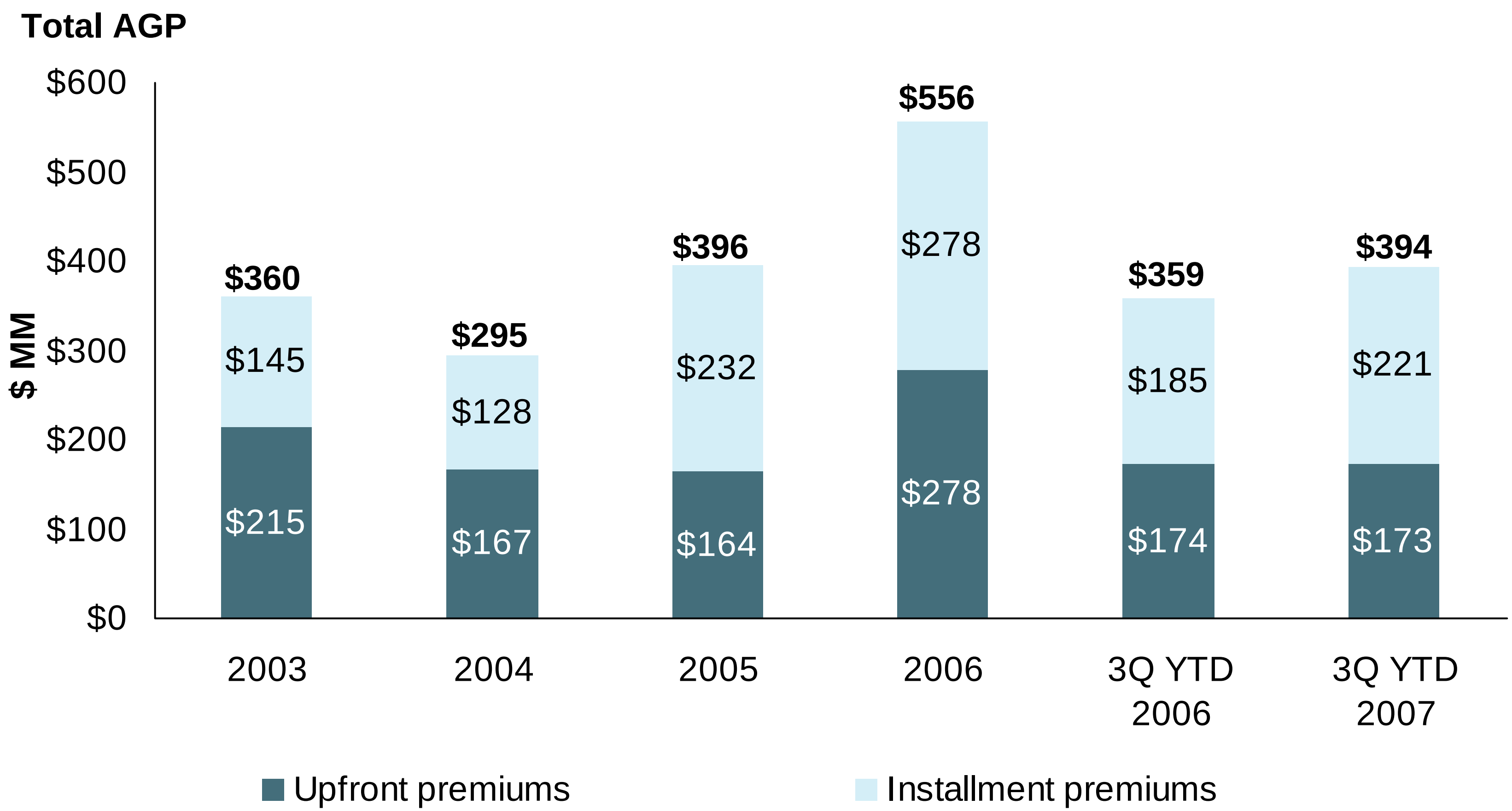
Third quarter net par outstanding: $9.0 BN

1. Non GAAP measure: see reconciliation at the end of the presentation

Highlights

- Complements insurance operations
- Only "triple" triple-A reinsurer
- Opportunistic, ROE-driven underwriting
  - Facultative focus
- Strategic relationship with FSA since 1998

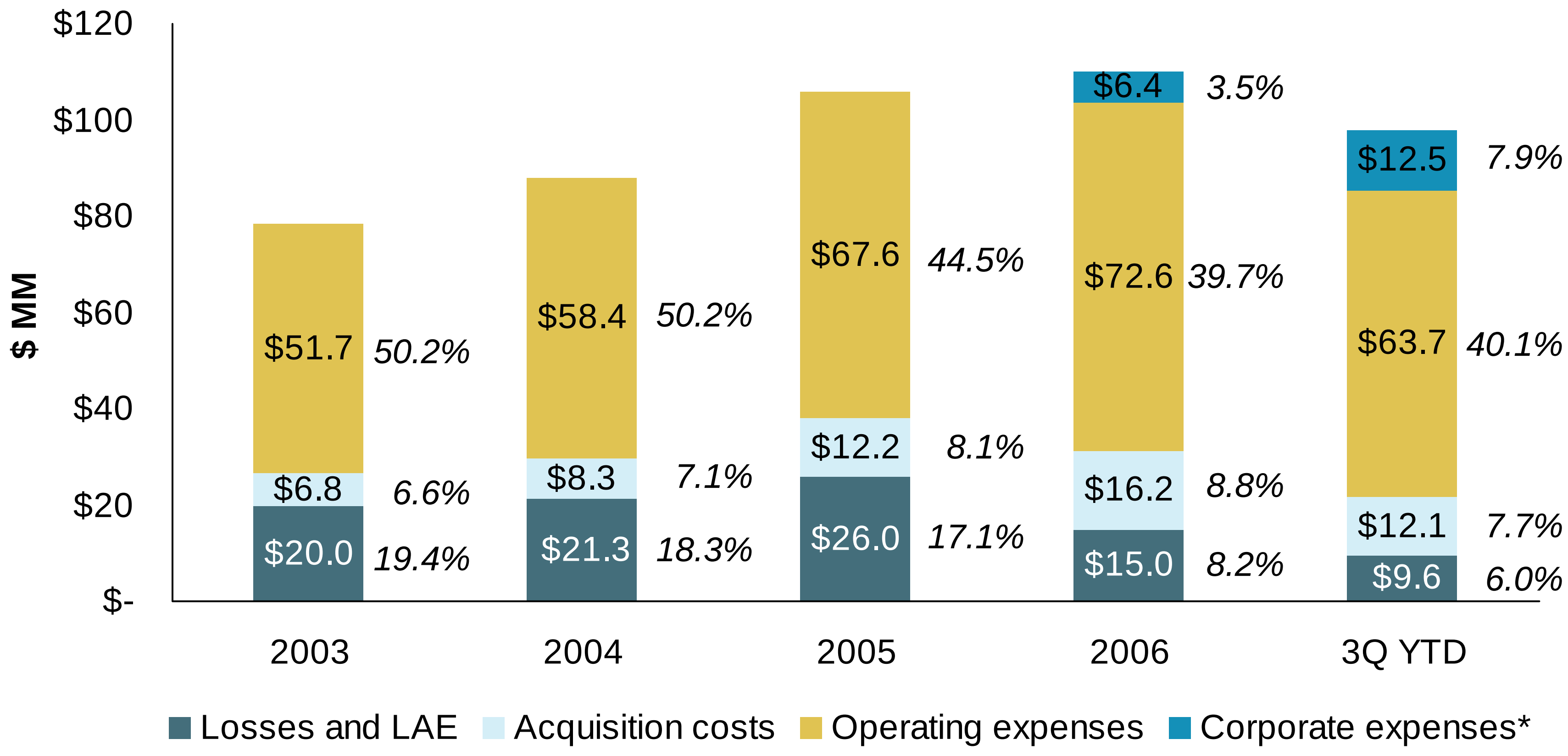
Adjusted gross premiums (AGP)[1]



1. Non GAAP measure: See reconciliation at the end of the presentation. AGP totals are rounded

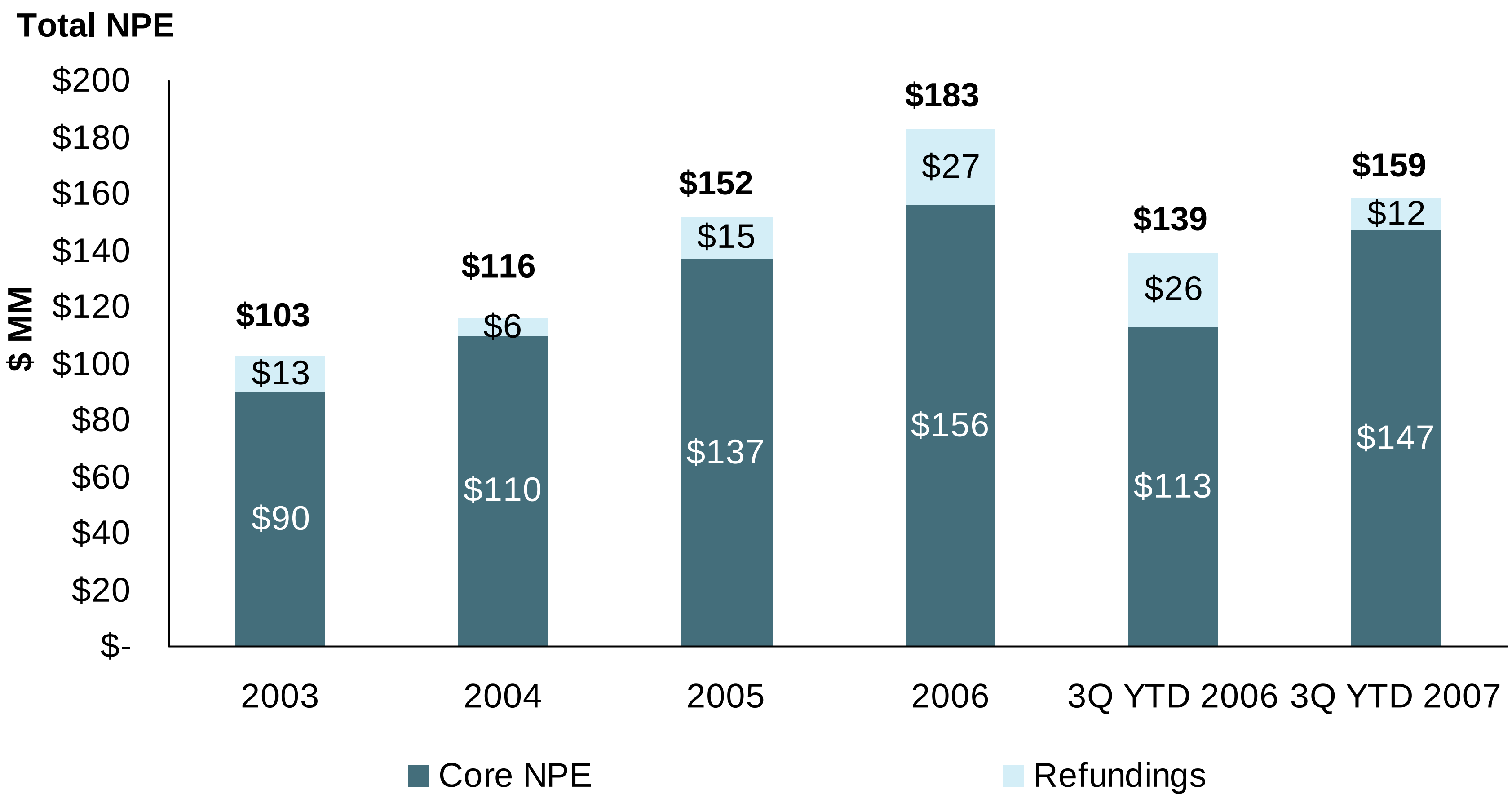
Loss and expense ratios

Percentages below are expressed relative to net premiums earned for each respective period

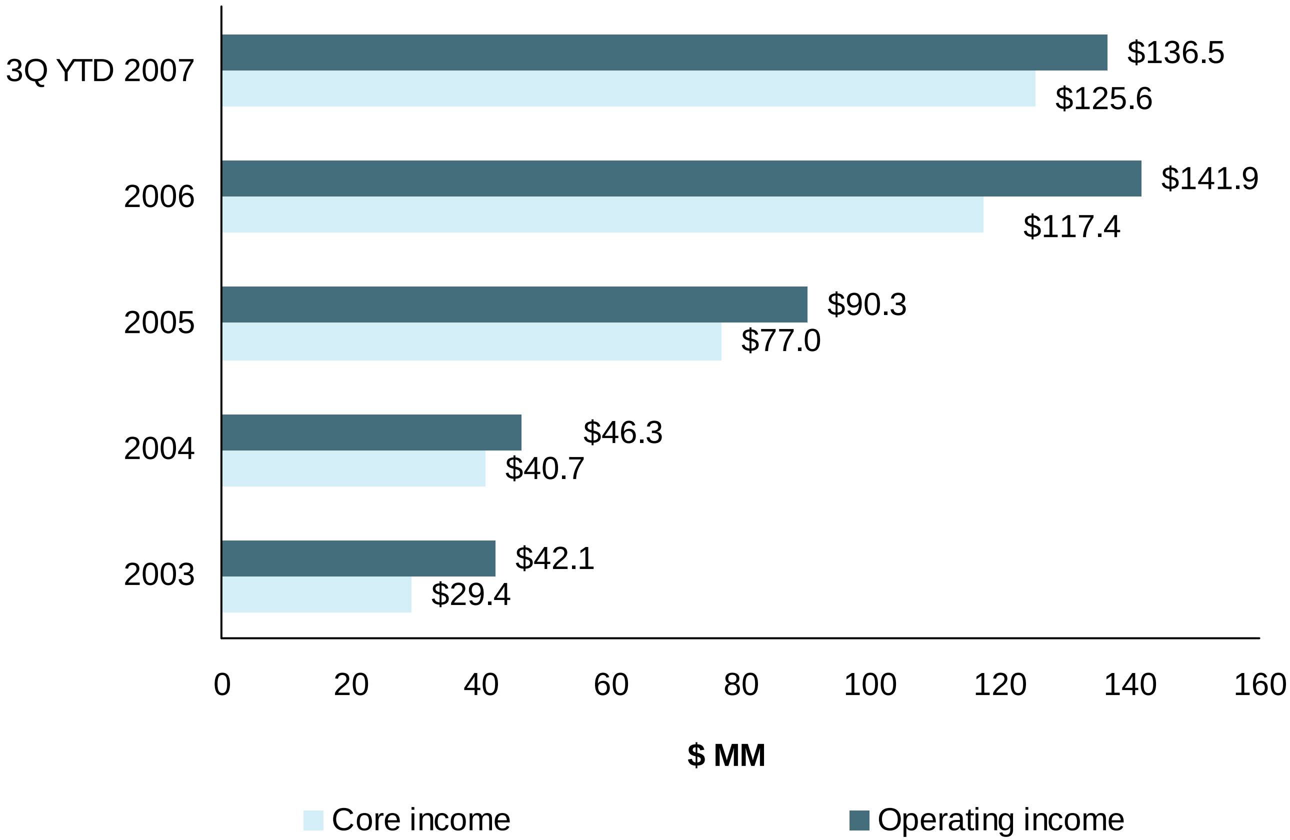


1. Corporate expenses are included in operating expenses for financial reporting purposes. For illustrative purposes here, corporate expenses are separated from operating expenses

Net premiums earned (NPE)



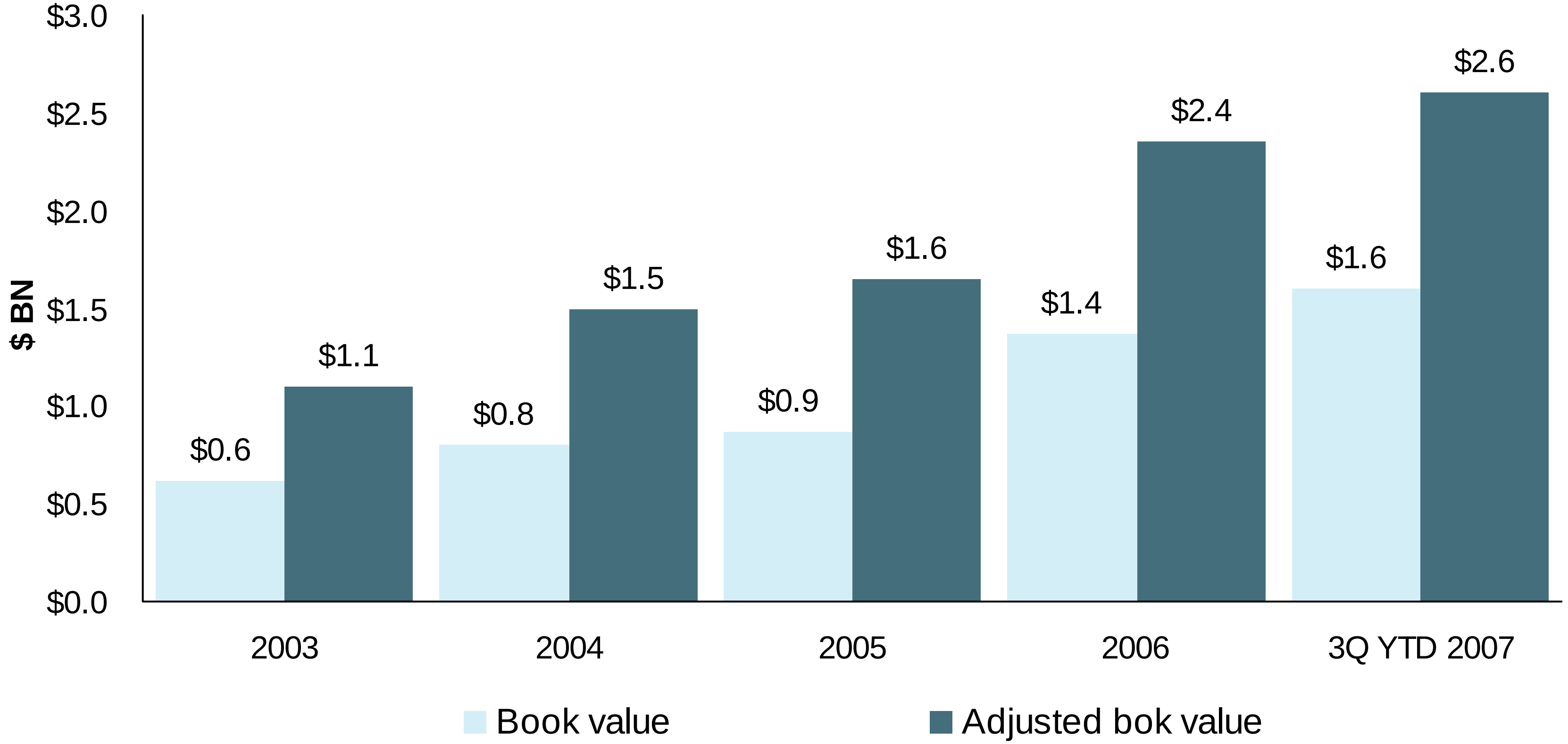
Operating and core income and ROE[1]



	Operating ROE	Core ROE
3Q YTD 2007	12.6%[2]	11.6%[2]
2006	12.6%	10.4%
2005	10.9%	9.3%
2004	6.6%	5.8%
2003	7.9%	5.5%

1. Non GAAP measures: see reconciliation at the end of the presentation
2. Annualized

Adjusted book value[1] growth (in billions)



- Adjusted book value = Book value plus after-tax value of (deferred premium revenue – deferred acquisition cost – prepaid reinsurance premiums + present value of future installment premiums)
- Book value = GAAP equity which includes $246.6 MM of preferred share proceeds

1. Non GAAP measure: see reconciliation at the end of the presentation

Reconciliation of non-GAAP items

Reconciliation of net (loss) income to operating income and core income	Three months ended		Nine months ended	
	9/30/2007	9/30/2006	9/30/2007	9/30/2006
Net (loss) income available to common shareholders	$(89.9)	$28.4	$(26.7)	$81.5
Effect of:				
▪ Expenses incurred in secondary offering	(0.1)	-	0.8	-
▪ Perpetual non-cumulative preference share dividend	4.3	-	-	-
▪ Net realized (gains) losses on investments	(0.0)	0.2	1.5	16.6
▪ Net realized and unrealized losses on derivative financial instruments	131.7	3.2	160.8	6.8
Operating income	$46.0	$31.8	$136.5	$104.9
▪ Effect of refundings, calls and other accelerations	(4.9)	(0.3)	(10.9)	(22.7)
Core income	$41.1	$31.5	$125.6	$82.1

Reconciliation of total shareholders' equity to common shareholders' equity and adjusted book value (ABV)	As of	
	9/30/2007	12/31/2006
Total shareholders' equity	$1,594.0	$1,366.5
Series A perpetual non-cumulative preference shares	(246.6)	-
Common shareholders' equity	1,347.4	1,366.5
After-tax value of:		
▪ Deferred premium revenue	807.8	708.4
▪ Present value of future installment premiums	650.0	509.8
▪ Deferred acquisition costs	(95.5)	(83.5)
▪ Prepaid reinsurance premiums	(87.6)	(53.4)
Adjusted book value	$2,622.1	$2,447.8

Reconciliation of non-GAAP items (cont'd)

Reconciliation of total premiums written to adjusted gross premiums	Three months ended		Nine months ended	
	9/30/2007	9/30/2006	9/30/2007	9/30/2006
Total upfront premium written	$68.0	$47.1	$172.8	$174.2
Total installment premiums written	42.8	38.5	113.6	101.2
Total premiums written	110.8	85.6	286.4	275.4
Present value of future installments	30.3	5.7	107.1	83.5
Adjusted gross premiums	$141.1	$91.3	$393.5	$358.9

Reconciliation of net premiums earned to core net premiums earned	Three months ended		Nine months ended	
	9/30/2007	9/30/2006	9/30/2007	9/30/2006
Net premiums earned	$58.2	$45.5	$158.7	$138.8
Earned premium recognized from refundings, calls and other accelerations	(5.0)	(0.4)	(12.0)	(25.6)
Core net premiums earned	$53.1	$45.1	$146.7	$113.2

Non-GAAP financial measures

Adjusted gross premiums

Adjusted gross premiums is a non-GAAP measure of new business production that management uses to evaluate our business because it provides comparability between upfront premiums and installment premiums, unlike US GAAP total premiums written. Because adjusted gross premiums includes premiums due on future on installment business written in the period, management believes it provides an additional, useful measure of new business production than only US GAAP total premiums written.

Management uses this measure to review trends in new business written because it views this method as providing comparability between business written on an upfront premium basis and business written on an installment basis. This measure is viewed by management as an essential component of information necessary
to assess forward-looking earnings potential, which is substantially dependent on the size of our in-force book
of business.

Management also compares our adjusted gross premiums production to industry figures on a quarterly basis and uses this measure to assess employee productivity, as well as our market share and competitive position. Also, AGP is considered among other factors when determining compensation to employees. In addition to presenting total premiums written, we believe that disclosure of adjusted gross premiums enables investors and other users of our financial information to analyze our performance in a manner similar to the way in which management analyzes performance. In this regard, we believe that providing only a GAAP presentation of total premiums written makes it more difficult for users of our financial information to evaluate our underlying business. Also, we believe that analysts, investors and rating agencies who follow us and our subsidiaries include these items in their analyses for the same reasons, and they request that we and our subsidiaries provide this non-GAAP financial information on a regular basis.

Non-GAAP financial measures

Core net premiums earned

Core net premiums earned, which is a non-GAAP financial measure, is defined as net premiums earned excluding the impact of refundings, calls and other accelerations. We believe core net premiums earned is a useful measure for management, equity analysts and investors because the presentation of core net premiums excludes the impact of refundings, calls and other accelerations that management cannot control or predict.

Operating income and core income

While operating income and core income are not substitutes for net income computed in accordance with GAAP, they are useful measures of performance used by management, equity analysts and investors. We believe operating income and core income enhance the understanding of our results of operations by highlighting the underlying profitability of our business. Operating income measures net (loss) income available to common shareholders, as determined in accordance with GAAP, excluding net realized gains (losses) on investments and the after-tax impact of net realized and unrealized gains (losses) on derivative financial instruments, and expenses related to XL Capital's secondary offering of SCA's shares. In addition, in determining operating income, we have made an adjustment to the amount of dividends on our perpetual non-cumulative preference shares reported in accordance with GAAP during the period to reflect the amount of such dividends that would be attributable to the period as if such dividends were accrued ratably over the period. Core income represents operating income excluding the after-tax impact of refundings, calls and other accelerations. The definitions of operating income and core income used by the Company may differ from definitions of operating earnings and core earnings used by other financial guarantors.

Net realized gains and (losses) on investments and the after-tax impact of net realized and unrealized gains and losses on derivative financial instruments (which principally consist of credit derivatives we issue and interest rate swap contracts we guarantee) are excluded from operating income because they are heavily influenced by, and fluctuate, in part according to, market interest rates, credit spreads and other factors that management cannot control or predict. Although the investment of premiums to generate investment income (loss) and realized gains (losses) on investments is an integral part of our operations, the determination to realize gains (losses) on investments is independent of the underwriting process. In addition, under applicable GAAP accounting requirements, losses can be created as the result of other than temporary declines in value without actual realization. In this regard, certain users of our financial information, including certain rating agencies, evaluate earnings before tax and net gains (losses) on investments to understand the profitability of the recurring sources of income without the effects of these two variables. Furthermore, these users believe that, for many companies, the timing of the realization of gains (losses) on investments is largely opportunistic. In addition, with respect to credit derivatives and guaranteed interest rate swap contracts discussed above, because we generally hold such contracts to maturity and, accordingly, will not realize the periodic effect of the changes in fair value of these instruments, therefore, we exclude such changes from operating income (similar to other companies in the financial guarantee industry) as the changes in fair value each quarter are not indicative of underlying business performance of our operations. In regard to the adjustment discussed above relating to dividends on our perpetual non-cumulative preference shares, while such dividends are non-cumulative and are at the discretion of the board of directors, we anticipate that such dividends will be declared and we believe that this adjustment better correlates the cost of this capital to the benefits derived there from during the period. Also, in determining operating income for the three- and nine- month periods ended September 30, 2007, we excluded from operating income expenses incurred by the Company in connection with the secondary offering of our common shares by XL Capital as such expenses are not related to the conduct of the Company’s business.

Non-GAAP financial measures

Adjusted book value

Adjusted Book Value (“ABV”) represents GAAP book value attributable to common shareholders plus the after-tax effects of deferred premium revenue, net of prepaid reinsurance premiums and deferred acquisition costs, plus the after-tax effect of the net present value of future installment premiums. Since the Company expects these items to affect future results and, in general, they do not require any additional future performance obligation on the Company's part, ABV provides an indication of the Company's value in the absence of any new business activity. While ABV is not a substitute for GAAP book value, the Company believes the presentation of ABV provides another useful measure of the value of the Company for management, equity analysts and investors. The net present value of future installment premiums included in ABV may differ materially from actual future installment premiums collected due to changes in market interest rates, refinancing activity, pre-payment speeds, defaults and other factors that management cannot control or predict.