

# First Quarter 2017 Highlights

June 21, 2017



# 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 and Syncora Capital Assurance 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 insurance subsidiaries and contractual constraints with respect to any dividend payment. Reference should be made to Note 20 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.

In the fourth quarter of 2016, the Company revised its calculation of Non-GAAP measures in response to the U.S. Securities and Exchange Commission’s recent public views relating to the release of updated Compliance and Disclosure Interpretations on Non-GAAP measures (the “May 2016 C&DIs”). The Company had previously excluded the effects of consolidated variable interest entities (“VIEs”) in its calculation of Non-GAAP operating income and Adjusted Book Value. Beginning in the fourth quarter of 2016, the Company will no longer eliminate the effects of consolidated VIEs based on the May 2016 C&DIs. However, the Company has separately disclosed the effects of consolidated VIEs on its GAAP financial statements that were previously included as adjustments to its Non-GAAP measures. These disclosures can be found after the Non-GAAP operating income and Adjusted Book Value tables below. The previously reported Non-GAAP financial measures have been updated to reflect the revised calculation.

# Key Highlights

## 1Q 2017 – Three Months Ended March 31, 2017 and 2016 - Financial Results:

- GAAP net loss attributable to controlling interest of \$(30.8) million as compared to \$(85.7) million.
- GAAP basic and diluted loss per common share of \$(0.36) as compared to \$(1.52).
- Non-GAAP operating loss of \$(19.1) million as compared to \$(43.4) million.
- Non-GAAP basic and diluted operating loss per common share of \$(0.22) as compared to \$(0.77).
- Adjusted Book Value of \$465.1 million as compared to \$484.1 million as of December 31, 2016.
- Adjusted Book Value per common share of \$5.36 as compared to \$5.59 as of December 31, 2016.

## Insured Portfolio:

- Consolidated net par exposure decreased by \$2.4 billion to \$18.0 billion as of March 31, 2017 as compared to \$20.4 billion as of December 31, 2016.
- Total premium accelerations of \$8.1 million for the three months ended March 31, 2017 as compared to \$6.2 million for the three months ended March 31, 2016.
- Consolidated Below Investment Grade (BIG) net par exposure of \$2.8 billion as of March 31, 2017 as compared to \$2.8 billion as of December 31, 2016.
- GAAP BIG Flag List Leverage Ratio decreased 0.02 from December 31, 2016 to March 31, 2017 for SGI and increased 0.02 from December 31, 2016 to March 31, 2017 for SCAI.

## 1Q 2017 Subsequent Events:

- On June 14, 2017, the NYDFS approved a net payment of \$27.5 million on SGI's long-term and short-term Surplus Notes.

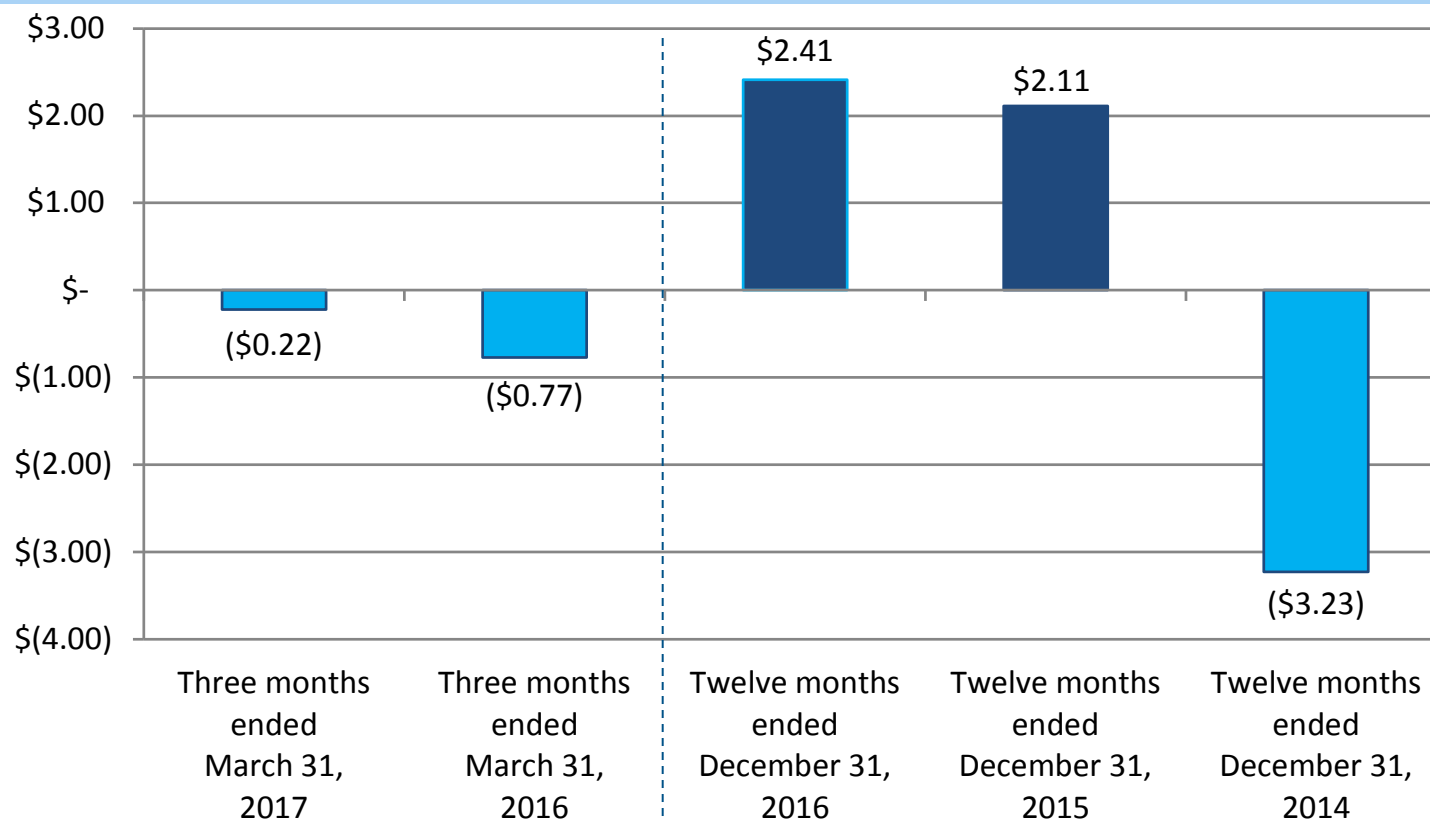
# Financial Results

<b>Syncora Holdings Ltd.</b>				
<b>Summary Results of Consolidated Operations</b>				
<b>Three Months Ended March 31, 2017 and 2016</b>				
<b>(U.S. dollars in millions, except per share amounts)</b>				
	<b>2017</b>		<b>2016</b>	
Net premiums earned	\$	15.6	\$	16.6
Net investment income		11.7		10.5
Net realized losses on investments		(14.9)		(3.0)
Net loss on insurance cash flow certificates		(6.3)		(13.0)
Net earnings (loss) on credit default and other swap contracts		13.5		(31.6)
Net losses and loss adjustment expenses		16.8		35.1
Operating expenses		16.7		20.9
Net loss attributable to controlling interest	\$	(30.8)	\$	(85.7)
GAAP basic and diluted loss per common share	\$	(0.36)	\$	(1.52)
Non-GAAP operating loss <sup>(1)</sup>	\$	(19.1)	\$	(43.4)
Non-GAAP basic and diluted operating loss per common share <sup>(1)</sup>	\$	(0.22)	\$	(0.77)
Weighted average common shares outstanding		86.6		56.3
		<b>As of</b>		<b>As of</b>
		<b>March 31, 2017</b>		<b>December 31, 2016</b>
Adjusted Book Value <sup>(1)</sup>	\$	465.1	\$	484.1
Common shares outstanding at end of period		86.8		86.6
Adjusted Book Value per common share <sup>(1)</sup>	\$	5.36	\$	5.59

<sup>(1)</sup> Non-GAAP operating 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 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

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



*Net income (loss) effects of VIE consolidation:* GAAP requires the Company to consolidate certain VIEs that (a) have issued debt obligations that are insured and controlled by the Company and (b) were designed to effectively defease or, in-substance, commute the Company's exposure on certain of its other financial guaranty insurance policies. The effect on Net income of these consolidated VIEs was \$(0.3) million and \$6.8 million for the three months ended March 31, 2017 and 2016, respectively and \$44.5 million, \$6.1 million and \$(58.5) million for the years ended December 31, 2016, 2015 and 2014, respectively. Had these financial guarantee VIEs been accounted for under the provisions of the Financial Services – Insurance Topic of the ASC, the effect on Net income would have been \$3.0 million and \$6.6 million for the three months ended March 31, 2017 and 2016, respectively and \$17.7 million, \$22.7 million and \$(49.2) million for the years ended December 31, 2016, 2015 and 2014, respectively. The net effect of these different accounting bases on Net income (including per share amounts) was \$3.3 million (\$0.04 per common share) and \$(0.2) million (\$0.00 per common share) for the three months ended March 31, 2017 and 2016, respectively and \$(26.8) million (\$0.39 per common share), \$16.6 million (\$0.29 per common share) and \$9.3 million (\$0.16 per common share) for the years ended December 31, 2016, 2015 and 2014, respectively. This is supplemental information only and is not a component of Non-GAAP operating income (loss).

# Financial Results

Syncora Holdings Ltd.					
Reconciliation of GAAP Net (Loss) Income to Non-GAAP Operating (Loss) Income					
(in millions)					
	Three Months Ended March 31,		Year Ended December 31,		
	2017	2016	2016	2015	2014
<b>GAAP net (loss) income</b>	\$ (30.8)	\$ (85.7)	\$ 32.7	\$ 216.7	\$ (102.9)
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>	<u>\$ (30.8)</u>	<u>\$ (85.7)</u>	<u>\$ 147.9</u>	<u>\$ 300.1</u>	<u>\$ (102.9)</u>
<b>GAAP net (loss) income</b>	\$ (30.8)	\$ (85.7)	\$ 32.7	\$ 216.7	\$ (102.9)
Pre-tax adjustments:					
Non-credit impairment of net realized and unrealized fair value losses and (gains) on credit derivatives <sup>(1)</sup>	(12.8)	29.9	69.0	(126.2)	(105.8)
Surplus note accretion <sup>(2)</sup>	9.6	7.7	22.9	25.2	19.1
Net realized (gains) and losses on investments <sup>(3)</sup>	14.9	3.0	26.8	3.3	(0.3)
Non-recurring transaction related expenses <sup>(4)</sup>	-	1.7	12.6	-	-
Total pre-tax adjustments	<u>11.7</u>	<u>42.3</u>	<u>131.3</u>	<u>(97.7)</u>	<u>(87.0)</u>
Less tax effect on pre-tax adjustments <sup>(5)</sup>	-	-	-	-	-
<b>Non-GAAP operating (loss) income</b>	<u>\$ (19.1)</u>	<u>\$ (43.4)</u>	<u>\$ 164.0</u>	<u>\$ 119.0</u>	<u>\$ (189.9)</u>
Basic and diluted weighted average common shares	86.6	56.3	67.9	56.3	58.8
GAAP basic and diluted (loss) earnings per common share	\$ (0.36)	\$ (1.52)	\$ 2.18	\$ 5.33	\$ (1.75)
Non-GAAP basic and diluted operating (loss) income per common share	\$ (0.22)	\$ (0.77)	\$ 2.41	\$ 2.11	\$ (3.23)

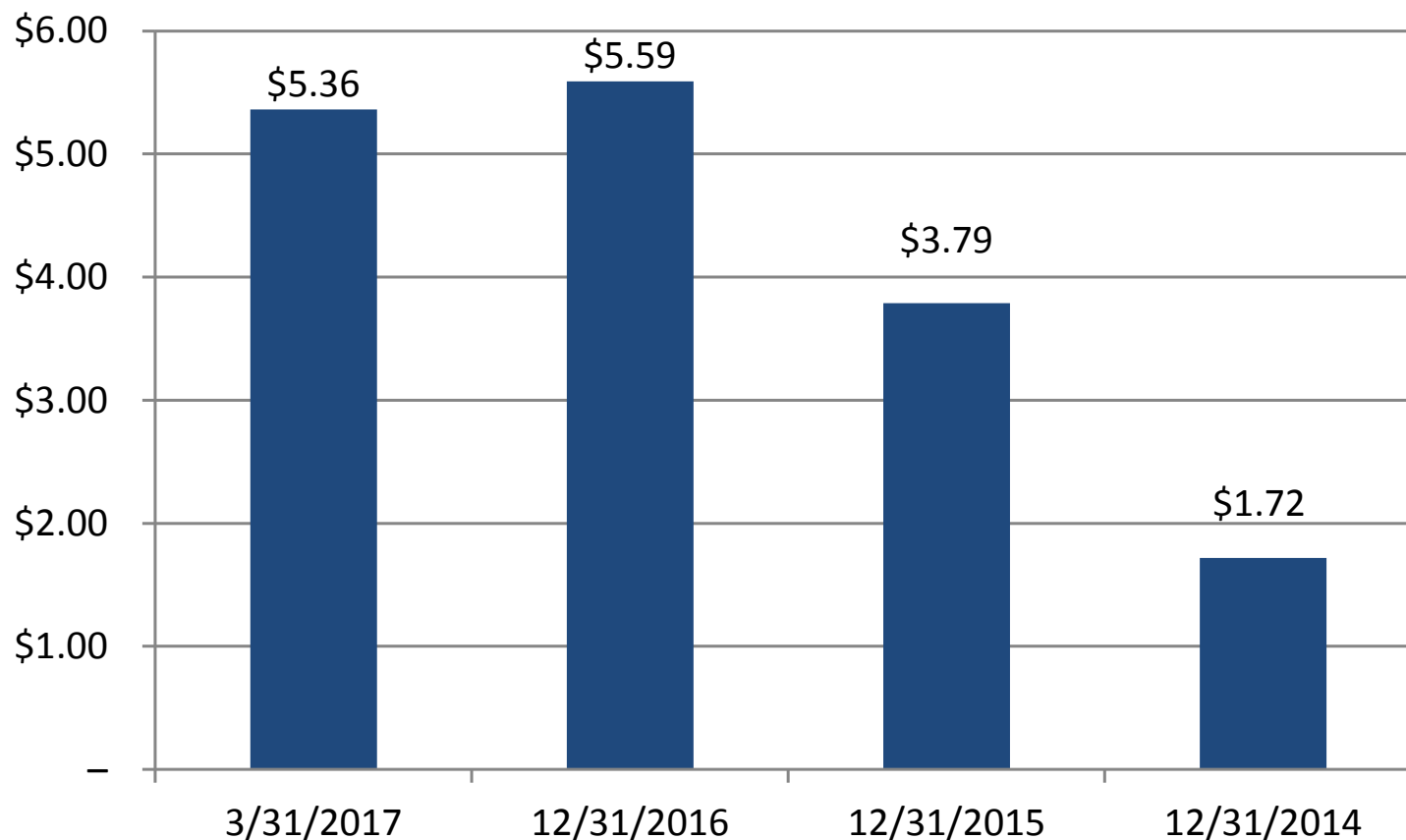
# Non-GAAP Operating Income (Loss) Adjustments

- (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 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, we utilize a 0% effective tax rate until the expiration of these NOLs.



# Financial Results

## Adjusted Book Value per Common Share



*Total shareholders' equity effects of VIE consolidation:* As described above, the Company consolidates certain VIEs. The net effect on Total shareholders' equity of these consolidated VIEs was \$76.1 million as of March 31, 2017 and \$80.7 million, \$51.9 million and \$67.3 million as of December 31, 2016, 2015 and 2014, respectively. Had these financial guarantee VIEs been accounted for under the provisions of the Financial Services – Insurance Topic of the ASC, the effect on Total shareholders' equity would have been \$125.1 million as of March 31, 2017 and \$127.0 million, \$121.8 million and \$120.7 million as of December 31, 2016, 2015 and 2014, respectively. The net effect of these different accounting bases on Total shareholders' equity (including per share amounts) was \$49.0 million (\$0.56 per common share) as of March 31, 2017 and \$46.3 million (\$0.53 per common share), \$69.9 million (\$1.24 per common share) and \$53.4 million (\$0.95 per common share) as of December 31, 2016, 2015 and 2014, respectively. This is supplemental information only and is not a component of Adjusted Book Value.

# Financial Results

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

	As of March 31,	As of December 31,		
	2017	2016	2015	2014
<b>GAAP common shareholders' equity</b>	\$ 513.3	\$ 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>\$ 392.3</b>	<b>\$ 403.7</b>	<b>\$ 212.2</b>	<b>\$ (66.9)</b>
Pre-tax adjustments:				
Deferred acquisition costs <sup>(2)</sup>	(40.3)	(42.6)	(54.2)	(64.2)
Net credit derivative liability <sup>(3)</sup>	109.4	122.3	53.4	179.5
Net present value of estimated net future credit derivative revenue <sup>(4)</sup>	65.1	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>	256.8	272.1	317.7	399.0
Notes payable <sup>(6)</sup>	(279.3)	(288.8)	(352.9)	(378.1)
Unrealized gains on investments <sup>(7)</sup>	(22.8)	(21.5)	(15.8)	(32.1)
Taxes <sup>(8)</sup>	(16.1)	(27.0)	(27.9)	(35.3)
<b>Adjusted Book Value</b>	<b>\$ 465.1</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	\$ 4.52	\$ 4.66	\$ 3.77	\$ (1.19)
Adjusted book value per common share	\$ 5.36	\$ 5.59	\$ 3.79	\$ 1.72

# Adjusted Book Value Adjustments

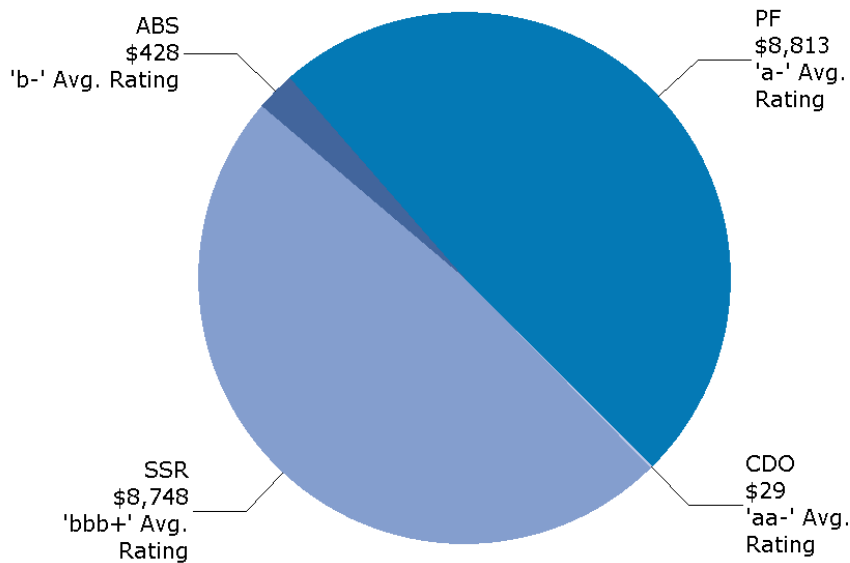
- (1) Addition of the excess of the outstanding liquidation preference of the SHL Series A perpetual non-cumulative preferred shares and the SGI Series B non-cumulative preferred shares over their carrying values. Including the SHL Series A perpetual non-cumulative preferred shares and the SGI Series 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 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 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, we utilize a 0% effective tax rate until the expiration of these NOLs.

# Insured Portfolio Overview: SHL

SHL's **1Q 2017** portfolio consists of 710 credits totaling \$18.0BN in net par exposure. Average internal rating<sup>(1)</sup> of the SHL portfolio is 'bbb+'. 15% or \$2.8BN<sup>(2)</sup> of SHL's portfolio is internally rated Below Investment Grade (BIG).

## SHL Net Par Outstanding by Sector

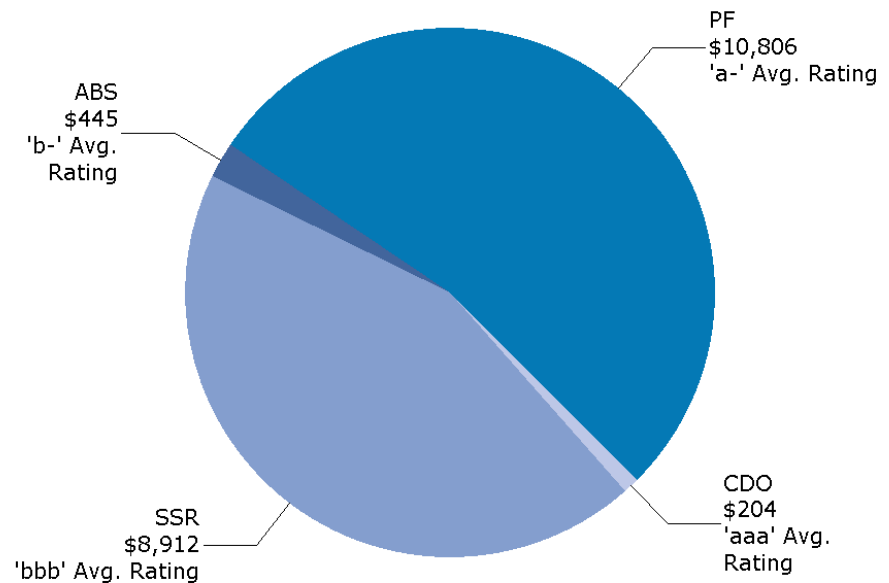
as of March 31, 2017 (in \$MM)



SHL's **4Q 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.

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

Refer to 1Q 2017 >=\$40 million in Appendix A for discussion of Internal Ratings.

# GAAP Below Investment Grade (BIG) Flag List Credits

## SHL Net Par Outstanding by BIG Category<sup>(1)(2)</sup> (in \$MM)

		1Q 2017	4Q 2016
<b>Loss List</b>	<b>Business Area</b>		
	Asset-Backed Securities	\$ 330	\$ 340
	Collateralized Debt Obligations	2	2
	Public Finance	342	343
	Structured Single Risk	–	–
	<b>Total Loss List:</b>	<b>\$ 674</b>	<b>\$ 685</b>
<b>Red Flag</b>	<b>Business Area</b>		
	Asset-Backed Securities	\$ 15	\$ 16
	Collateralized Debt Obligations	–	–
	Public Finance	3	3
	Structured Single Risk	845	799
	<b>Total Red Flag:</b>	<b>\$ 863</b>	<b>\$ 818</b>
<b>Yellow Flag</b>	<b>Business Area</b>		
	Asset-Backed Securities	\$ 19	\$ 20
	Collateralized Debt Obligations	–	–
	Public Finance	545	545
	Structured Single Risk	529	606
	<b>Total Yellow Flag:</b>	<b>\$ 1,093</b>	<b>\$ 1,171</b>
	<b>Total:</b>	<b>\$ 2,630</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 March 31, 2017 (in \$MM)

Business Area	Business Type	Net Par Outstanding	1Q 2017 Internal Rating <sup>(1)</sup>	Flag List <sup>(3)</sup>
PF	Municipal	169	d	Loss List
PF	Municipal	141	c	Loss List
ABS	RMBS	120	c	Loss List
SSR	Global Infrastructure <sup>(2)</sup>	845	b-, b+	Red Flag
PF	Municipal	108	bb-	Yellow Flag
SSR	Global Infrastructure	277	bb	Yellow Flag
SSR	Global Infrastructure	252	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>2,421</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 1Q 2017 >=\$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.

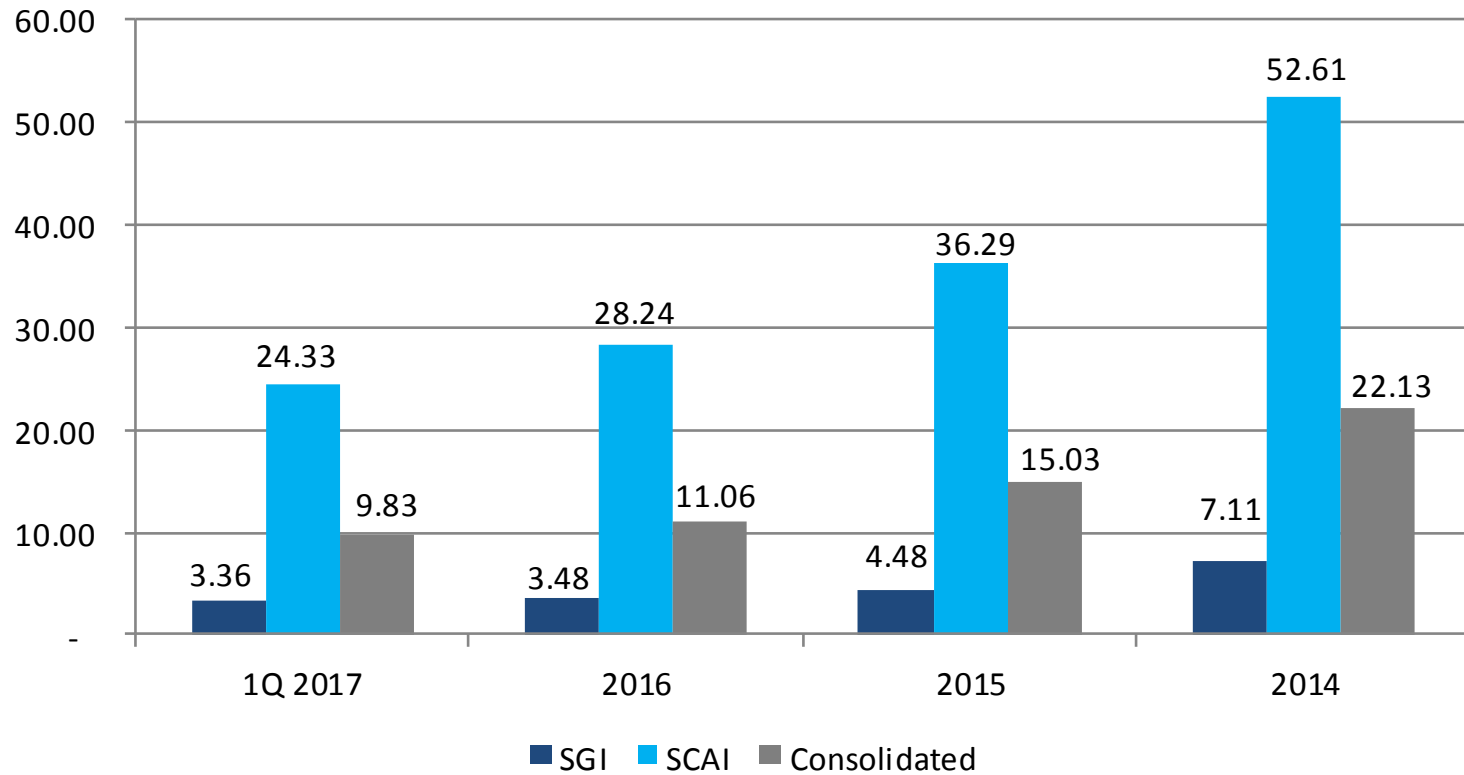
<sup>(3)</sup> Flag list designations as follows:

- 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>

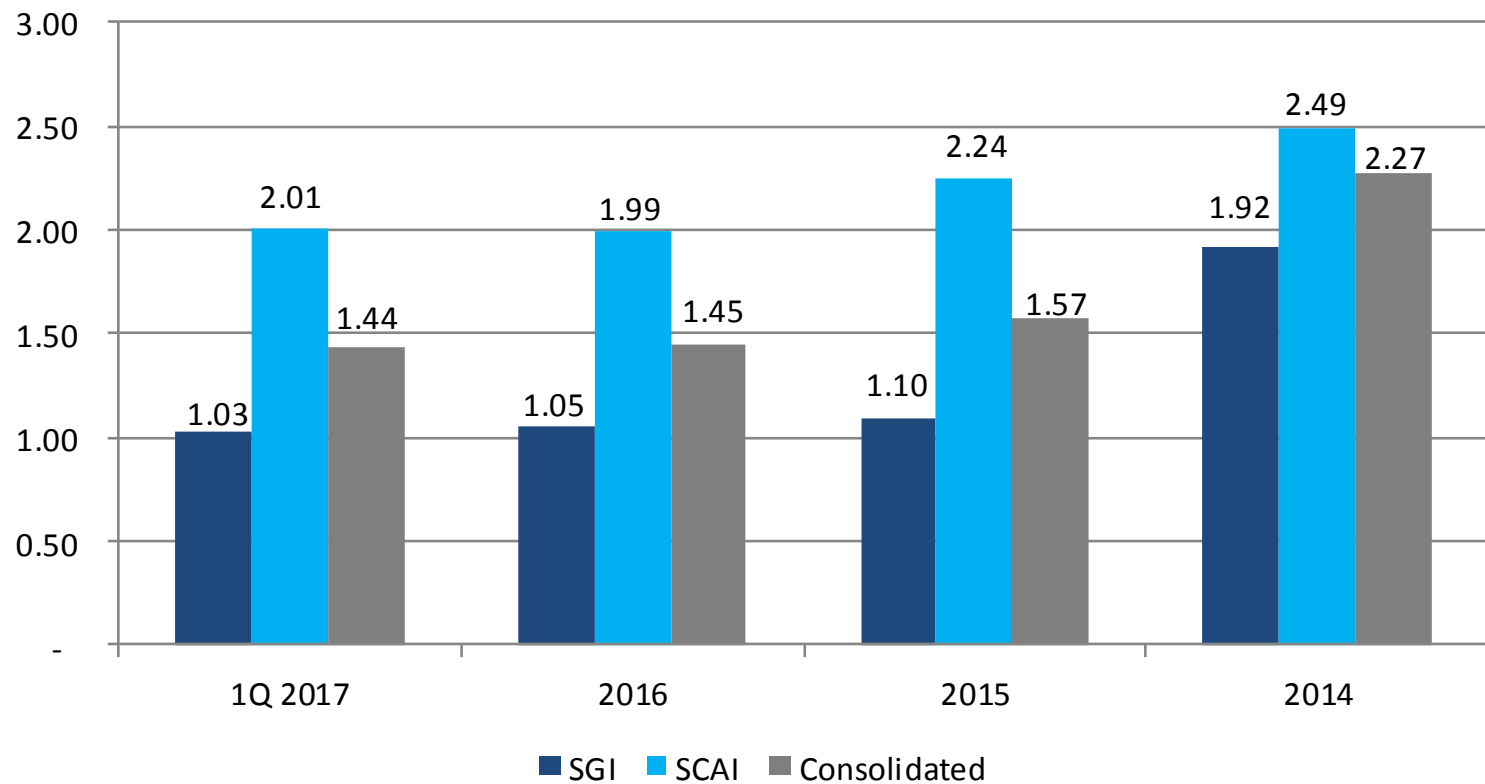
## NPO Leverage Ratio



<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:

**SCAI (2015 – 2016):** Upgrade of a large tax allocation bond credit.

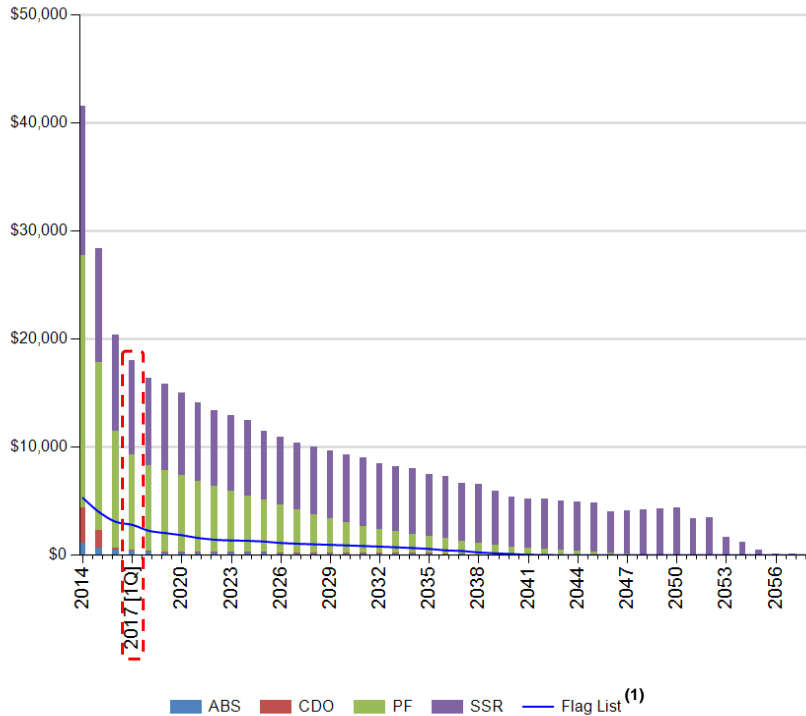
**SGI (2014 – 2015):** Termination of three large structured single risk credits.

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

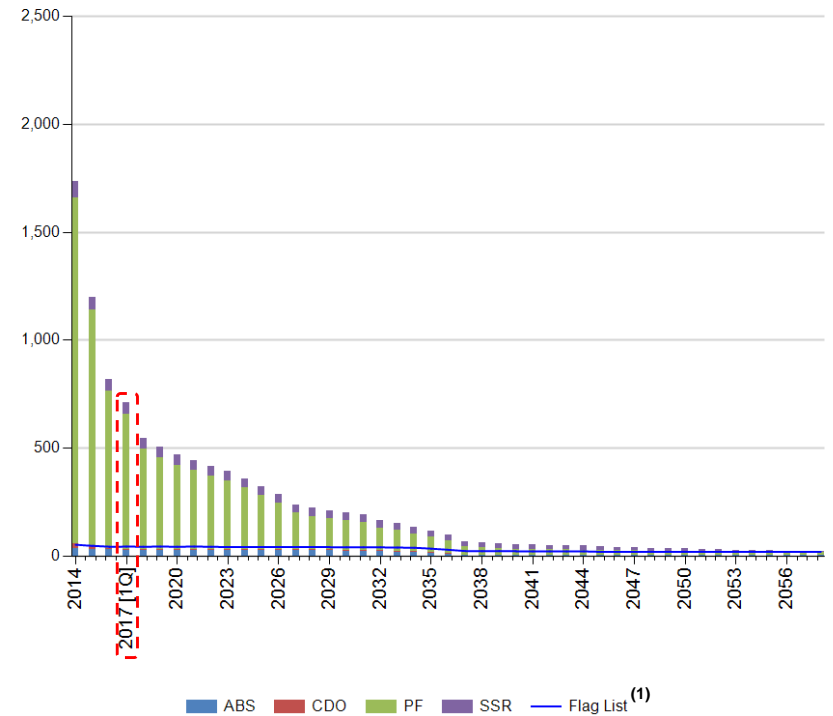


# SHL Portfolio Expected Net Par & Credit Count Reduction by Business Area as of March 31, 2017

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



## SHL Credit Count Runoff



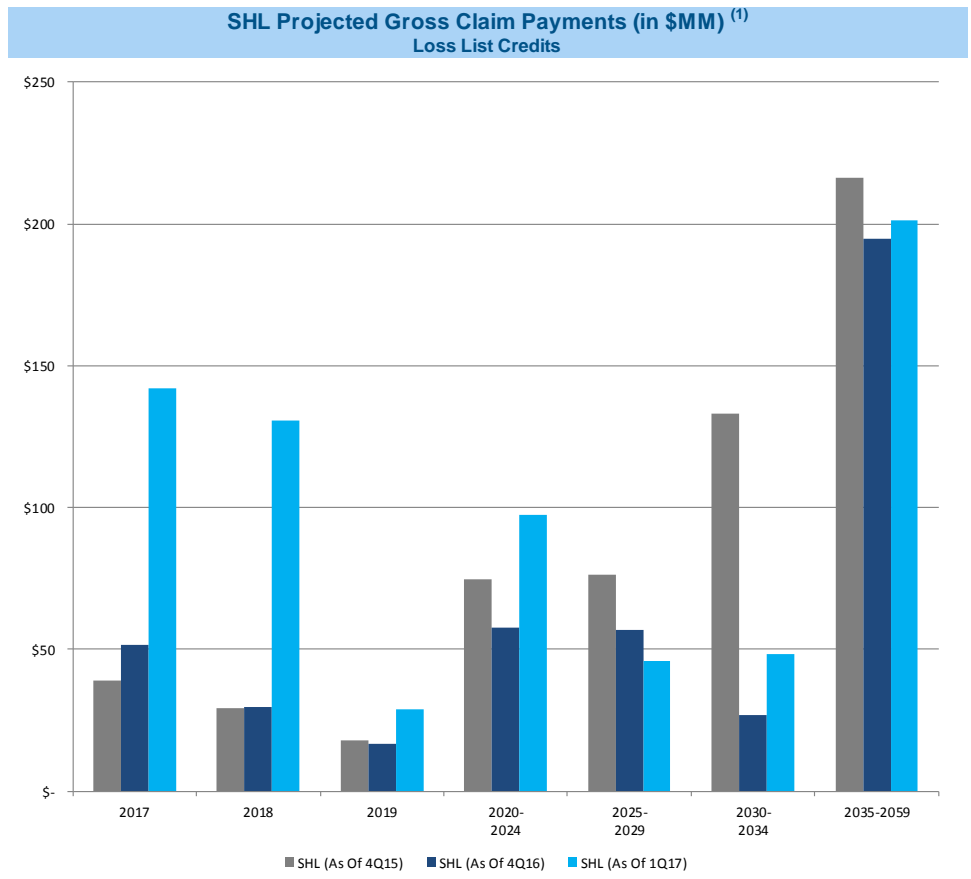
(1) Syncora's GAAP Flag List consists of all BIG credits plus credits on Syncora's Special Monitoring List (not including those credits in CDS form which are carried at fair value). The Special Monitoring List is defined as those credits that are viewed as low investment grade where a material covenant 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: FY2017-2059



- SHL faces a potential liquidity mismatch between expected future claims payments and recoveries relating to these claims.
  - SHL (through its insurance subsidiaries) anticipates that it will be requested to make gross claim payments in the period 2017 – 2029 of approximately \$445.1 million (\$188.0 million relates to SGI) based on expected loss exposures without regard to potential adverse development on loss and other portfolio exposures – see disclosures on following page.
- SCAI has significant public finance exposures, which pose a risk of material adverse development to SCAI’s short to medium-term liquidity position.

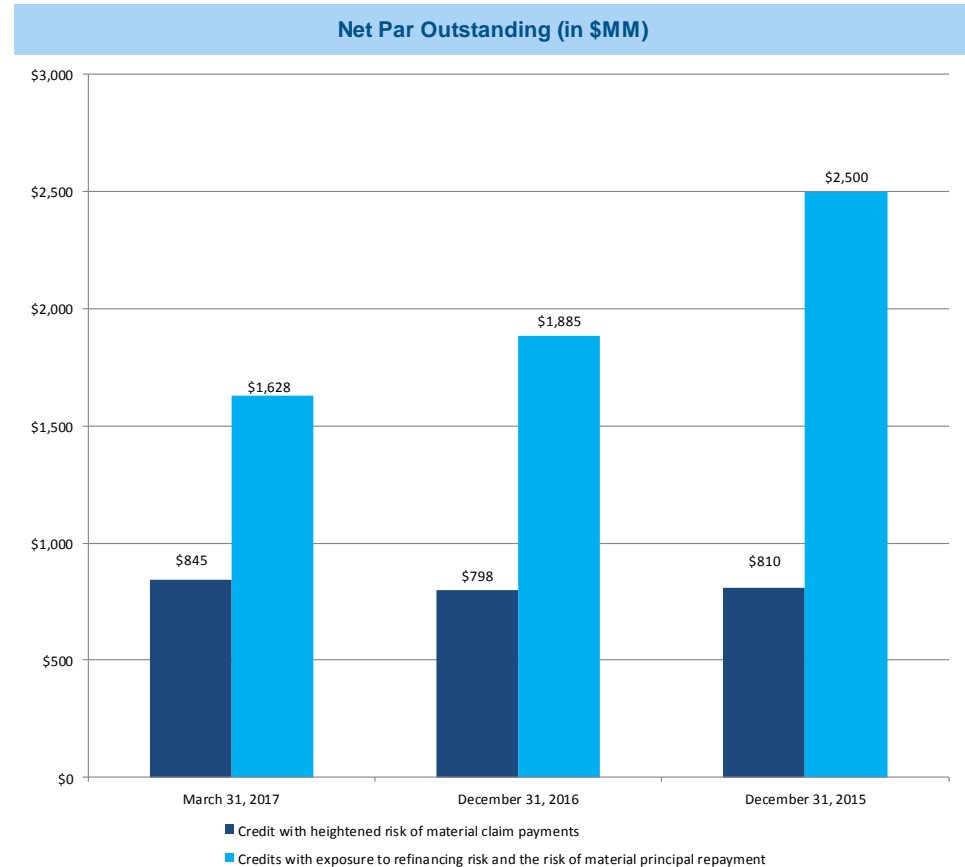


<sup>(1)</sup> Represents estimated undiscounted cash outflows under direct and assumed financial guaranty contracts, excluding remediated RMBS claims and after ceded reinsurance.

# SGI Significant Refinancing Risk Credits' NPO



- SGI also remains exposed to transactions with refinancing risk through 2019 including (a) one refinancing risk credit with a heightened risk of material claims payments with an aggregate par outstanding of \$844.9 million, and (b) a number of other credits with exposure to refinancing risk and the risk of material principal repayments with an aggregate par outstanding of \$1.6 billion.
- See the description of significant risks and uncertainties in Note 2 of SHL's recently issued consolidated GAAP financial statements for further discussion.





<b>Puerto Rico Exposure</b>						
As of March 31, 2017 and December 31, 2016 (in \$MM)						
	Insured Exposure <sup>(1)</sup>		Bonds Purchased for Remediation <sup>(2)</sup>		Total	
	<u>3/31/2017</u>	<u>12/31/2016</u>	<u>3/31/2017</u>	<u>12/31/2016</u>	<u>3/31/2017</u>	<u>12/31/2016</u>
<b>Direct (Insurance):</b>						
Commonwealth of Puerto Rico - General Obligations	\$ 104.3	\$ 104.3	\$ 31.2	\$ 31.0	\$ 135.5	\$ 135.3
Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	126.9	127.1	66.3	66.3	193.2	193.4
Commonwealth of Puerto Rico, Highway & Transportation Authority	6.2	6.2	-	-	6.2	6.2
Puerto Rico (Commonwealth) - Mixed State and Local Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Direct Subtotal</b>	<b>\$ 237.4</b>	<b>\$ 237.6</b>	<b>\$ 97.5</b>	<b>\$ 97.3</b>	<b>\$ 334.9</b>	<b>\$ 334.9</b>
<b>Assumed (Reinsurance):</b>						
Commonwealth of Puerto Rico - General Obligations	\$ 64.3	\$ 64.3	\$ -	\$ -	\$ 64.3	\$ 64.3
Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	13.7	13.7	-	-	13.7	13.7
Commonwealth of Puerto Rico, Highway & Transportation Authority	-	-	-	-	-	-
Puerto Rico (Commonwealth) - Mixed State and Local Revenue	<u>23.2</u>	<u>23.2</u>	<u>-</u>	<u>-</u>	<u>23.2</u>	<u>23.2</u>
<b>Assumed Subtotal</b>	<b>\$ 101.2</b>	<b>\$ 101.2</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 101.2</b>	<b>\$ 101.2</b>
<b>Total:</b>						
Commonwealth of Puerto Rico - General Obligations	\$ 168.6	\$ 168.6	\$ 31.2	\$ 31.0	\$ 199.8	\$ 199.6
Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	140.6	140.8	66.3	66.3	206.9	207.1
Commonwealth of Puerto Rico, Highway & Transportation Authority	6.2	6.2	-	-	6.2	6.2
Puerto Rico (Commonwealth) - Mixed State and Local Revenue	<u>23.2</u>	<u>23.2</u>	<u>-</u>	<u>-</u>	<u>23.2</u>	<u>23.2</u>
<b>Total</b>	<b>\$ 338.6</b>	<b>\$ 338.8</b>	<b>\$ 97.5</b>	<b>\$ 97.3</b>	<b>\$ 436.1</b>	<b>\$ 436.1</b>

<sup>(1)</sup> Excludes total interest outstanding of \$88.1 million and \$95.6 million as of March 31, 2017 and December 31, 2016, respectively.

<sup>(2)</sup> Shown at GAAP carrying value for the insured bonds.

# Status of Litigations<sup>(1)</sup>



Litigation Case	Current Status (as of June 15, 2017)
<p><b>U.S. Bank Nat'l. Ass'n., as Indenture Trustee for the Benefit of the Insurers and Noteholders of GreenPoint Mortgage Funding Trust 2006-HE1, Home Equity Loan Asset-Backed Notes, Series 2006-HE1 v GreenPoint Mortgage Funding, Inc.</b> – New York State Supreme Court, Index No. 600352/09</p>	<ul style="list-style-type: none"> <li>On February 5, 2009, Syncora Guarantee, together with co-plaintiffs U.S. Bank National Association, as Indenture Trustee (“US Bank”), and CIFG Assurance North America, Inc. (“CIFG”), filed suit in the Supreme Court of the State of New York, New York County, against GreenPoint (the “GreenPoint State Action”), alleging that GreenPoint breached representations and warranties that would require repurchase of the breaching mortgage loans and/or the entire loan pool and/or payment of damages in connection with a securitization of primarily home-equity mortgage loans originated by GreenPoint (the “2006-HE1 Securitization”), which was sponsored by Lehman Brothers Holdings Inc. (“LBHI”). In 2010, Syncora Guarantee was dismissed from the case after the Court found that it (as well as CIFG) lacked standing to pursue direct claims against GreenPoint.</li> <li>On December 16, 2013, GreenPoint moved to dismiss the remaining claims of US Bank on the grounds that it too lacked standing. US Bank cross-moved for partial summary judgment striking GreenPoint’s defense that US Bank lacked standing to directly pursue GreenPoint.</li> <li>On January 28, 2016, the Court rejected GreenPoint’s motion for summary judgment and granted US Bank’s cross-motion for partial summary judgment, finding that as a matter of law US Bank has standing to directly assert claims against GreenPoint. Greenpoint perfected its appeal on November 28, 2016 and this appeal is now fully briefed. Oral argument before the Appellate Division was held on May 2, 2017. Discovery in the trial court is ongoing.</li> </ul>
<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 SGI’s fraud and negligent misrepresentation claims for compensatory damages but dismissed SGI’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>Pretrial discovery is continuing and is anticipated to conclude in 2017.</li> </ul>

<sup>(1)</sup> 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 March 31, 2017 (in \$MM)

Business Area	Business Category	4Q 2016		Incurred Losses / (recoveries)		Paid Claims		1Q 2017	
		Net Unpaid Loss and LAE <sup>(3)</sup>						Net Unpaid Loss and LAE <sup>(3)</sup>	
		SGI	SCAI	SGI	SCAI	SGI	SCAI	SGI	SCAI
Asset - Backed Securities	RMBS	485.5	-	(9.0)	-	(1.7)	-	474.8	-
Collateralized Debt Obligation	ABS CDO	1.2	-	0.0	-	-	-	1.2	-
Public Finance	Municipal	20.7	113.1	12.9	11.6	(1.6)	(3.5)	31.9	121.2
	Special Revenue	-	1.7	-	(0.0)	-	-	-	1.7
Structured Single Risk	Global Infrastructure	(4.0)	0.1	0.2	0.0	0.2	-	(3.6)	0.1
Net loss reserve subtotal		503.4	115.0	4.1	11.6	(3.1)	(3.5)	504.4	123.1
Loss Adjustment Expense (LAE)		16.1	6.4	1.1	(0.0)	(2.6)	(0.3)	14.7	6.1
Total net loss and LAE reserves		519.6	121.5	5.2	11.6	(5.7)	(3.9)	519.1	129.2

<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.

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

# Supplemental Information – 1Q 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 12	Public Finance	Military Housing	>=250MM	aa	2040 - 2050
Structured Single Risk 18	Structured Single Risk	Water & Sewer - IOU - Secured	>=250MM	a	2050 - 2060
Structured Single Risk 4	Structured Single Risk	PFI/PPP Availability - Public Buildings, Hospitals, Schools	>=250MM	a	2040 - 2050
Structured Single Risk 5	Structured Single Risk	Toll Roads (Intl Public) >= 5 Years of Operating History - Cash	>=250MM	a	2040 - 2050
Public Finance 8	Public Finance	U.S. Federal Building Lease	>=250MM	a-	2030 - 2040
Public Finance 6	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 17	Structured Single Risk	Power & Gas - IOU - International	>=250MM	bbb	2030 - 2040
Structured Single Risk 11	Structured Single Risk	PFI/PPP Availability - Public Buildings, Hospitals, Schools	>=250MM	bb	2040 - 2050
Structured Single Risk 8	Structured Single Risk	Ports - International	>=250MM	bb	2020 - 2030
Structured Single Risk 16	Structured Single Risk	Transportation Project Finance - Availability	>=250MM	b+	2040 - 2050
Public Finance 13	Public Finance	Military Housing	>=100MM < 250MM	aa-	2040 - 2050
Public Finance 14	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 10	Public Finance	Military Housing	>=100MM < 250MM	a	2050 - 2050
Structured Single Risk 20	Structured Single Risk	Water & Sewer - IOU - Secured	>=100MM < 250MM	a	2050 - 2060
Public Finance 11	Public Finance	Pension Obligation - Local Government	>=100MM < 250MM	a-	2020 - 2030
Structured Single Risk 19	Structured Single Risk	Water & Sewer - IOU - Secured	>=100MM < 250MM	bbb+	2050 - 2060
Public Finance 16	Public Finance	Lease & Appropriation Obligations - City	>=100MM < 250MM	bbb	2030 - 2040
Public Finance 3	Public Finance	Other Municipal	>=100MM < 250MM	bbb	2030 - 2040
Structured Single Risk 6	Structured Single Risk	Toll Roads (Intl Public) >= 5 Years of Operating History - Cash	>=100MM < 250MM	bbb	2040 - 2050
Public Finance 7	Public Finance	Tax Allocation Bonds (TABs)	>=100MM < 250MM	bbb-	2030 - 2040
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	PFI/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
Public Finance 9	Public Finance	Military Housing	>=100MM < 250MM	bb+	2040 - 2050
Public Finance 15	Public Finance	Tax Allocation Bonds (TABs)	>=100MM < 250MM	bb	2040 - 2050
Public Finance 4	Public Finance	Other Municipal	>=100MM < 250MM	bb	2030 - 2040
Public Finance 2	Public Finance	Public Power Agency (Little/No Nuclear or Special Project)	>=100MM < 250MM	bb-	2040 - 2050

(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 – 1Q 2017 Total Exposure >=\$40 Million cont.

Credit Name	Business Area	Sector / Sub-Sector Detail	Sum of Net Par O/S	Internal Rating	Legal Maturity
Asset-Backed Securities 2	Asset-Backed Securities	Subprime (1st lien)	>=100M M < 250M M	c	2030 - 2040
Structured Single Risk 15	Structured Single Risk	Financial/Insurance - Other	>=75M M < 100M M	a	2017 - 2020
Public Finance 5	Public Finance	Other Municipal	>=75M M < 100M M	bbb-	2020 - 2030
Structured Single Risk 1	Structured Single Risk	Toll Roads (Intl Public) >= 5 Years of Operating History -	>=75M M < 100M M	bbb-	2020 - 2030
Asset-Backed Securities 1	Asset-Backed Securities	Subprime (1st lien)	>=75M M < 100M M	d	2030 - 2040
Public Finance 17	Public Finance	Lease & Appropriation Obligations - City	>=40M M < 75M M	aa-	2030 - 2040
Structured Single Risk 13	Structured Single Risk	Sovereign-Revenue	>=40M M < 75M M	a	2030 - 2040
Structured Single Risk 10	Structured Single Risk	Bridges >= 5 Years of Operating History - International	>=40M M < 75M M	bbb-	2050 - 2060
Structured Single Risk 12	Structured Single Risk	PF/PPP Availability - Public Buildings, Hospitals, Schools	>=40M M < 75M M	bbb-	2040 - 2050
Public Finance 1	Public Finance	Public College & University - General Obligation	>=40M M < 75M M	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	\$292,029,536	a-	6/30/2046
United Utilities Water PLC - Senior Unsecured	Structured Single Risk	Water & Sewer - IOU - Secured	\$289,302,749	a-	8/16/2056
Vector Limited	Structured Single Risk	Power & Gas - Public - International	\$252,216,000	bbb+	10/26/2020
Consolidated Edison of New York, NY	Structured Single Risk	Power & Gas - IOU - Unsecured	\$245,300,000	a-	1/1/2039
Duke Energy Florida	Structured Single Risk	Power & Gas - IOU - Secured	\$240,865,000	a	1/1/2027
Thames Water Utilities Ltd.	Structured Single Risk	Water & Sewer - IOU - Secured	\$220,851,417	bbb+	8/28/2062
Yorkshire Water PLC (Inflation Linked)	Structured Single Risk	Water & Sewer - IOU - Secured	\$217,529,219	bbb	2/1/2054
Mighty River Power	Structured Single Risk	Power & Gas - Public - International	\$210,180,000	a-	9/7/2021
Yorkshire Water PLC	Structured Single Risk	Water & Sewer - IOU - Secured	\$209,828,942	a	8/1/2051
Chillan-Collipulli Chilean Toll Road	Structured Single Risk	Toll Roads (Intl Public) >= 5 Years of Operating History - Cash	\$206,638,302	bbb-	1/1/2050
City of San Jose, CA Redevelopment Agency - Tax Allocation	Public Finance	Tax Allocation Bonds (TABs)	\$194,270,000	bbb	8/1/2036
City of Houston, TX Airport System - Revenue Bonds	Public Finance	Airports - Revenue	\$193,910,000	a	7/1/2032
Commonwealth of Puerto Rico - GO	Public Finance	General Obligation - State	\$168,578,267	d	7/1/2036
Vespucio Sur Chilean Toll Road	Structured Single Risk	Toll Roads (Intl Public) < 5 Years of Operating History - Cash	\$163,736,457	bbb+	12/15/2028
National Grid Electricity Transmission, UK	Structured Single Risk	Power & Gas - IOU - International	\$158,599,137	a-	7/28/2056
Avista Corporation	Structured Single Risk	Power & Gas - IOU - Secured	\$150,000,000	a-	7/1/2037
Metropolitan Transportation Authority, NY - Lease Revenue Bonds	Public Finance	Public Building Leases	\$148,248,277	bbb-	9/15/2047

# Supplemental Information – 1Q 2017 Total Exposure >=\$40 Million cont.

Credit Name	Business Area	Sector / Sub-Sector Detail	Sum of Net Par O/S	Internal Rating	Legal Maturity
San Diego County, CA - Pension Obligation Bonds	Public Finance	Pension Obligation - Local Government	\$ 147,825,000	aa-	8/15/2024
University System of Georgia, Board of Regents, GA	Public Finance	Public College & University - Auxiliary Enterprises	\$ 147,425,000	a+	8/1/2038
New Jersey Economic Development Authority, NJ	Public Finance	Gas Tax/Motor Vehicle Registration - State	\$ 147,065,098	bbb	7/1/2027
Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	Public Finance	Electric Retail M uni Utility	\$ 140,620,000	c	7/1/2031
Southern Water Services Limited, UK	Structured Single Risk	Water & Sewer - IOU - Secured	\$ 139,679,000	bbb	9/30/2033
Miami-Dade County, FL - Aviation Revenue Bonds	Public Finance	Airports - Revenue	\$ 128,885,144	a-	10/1/2040
Natural Gas Acquisition Corporation of City of Clarksville (NGAC),	Public Finance	Gas M uni Utility	\$ 128,479,101	a	10/15/2021
Municipal Gas Authority of Georgia (MGAG) Gas Prepay	Public Finance	Gas M uni Utility	\$ 126,690,000	a	7/1/2028
Autopista Los Libertadores Chilean Toll Road (Allsa)	Structured Single Risk	Toll Roads (Intl Public) >= 5 Years of Operating History - Cash	\$ 124,861,224	bbb	1/15/2025
State of California - GO	Public Finance	General Obligation - State	\$ 122,595,000	a-	1/1/2037
Indiana University of Pennsylvania, PA - Student Housing Revenue	Public Finance	Public College & University - Student Housing	\$ 116,060,000	bbb	7/1/2039
Niagara Mohawk Power Corporation, NY	Structured Single Risk	Power & Gas - IOU - Secured	\$ 115,705,000	a-	7/1/2029
Wessex Water Services Limited, UK	Structured Single Risk	Water & Sewer - IOU - Secured	\$ 108,093,000	a-	7/31/2051
Scotland Gas Networks plc, UK	Structured Single Risk	Electric Distribution - IOU (w/o Construction Risk) - Secured	\$ 98,231,000	bbb+	10/2/2022
Hydro Quebec/Province of Quebec (Canada)	Public Finance	General Obligation - State	\$ 97,800,000	a+	11/15/2030
Long Beach Gas Enterprise Fund, CA - Gas Prepay	Public Finance	Gas M uni Utility	\$ 97,366,760	a	9/1/2037
Commonwealth of Massachusetts State College Building Authority,	Public Finance	Lease & Appropriation Obligations - State	\$ 96,331,243	aa-	5/1/2043
Duke Energy Ohio	Structured Single Risk	Power & Gas - IOU - Unsecured	\$ 94,000,000	a-	1/1/2039
Oregon School Boards Association, OR	Public Finance	General Obligation - School District	\$ 88,560,000	aa	6/30/2028
DOT Headquarters II Lease-Backed Mortgage Finance Trust	Public Finance	U.S. Federal Building Lease	\$ 84,680,262	aa	12/7/2031
Fairfield (City of), CA - Water Rev	Public Finance	Water M uni Utility	\$ 84,466,697	a+	4/1/2042
Aquarion Water Company, CT	Structured Single Risk	Water & Sewer - IOU - Unsecured	\$ 77,715,000	a-	9/1/2037
Suny Research Foundation, NY	Public Finance	Public College & University - Auxiliary Enterprises	\$ 67,795,000	a	9/1/2035
Association of Bay Area Governments, CA - Water/Sewer Revenue	Public Finance	Sewer M uni Utility	\$ 60,910,000	bbb	3/1/2036
Argonne National Laboratory	Public Finance	U.S. Federal Building Lease	\$ 51,370,000	a-	7/1/2033
City of East Point, GA - GO/AA	Public Finance	General Obligation - City or Town	\$ 49,620,000	bbb	2/1/2035
Sewern Trent Water, UK	Structured Single Risk	Water & Sewer - IOU - Secured	\$ 49,272,416	a-	2/1/2067
Bradley University, IL	Public Finance	Private College & University - General Obligation	\$ 44,935,000	a-	8/1/2034