



# Third Quarter 2016 Highlights

December 19, 2016



# Disclaimers

## 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 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.

## 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.

# Key Highlights

## 3Q 2016 – Nine Months Ended September 30, 2016 and 2015 - Financial Results:

- GAAP net income attributable to controlling interest of \$12.6 million as compared to \$178.7 million.
- GAAP earnings per common share of \$2.07<sup>1</sup> as compared to \$4.66<sup>1</sup>.
- Non-GAAP Operating Income of \$101.4 million as compared to \$107.3 million.
- Non-GAAP Operating Income per common share of \$1.64 as compared to \$1.91.
- Adjusted Book Value of \$541.5 million as compared to \$283.3 million as of December 31, 2015.
- Adjusted Book Value per common share of \$6.25 as compared to \$5.03 as of December 31, 2015.

## Insured Portfolio:

- Consolidated net par exposure decreased by \$5.6 billion to \$22.8 billion as of September 30, 2016 as compared to \$28.4 billion as of December 31, 2015.
- Consolidated Below Investment Grade (BIG) net par exposure of \$2.9 billion as compared to \$3.1 billion as of December 31, 2015.
- GAAP BIG Flag List Leverage Ratio increased 0.04 and decreased 0.29 from December 31, 2015 to September 30, 2016 for SGI and SCAI, respectively.

## 3Q 2016 Remediation Transactions:

- In July 2016, SGI received a cash payment of \$40 million in connection with its settled dispute with an originator of RMBS related to an insured RMBS-related transaction, which was previously recognized in our financial results for 2Q 2016.
- In August 2016, Syncora successfully completed its comprehensive restructuring transactions. See Note 1 of Syncora Holdings Ltd. notes to its consolidated financial statements for further discussion.
- In September 2016, SGI settled its Proof of Claim with Lehman Brothers Inc. for an allowed unsecured claim of \$37 million for \$14.1 million. SGI recorded a receivable for \$14.1 million as of September 30, 2016. On October 6, 2016, the Lehman bankruptcy estate distributed \$14.1 million to SGI.
- In September 2016, SGI remediated its remaining insured obligations related to its American Roads credit, which reduced the related insurance exposure to zero and recognized a benefit of \$15.8 million for the release of UPR in the 3Q 2016 consolidated financial statements. Overall, this transaction had a net benefit of \$65.0 million, which included the partial benefit of \$49.2 million recorded in 2Q 2016 for the release of the related reserve.

<sup>1</sup> For purposes of our earnings per share calculation, \$115.2 million and \$83.4 million is included for 2016 and 2015, respectively, which related to the extinguishment of the Series A perpetual non-cumulative preference shares.

# Financial Results

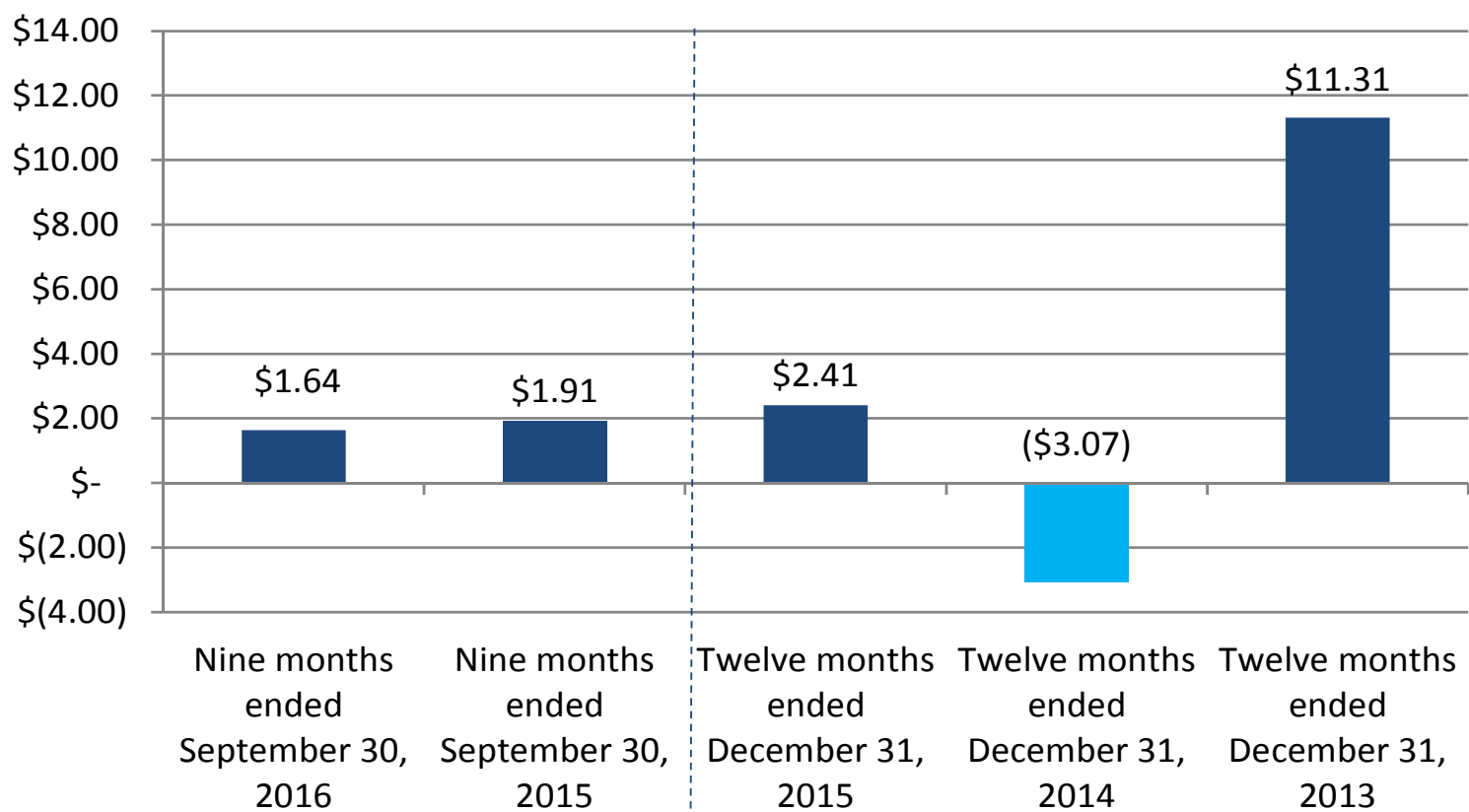
<b>Syncora Holdings Ltd.</b>			
<b>Summary Results of Consolidated Operations (Unaudited)</b>			
<b>Nine Months Ended September 30, 2016 and 2015</b>			
<b>(U.S. dollars in millions, except per share amounts)</b>			
	<u>2016</u>	<u>2015</u>	
Net premiums earned	\$ 52.2	\$ 47.8	
Net investment income	36.3	31.5	
Net (loss) on insurance cash flow certificates	(43.2)	(49.8)	
Net (loss) earnings on credit default and other swap contracts	(52.3)	114.3	
Net recoveries (losses) and loss adjustment expenses	101.4	128.1	
Operating expenses	70.0	62.4	
Net income attributable to controlling interest	\$ 12.6	\$ 178.7	
GAAP earnings per common share	\$ 2.07 <sup>2</sup>	\$ 4.66 <sup>2</sup>	
Non-GAAP operating income <sup>(1)</sup>	\$ 101.4	\$ 107.3	
Non-GAAP operating income per common share <sup>(1)</sup>	\$ 1.64	\$ 1.91	
	<u>As of</u>	<u>As of</u>	
	<u>September 30, 2016</u>	<u>December 31, 2015</u>	
Adjusted Book Value <sup>(1)</sup>	\$ 541.5	\$ 283.3	
Common shares outstanding at end of period	86.6	56.3	
Adjusted Book Value per common share <sup>(1)</sup>	\$ 6.25	\$ 5.03	

<sup>(1)</sup> Non-GAAP operating Income 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 and common shareholders' equity, respectively, which are presented in accordance with GAAP. See Slide 5 below for reconciliations between GAAP and Non-GAAP financial measures.

<sup>(2)</sup> For purposes of our earnings per share calculation, \$115.2 million and \$83.4 million is included for 2016 and 2015, respectively, which related to the extinguishment of the Series A perpetual non-cumulative preference shares.

# Financial Results

## Non-GAAP Operating Income (Loss) per Common Share (in \$MM)



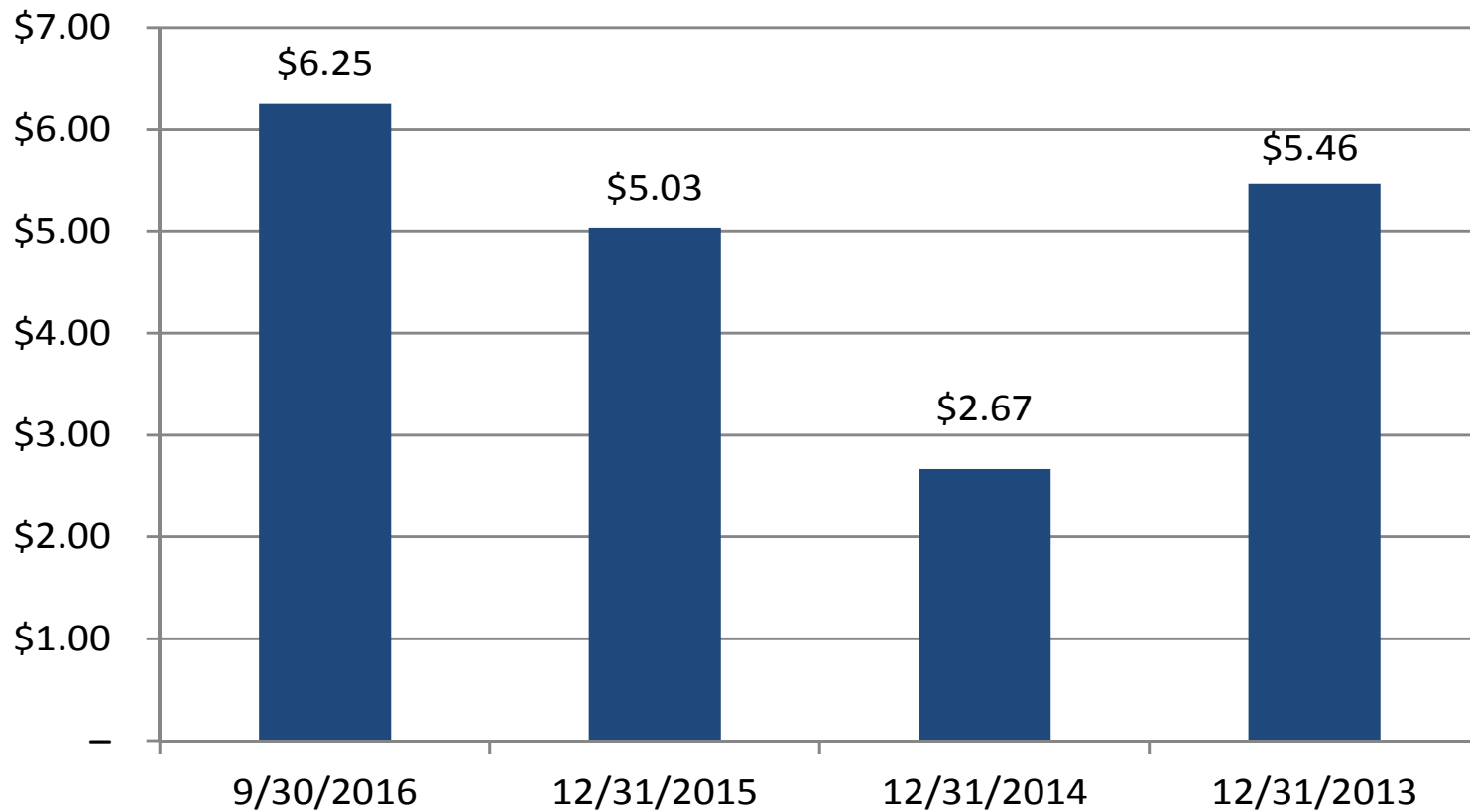
# Financial Results

<b>Syncora Holdings Ltd.</b>					
<b>Reconciliation of GAAP Net Income to Non-GAAP Operating Income</b>					
(In millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2016	2015	2015	2014	2013
<b>GAAP net income</b>	\$ 12.6	\$ 178.7	\$ 216.7	\$ (102.9)	\$ 581.8
Extinguishment of Series A perpetual non-cumulative preference shares	115.2	83.4	83.4	-	-
<b>GAAP earnings attributable to common shareholders of Syncora Holdings Ltd.</b>	<b>\$ 127.8</b>	<b>\$ 262.1</b>	<b>\$ 300.1</b>	<b>\$ (102.9)</b>	<b>\$ 581.8</b>
<b>GAAP net income</b>	<b>\$ 12.6</b>	<b>\$ 178.7</b>	<b>\$ 216.7</b>	<b>\$ (102.9)</b>	<b>\$ 581.8</b>
Pre-tax adjustments:					
Effect of consolidating VIEs	(7.8)	10.3	16.6	9.3	9.4
Non-credit impairment of net realized and unrealized fair value losses and (gains) on credit derivatives	55.1	(103.7)	(126.2)	(105.8)	59.4
Surplus note accretion	15.7	18.3	25.2	19.1	12.6
Net realized (gains) and losses on investments	13.4	3.7	3.3	(0.3)	7.4
Non-recurring transaction related expenses	12.3	-	-	-	-
Total pre-tax adjustments	<u>88.7</u>	<u>(71.4)</u>	<u>(81.0)</u>	<u>(77.7)</u>	<u>88.8</u>
Less tax effect on pre-tax adjustments	-	-	-	-	-
<b>Non-GAAP operating income</b>	<b>\$ 101.4</b>	<b>\$ 107.3</b>	<b>\$ 135.7</b>	<b>\$ (180.6)</b>	<b>\$ 670.6</b>
Basic and diluted weighted average common shares	61.7	56.3	56.3	58.8	59.3
GAAP earnings per common share	\$ 2.07	\$ 4.66	\$ 5.33	\$ (1.75)	\$ 9.81
Non-GAAP operating income per common share	\$ 1.64	\$ 1.91	\$ 2.41	\$ (3.07)	\$ 11.31

Note: Refer to Syncora Holdings Ltd. 3Q 2016 Earnings Release for further descriptions of Non-GAAP operating income (loss) adjustments.

# Financial Results

## Adjusted Book Value per Common Share



# Financial Results

Syncora Holdings Ltd. Reconciliation of GAAP Common Shareholders' Equity to Adjusted Book Value				
(in millions)	As of September 30,	As of December 31,		
	2016	2015	2014	2013
<b>GAAP common shareholders' equity</b>	\$ 522.1	\$ 335.5	\$ 57.5	\$ 164.7
Series A preferred stock	-	(2.3)	(3.4)	(3.4)
Series B preferred stock	(121.0)	(121.0)	(121.0)	(121.0)
<b>Adjusted GAAP common shareholders' equity</b>	<b>\$ 401.1</b>	<b>\$ 212.2</b>	<b>\$ (66.9)</b>	<b>\$ 40.3</b>
Pre-tax adjustments:				
Deferred acquisition costs	(48.8)	(54.2)	(64.2)	(76.2)
Effect of deconsolidating VIEs	63.1	69.9	53.7	41.0
Net credit derivative liability	108.5	53.4	179.5	285.4
Net present value of estimated net future credit derivative revenue	75.5	80.9	94.7	101.5
Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	297.4	317.7	399.0	387.5
Notes payable	(295.9)	(352.9)	(378.1)	(397.3)
Unrealized gains on investments	(34.0)	(15.8)	(32.1)	(25.8)
Taxes	(25.4)	(27.9)	(35.3)	(32.7)
<b>Adjusted Book Value</b>	<b>\$ 541.5</b>	<b>\$ 283.3</b>	<b>\$ 150.3</b>	<b>\$ 323.7</b>
Common shares outstanding at end of the period	86.6	56.3	56.3	59.3
Book value per common share	\$ 4.63	\$ 3.77	\$ (1.19)	\$ 0.68
Adjusted book value per common share	\$ 6.25	\$ 5.03	\$ 2.67	\$ 5.46

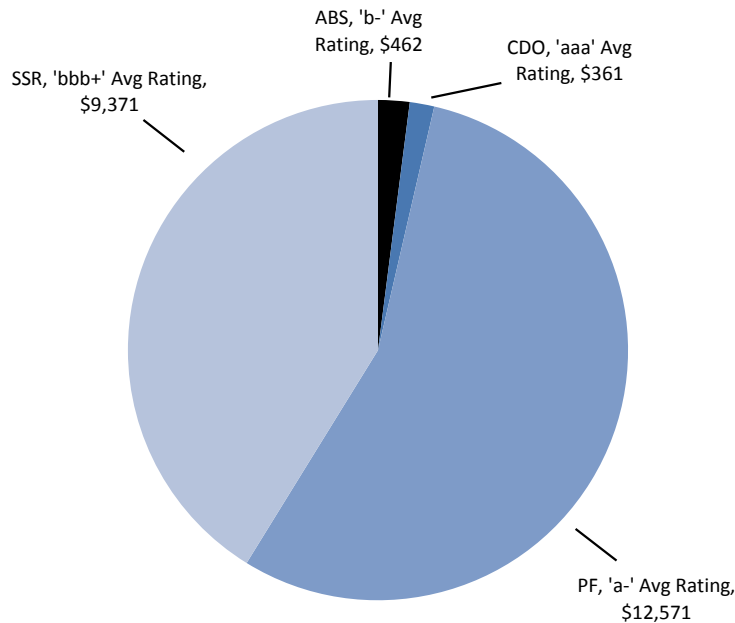
[Note:](#) Refer to Syncora Holdings Ltd. 3Q 2016 Earnings Release for further descriptions of Non-GAAP adjusted book value adjustments.



# Insured Portfolio Overview: SHL

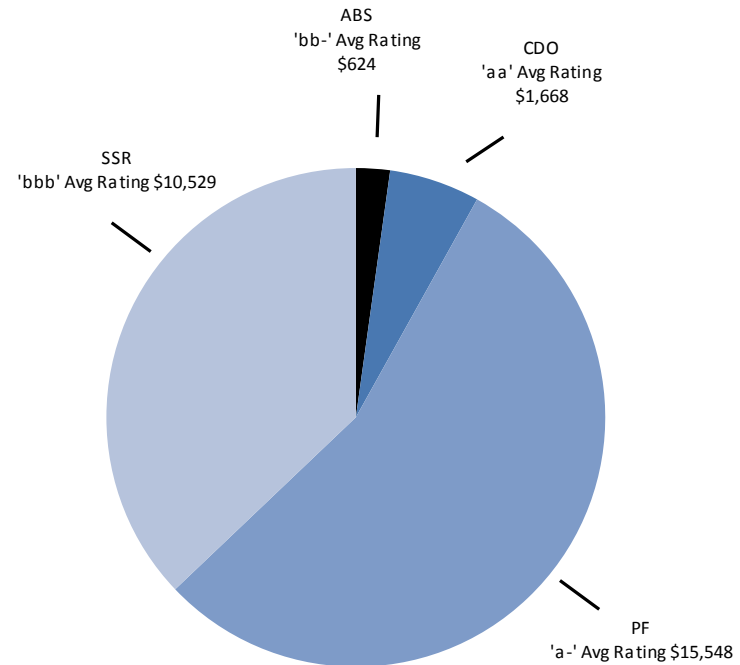
SHL's **3Q 2016** portfolio consists of 911 credits totaling \$22.8BN in net par exposure. Average internal rating<sup>1</sup> of the SHL portfolio is 'bbb+'. 13% or \$2.9BN of SHL's portfolio is internally rated Below Investment Grade (BIG).

## SHL Net Par Outstanding by Sector as of September 30, 2016 (in \$MM)



SHL's **4Q 2015** portfolio consists of 1,197 credits totaling \$28.4BN in net par exposure. Average internal rating<sup>1</sup> of the SHL portfolio is 'bbb+'. 11% or \$3.1BN of SHL's portfolio is internally rated Below Investment Grade (BIG).

## SHL Net Par Outstanding by Sector as of December 31, 2015 (in \$MM)



Note: All average ratings reflect Syncora's internal ratings. Refer to 3Q 2016 >=\$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>1,2,3</sup> (in \$MM)

		3Q 2016	4Q 2015
<b>Loss List</b>	<b>Business Area</b>		
	Asset-Backed Securities	\$ 350	\$ 416
	Collateralized Debt Obligations	2	2
	Public Finance	366	413
	Structured Single Risk	–	–
	<b>Total Loss List:</b>	<b>\$ 718</b>	<b>\$ 831</b>
<b>Red Flag</b>	<b>Business Area</b>		
	Asset-Backed Securities	\$ 16	\$ 39
	Collateralized Debt Obligations	–	–
	Public Finance	3	3
	Structured Single Risk	850	925
	<b>Total Red Flag:</b>	<b>\$ 869</b>	<b>\$ 967</b>
<b>Yellow Flag</b>	<b>Business Area</b>		
	Asset-Backed Securities	\$ 32	\$ 17
	Collateralized Debt Obligations	–	–
	Public Finance	549	722
	Structured Single Risk	632	429
	<b>Total Yellow Flag:</b>	<b>\$ 1,213</b>	<b>\$ 1,168</b>
	<b>Total:</b>	<b>\$ 2,800</b>	<b>\$ 2,966</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.

<sup>3</sup> Total statutory – basis BIG Flag List NPO was \$2,949 million as of September 30, 2016.

## BIG Credits >\$100MM in Net Par



SHL BIG Credits As of September 30, 2016 (in \$MM)					SHL BIG Credits As of December 31, 2015 (in \$MM)				
Business Area	Business Type	Net Par Outstanding	3Q 2016 Internal Rating <sup>1</sup>	Flag List <sup>3</sup>	Business Area	Business Type	Net Par Outstanding	4Q 2015 Internal Rating <sup>1</sup>	Flag List <sup>3</sup>
PF	Municipal	\$ 186	d	Loss List	PF	Municipal	\$ 191	c	Loss List
PF	Municipal	141	c	Loss List	PF	Municipal	170	c	Loss List
ABS	RMBS	123	c	Loss List	ABS	RMBS	145	c	Loss List
SSR	Global Infrastructure <sup>2</sup>	850	b-, b+	Red Flag	SSR	Global Infrastructure	116	b	Red Flag
PF	Municipal	109	bb-	Yellow Flag	SSR	Global Infrastructure <sup>2</sup>	810	b-, b+	Red Flag
SSR	Global Infrastructure	286	bb	Yellow Flag	PF	Municipal	109	bb-	Yellow Flag
SSR	Global Infrastructure	253	bb	Yellow Flag	SSR	Global Infrastructure	336	bb	Yellow Flag
PF	Special Revenue	234	bb	Yellow Flag	PF	Special Revenue	237	bb	Yellow Flag
PF	Municipal	128	bb	Yellow Flag	PF	Municipal	128	bb	Yellow Flag
PF	Special Revenue	149	bb+	n/a - CDS <sup>4</sup>	PF	Special Revenue	150	bb+	n/a - CDS <sup>4</sup>
	<b>Total:</b>	<b>\$ 2,459</b>			PF	Municipal	114	bb+	Yellow Flag
					<b>Total:</b>		<b>\$ 2,504</b>		

<sup>1</sup> Refer to 3Q 2016 >=\$40 million in Appendix A for discussion of Internal Ratings.

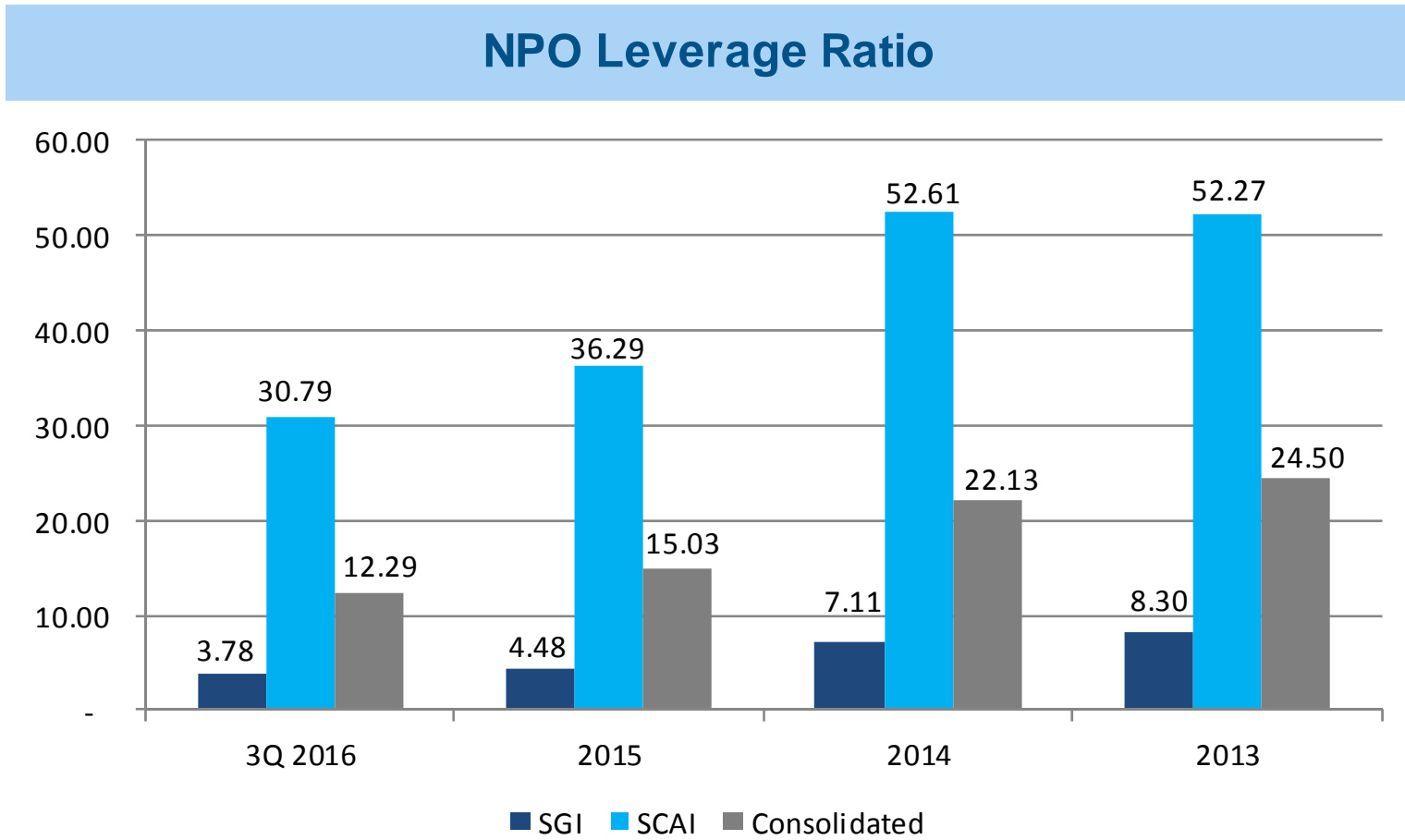
<sup>2</sup> Total exposure consists of a small junior lien tranche and a large senior lien tranche. Rating differential reflects the different lien status.

<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.

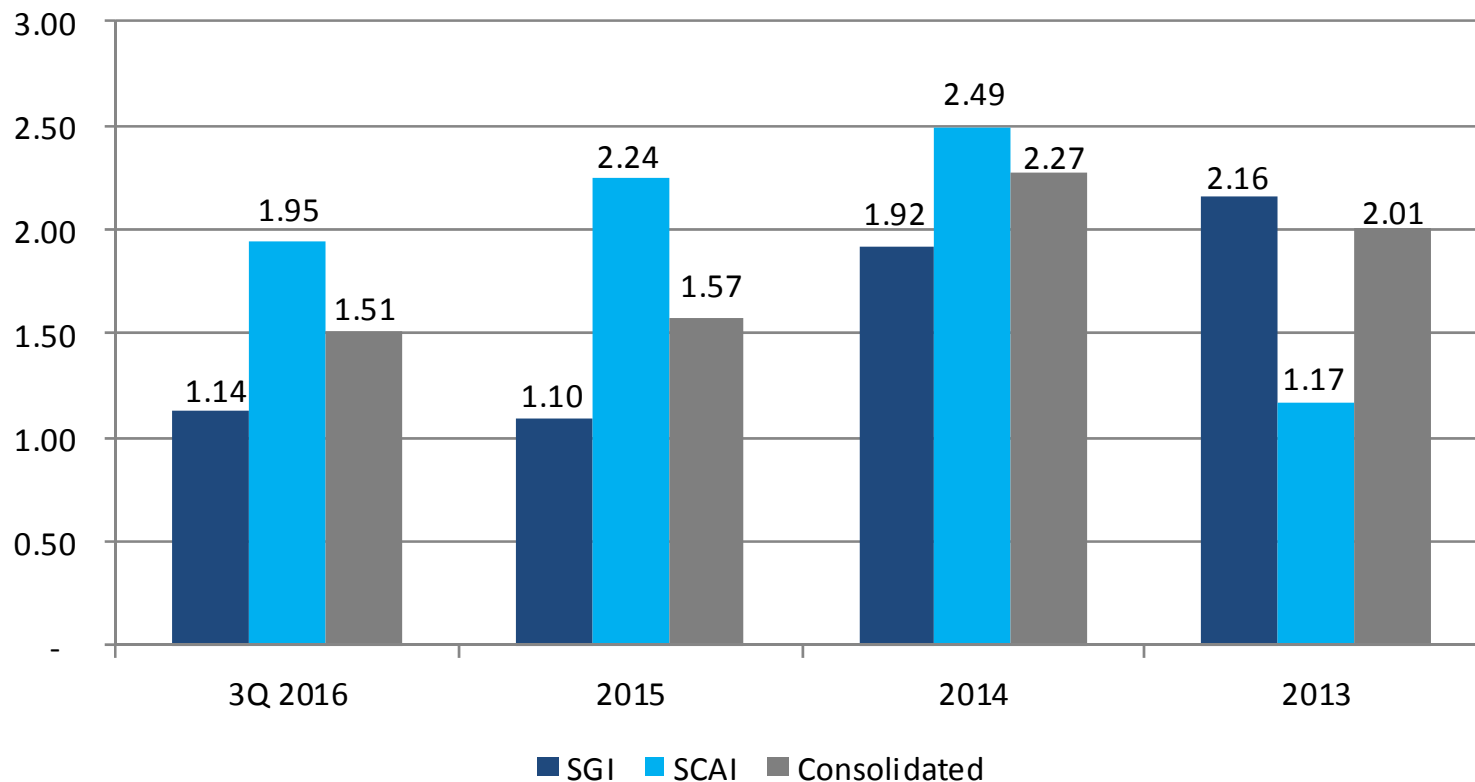
# Net Par Outstanding Leverage Ratio<sup>1</sup>



<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:

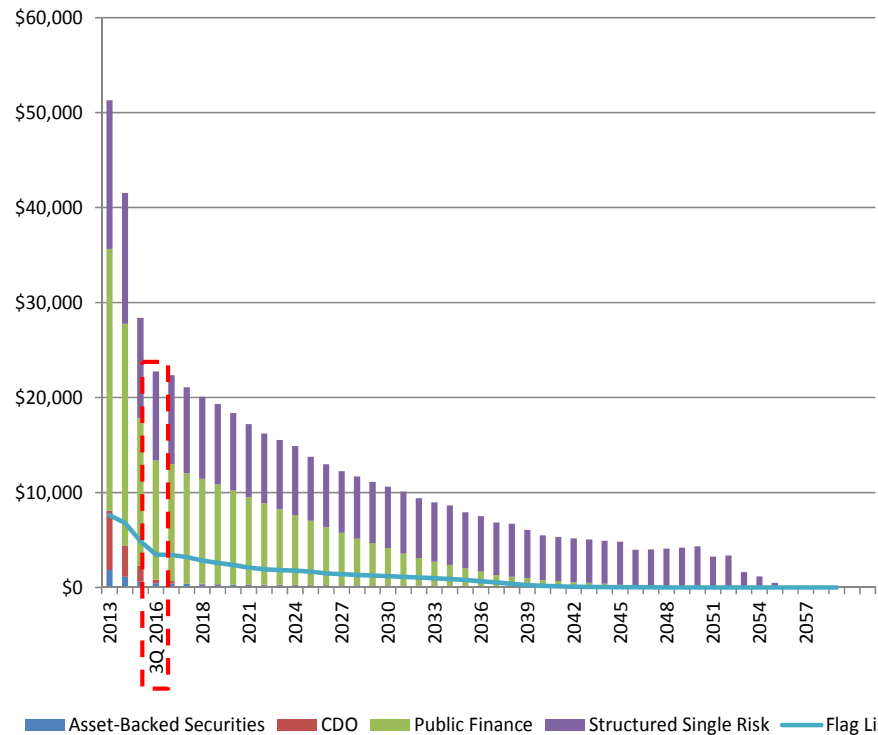
**SCAI (2013 – 2014):** Downgrade of Puerto Rico credits in 2014.

**SGI (2015 – 3Q 2016):** Downgrade of a large global infrastructure credit in 1Q 2016.

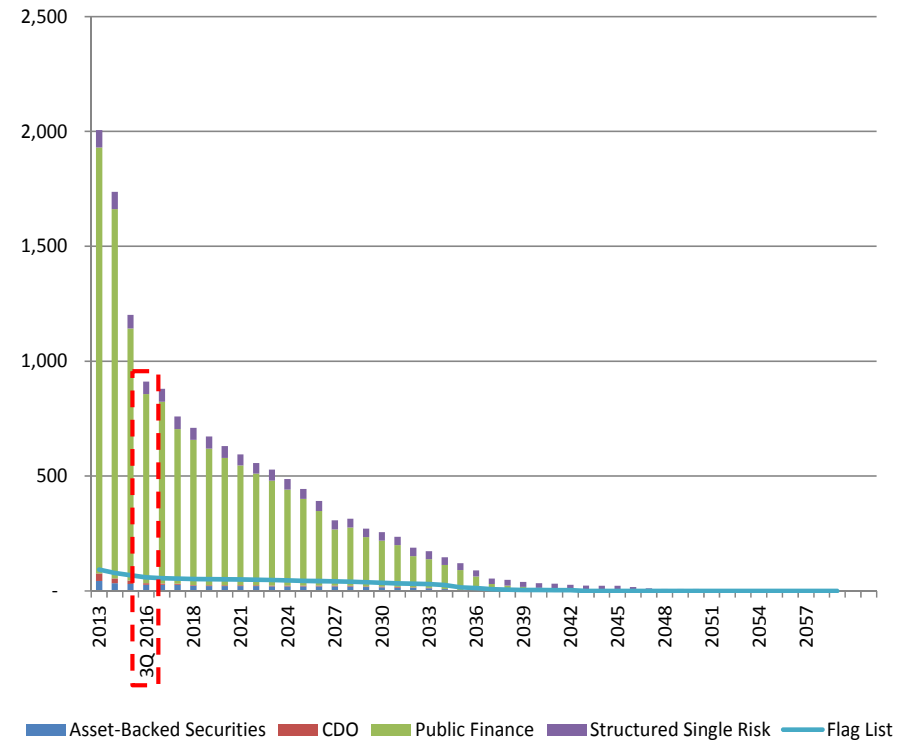
<sup>1</sup> BIG net par outstanding/Total claims paying resources

# SHL Portfolio Expected Net Par & Credit Count Reduction by Business Area as of September 30, 2016

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



## SHL Credit Count Runoff

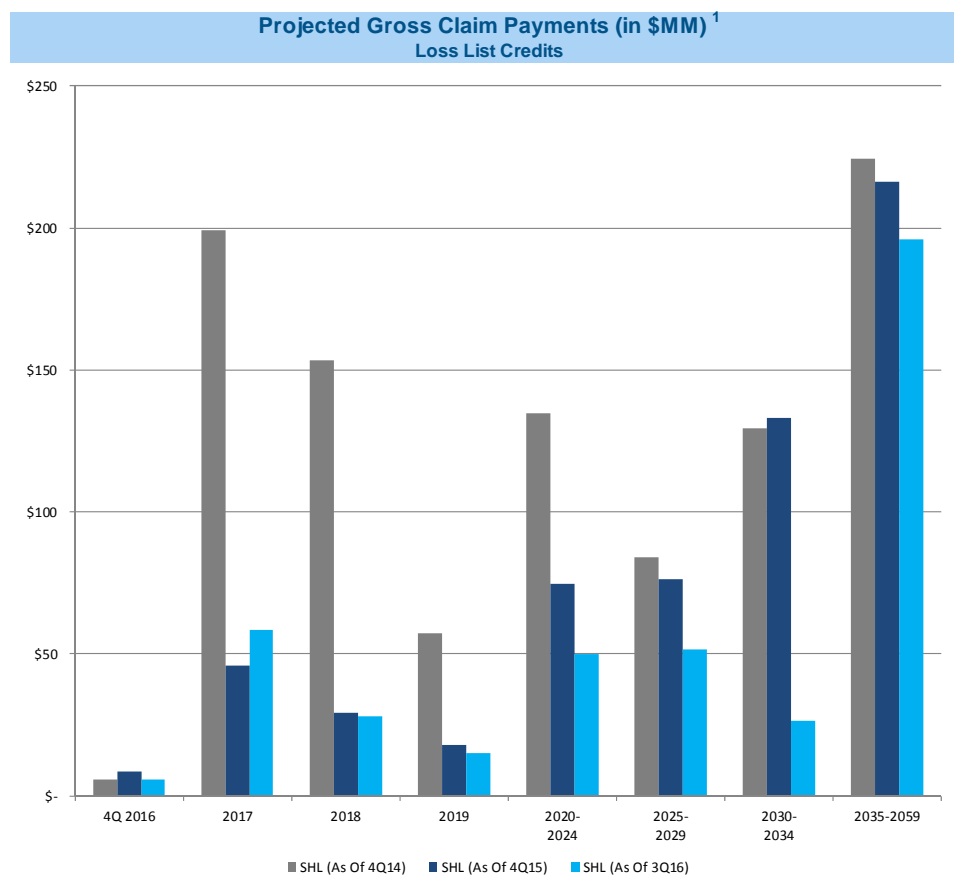


- 1 Syncora's GAAP Flag List consists of all BIG credits plus credits on Syncora's Special Monitoring List (not including those credits in CDS form which are carried at fair value). The Special Monitoring List is defined as those credits that are viewed as low investment grade where a material covenant 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: FY2016-2059

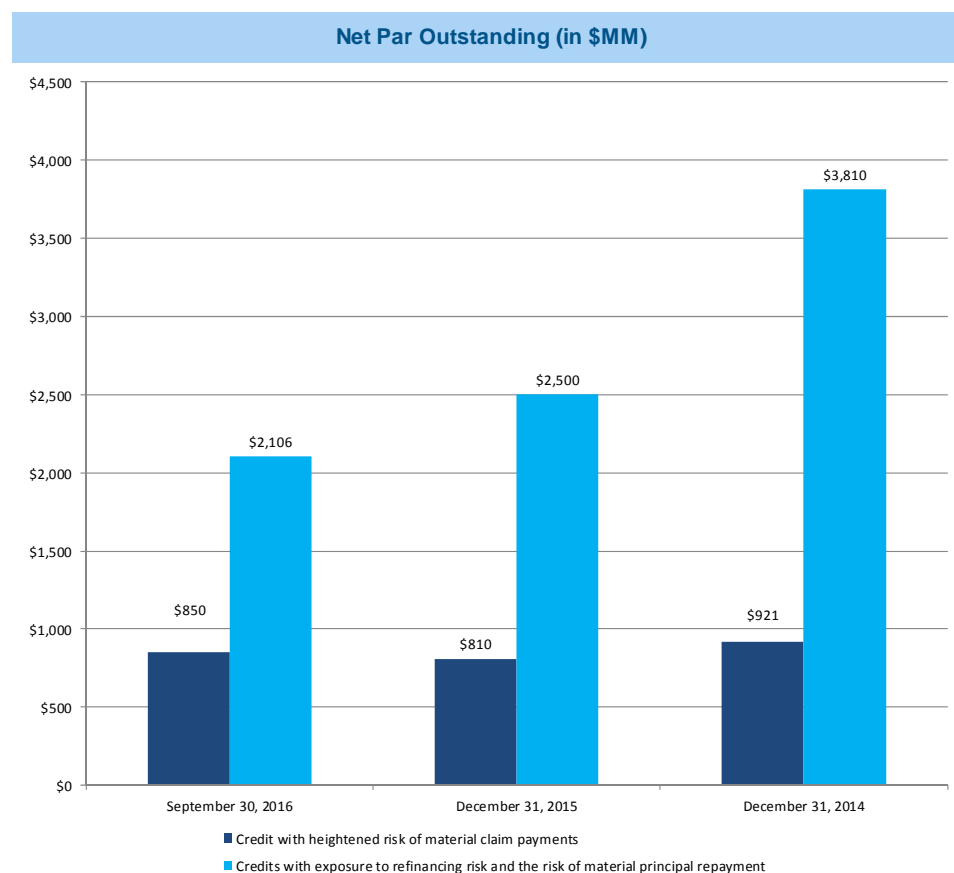
- SGI faces a potential liquidity mismatch between expected future medium to long-term claims payments and recoveries relating to these claims.
  - SHL (through its insurance subsidiaries) anticipates that it will be requested to make gross claim payments in the period 2017 – 2029 of approximately \$203.2 million (\$119.6 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 faces a potential liquidity mismatch between expected future medium to long-term claims payments and recoveries relating to these claims.
  - SHL (through its insurance subsidiary, 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 \$850.1 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 \$2.1 billion.
- See the description of significant risks and uncertainties in Note 2 of SHL's recently issued consolidated GAAP financial statements for further discussion.





# Puerto Rico

## Puerto Rico Exposure

As of September 30, 2016 and December 31, 2015 (in \$MM)

	Insured Exposure <sup>1</sup>		Bonds Purchased for Remediation <sup>2</sup>		Total	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015	9/30/2016	12/31/2015
<b>Direct (Insurance):</b>						
Commonwealth of Puerto Rico - General Obligations	\$ 104.3	\$ 106.6	\$ 30.8	\$ 31.1	\$ 135.1	\$ 137.8
Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	127.1	155.9	67.3	46.1	194.4	202.1
Commonwealth of Puerto Rico, Highway & Transportation Authority	6.2	6.3	0.6	0.4	6.8	6.7
Puerto Rico (Commonwealth) - Mixed State and Local Revenue	—	—	—	—	—	—
<b>Direct Subtotal</b>	<b>\$ 237.6</b>	<b>\$ 268.8</b>	<b>\$ 98.7</b>	<b>\$ 77.7</b>	<b>\$ 336.3</b>	<b>\$ 346.5</b>
<b>Assumed (Reinsurance):</b>						
Commonwealth of Puerto Rico - General Obligations	\$ 81.4	\$ 83.9	\$ —	\$ —	\$ 81.4	\$ 83.9
Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	14.1	14.1	—	—	14.1	14.1
Commonwealth of Puerto Rico, Highway & Transportation Authority	—	—	—	—	—	—
Puerto Rico (Commonwealth) - Mixed State and Local Revenue	28.7	28.7	—	—	28.7	28.7
<b>Assumed Subtotal</b>	<b>\$ 124.2</b>	<b>\$ 126.7</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 124.2</b>	<b>\$ 126.7</b>
<b>Total:</b>						
Commonwealth of Puerto Rico - General Obligations	\$ 185.7	\$ 190.5	\$ 30.8	\$ 31.1	\$ 216.5	\$ 221.7
Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	141.2	170.0	67.3	46.1	208.5	216.2
Commonwealth of Puerto Rico, Highway & Transportation Authority	6.2	6.3	0.6	0.4	6.8	6.7
Puerto Rico (Commonwealth) - Mixed State and Local Revenue	28.7	28.7	—	—	28.7	28.7
<b>Total</b>	<b>\$ 361.8</b>	<b>\$ 395.5</b>	<b>\$ 98.7</b>	<b>\$ 77.7</b>	<b>\$ 460.5</b>	<b>\$ 473.2</b>

<sup>1</sup> Excludes total interest outstanding of \$96.9 million and \$118.3 million as of September 30, 2016 and December 31, 2015, 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 September 14, 2016)
<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 CFIG Assurance North America, Inc. (“CFIG”), 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 CFIG) 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. On February 26, 2016, GreenPoint filed a notice of appeal of that decision. Greenpoint perfected its appeal on November 28, 2016. 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. This motion is fully briefed and oral argument was held on October 13, 2016.</li> <li>Pretrial discovery is continuing and is anticipated to conclude in April 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.

# Appendix A

## Supplemental Information

# Supplemental Information – GAAP Loss Reserves Rollforward <sup>1,2</sup>

## As of September 30, 2016

Business Area	Business Category	4Q 2015				3Q 2016			
		Net Unpaid Loss and LAE <sup>3</sup>		Incurred Losses / (recoveries)		Paid Claims		Net Unpaid Loss and LAE <sup>3</sup>	
		SGI	SCAI	SGI	SCAI	SGI	SCAI	SGI	SCAI
Asset - Backed Securities	RMBS	\$ 644,290,974	\$ –	\$ (89,554,420)	\$ –	\$ 27,829,676	\$ –	\$ 582,566,230	\$ –
Collateralized Debt Obligation	ABS CDO	1,208,920	–	239,124	–	–	–	1,448,044	–
Public Finance	Municipal	23,708,119	100,029,867	12,857,014	22,270,388	(19,638,206)	(21,122,985)	16,926,928	101,177,270
	Special Revenue	–	1,490,628	–	323,561	–	–	–	1,814,190
Structured Single Risk	Global Infrastructure	<u>116,866,038</u>	<u>154,066</u>	<u>(48,773,905)</u>	<u>30,021</u>	<u>(72,193,061)</u>	<u>–</u>	<u>(4,100,929)</u>	<u>184,086</u>
	Net loss reserve subtotal	\$ 786,074,052	\$ 101,674,561	\$ (125,232,186)	\$ 22,623,970	\$ (64,001,592)	\$ (21,122,985)	\$ 596,840,274	\$ 103,175,546
	Loss Adjustment Expense (LAE)	18,023,551	13,584,673	5,780,999	(4,588,925)	(9,269,152)	(1,627,940)	14,535,398	7,367,808
	Total net loss and LAE reserves	\$ 804,097,603	\$ 115,259,234	\$ (119,451,187)	\$ 18,035,045	\$ (73,270,744)	\$ (22,750,925)	\$ 611,375,672	\$ 110,543,354

<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 – 3Q 2016 Total Exposure >=\$40 Million

Credit Name <sup>1</sup>	Business Area	Sector / Sub-sector Detail	Sum of Net Par O/S	Internal Rating	Legal Maturity
Public Finance 14	Public Finance	Military Housing	>=250MM	aa	2040 - 2050
Structured Single Risk 5	Structured Single Risk	PFI/PPP Availability - Public Buildings, Hospitals, Schools	>=250MM	a	2040 - 2050
Structured Single Risk 6	Structured Single Risk	Toll Roads (Intl Public) >= 5 Years of Operating History - Cash	>=250MM	a	2040 - 2050
Structured Single Risk 20	Structured Single Risk	Water & Sewer - IOU - Secured	>=250MM	a	2050 - 2060
Public Finance 10	Public Finance	U.S. Federal Building Lease	>=250MM	a-	2030 - 2040
Structured Single Risk 7	Structured Single Risk	Power & Gas - Public - International	>=250MM	bbb+	2030 - 2040
Public Finance 8	Public Finance	Municipal Project Finance (without mitigating support)	>=250MM	bbb+	2030 - 2040
Public Finance 5	Public Finance	Other Municipal	>=250MM	bbb-	2030 - 2040
Public Finance 7	Public Finance	Other Municipal	>=250MM	bbb-	2030 - 2040
Structured Single Risk 18	Structured Single Risk	Transportation Project Finance - Availability	>=250MM	b+	2040 - 2050
Structured Single Risk 12	Structured Single Risk	PFI/PPP Availability - Public Buildings, Hospitals, Schools	>=250MM	bb	2040 - 2050
Structured Single Risk 9	Structured Single Risk	Ports - International	>=250MM	bb	2020 - 2030
Collateralized Debt Obligations 1	Collateralized Debt Obligations	Synthetic - Investment Grade Bonds > 75%	>=100MM < 250MM	aaa	2016 - 2020
Collateralized Debt Obligations 2	Collateralized Debt Obligations	Synthetic - CMBS	>=100MM < 250MM	aaa	2040 - 2050
Public Finance 15	Public Finance	Military Housing	>=100MM < 250MM	aa-	2040 - 2050
Public Finance 16	Public Finance	Military Housing	>=100MM < 250MM	a+	2040 - 2050
Structured Single Risk 16	Structured Single Risk	Power & Gas Project - International - 1-4 years	>=100MM < 250MM	a+	2020 - 2030
Structured Single Risk 22	Structured Single Risk	Water & Sewer - IOU - Secured	>=100MM < 250MM	a	2050 - 2060
Public Finance 12	Public Finance	Military Housing	>=100MM < 250MM	a	2050 - 2060
Public Finance 13	Public Finance	Pension Obligation - Local Government	>=100MM < 250MM	a-	2020 - 2030
Structured Single Risk 21	Structured Single Risk	Water & Sewer - IOU - Secured	>=100MM < 250MM	a-	2050 - 2060
Public Finance 18	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 2	Structured Single Risk	PFI/PPP Availability - Public Buildings, Hospitals, Schools	>=100MM < 250MM	bbb	2030 - 2040
Public Finance 9	Public Finance	Tax Allocation Bonds (TABs)	>=100MM < 250MM	bbb-	2030 - 2040
Structured Single Risk 10	Structured Single Risk	Transportation Project Finance - Availability	>=100MM < 250MM	bbb-	2030 - 2040
Structured Single Risk 3	Structured Single Risk	Sub Sovereign State, Region, Province -Gen Obligation	>=100MM < 250MM	bbb-	2030 - 2040
Structured Single Risk 4	Structured Single Risk	PFI/PPP Availability - Public Buildings, Hospitals, Schools	>=100MM < 250MM	bbb-	2040 - 2050
Public Finance 11	Public Finance	Military Housing	>=100MM < 250MM	bb+	2040 - 2050
Public Finance 17	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 Risk)	>=100MM < 250MM	bb-	2040 - 2050
Asset-Backed Securities 2	Asset-Backed Securities	Subprime (1st lien)	>=100MM < 250MM	c	2030 - 2040
Structured Single Risk 17	Structured Single Risk	Financial/Insurance - Other	>=75MM < 100MM	a	2016 - 2020
Public Finance 6	Public Finance	Sewer Muni Utility	>=75MM < 100MM	bbb-	2040 - 2050
Structured Single Risk 1	Structured Single Risk	Toll Roads (Intl Public) >= 5 Years of Operating History - Shadow	>=75MM < 100MM	bbb-	2020 - 2030

<sup>1</sup> 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.

<sup>2</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.

# Supplemental Information – 3Q 2016 Total Exposure >=\$40 Million cont.

Credit Name <sup>1</sup>	Business Area	Sector / Sub-sector Detail	Sum of Net Par O/S	Internal Rating	Legal Maturity
Structured Single Risk 19	Structured Single Risk	Whole Business - Other Assets	>=75MM < 100MM	bbb-	2020 - 2030
Structured Single Risk 8	Structured Single Risk	Perpetual Repackagings	>=75MM < 100MM	bb	2040 - 2050
Asset-Backed Securities 1	Asset-Backed Securities	Subprime (1st lien)	>=75MM < 100MM	d	2030 - 2040
Collateralized Debt Obligations 3	Collateralized Debt Obligations	Arbitrage CF - Leveraged Loans > 75%	>=40MM < 75MM	aaa	2020 - 2030
Public Finance 20	Public Finance	Lease & Appropriation Obligations - City	>=40MM < 75MM	aa-	2030 - 2040
Structured Single Risk 15	Structured Single Risk	Sovereign-Revenue	>=40MM < 75MM	a	2030 - 2040
Structured Single Risk 14	Structured Single Risk	Water & Sewer - IOU - Secured	>=40MM < 75MM	bbb+	2030 - 2040
Public Finance 19	Public Finance	General Obligation - County	>=40MM < 75MM	bbb-	2030 - 2040
Structured Single Risk 11	Structured Single Risk	Bridges >= 5 Years of Operating History - International	>=40MM < 75MM	bbb-	2050 - 2060
Structured Single Risk 13	Structured Single Risk	PFI/PPP Availability - Public Buildings, Hospitals, Schools	>=40MM < 75MM	bbb-	2040 - 2050
Public Finance 1	Public Finance	Public College & University - General Obligation	>=40MM < 75MM	bb+	2030 - 2040
Southern Gas Network, UK	Structured Single Risk	Power & Gas - IOU - International	\$560,706,034	bbb	10/21/2035
DOT Headquarters II Lease-Backed Mortgage Finance Trust Senior Notes	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	\$299,034,870	a-	6/30/2046
United Utilities Water PLC - Senior Unsecured	Structured Single Risk	Water & Sewer - IOU - Secured	\$295,160,291	a-	8/11/2056
Channel Link Enterprise Finance Eurotunnel (Eurotunnel Restructuring)	Structured Single Risk	Toll Roads (Intl Public) >= 5 Years of Operating History - Cash	\$286,417,448	bbb	6/28/2046
Vector Limited	Structured Single Risk	Power & Gas - Public - International	\$262,296,000	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
University System of Georgia, Board of Regents, GA	Public Finance	Public College & University - Auxiliary Enterprises	\$230,745,000	a+	8/1/2038
Thames Water Utilities Ltd.	Structured Single Risk	Water & Sewer - IOU - Secured	\$227,166,694	a-	7/11/2056
Yorkshire Water PLC (Inflation Linked)	Structured Single Risk	Water & Sewer - IOU - Secured	\$225,702,879	bbb+	2/1/2054
Mighty River Power	Structured Single Risk	Power & Gas - Public - International	\$218,580,000	a-	9/7/2021
Chillan-Collipulli Chilean Toll Road	Structured Single Risk	Toll Roads (Intl Public) >= 5 Years of Operating History - Cash	\$216,436,995	bbb-	1/1/2050
Yorkshire Water PLC	Structured Single Risk	Water & Sewer - IOU - Secured	\$213,346,485	a	8/1/2051
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	\$185,708,267	d	7/1/2036
State of California - GO	Public Finance	General Obligation - State	\$176,445,000	a-	11/1/2037
Vespucio Sur Chilean Toll Road	Structured Single Risk	Toll Roads (Intl Public) < 5 Years of Operating History - Cash	\$167,752,055	bbb+	12/15/2028
National Grid Electricity Transmission, UK	Structured Single Risk	Power & Gas - IOU - International	\$163,035,067	a-	7/28/2056
Southern Water Services Limited, UK	Structured Single Risk	Water & Sewer - IOU - Secured	\$150,229,000	bbb	9/30/2033
State of South Carolina Transportation Infrastructure Bank - Motor Vehicle Revenue	Public Finance	Gas Tax/Motor Vehicle Registration - State	\$150,220,000	a	10/1/2037
Avista Corporation	Structured Single Risk	Power & Gas - IOU - Secured	\$150,000,000	a-	7/1/2037
San Diego County, CA - Pension Obligation Bonds	Public Finance	Pension Obligation - Local Government	\$147,825,000	aa-	8/15/2024
New Jersey Economic Development Authority, NJ	Public Finance	Gas Tax/Motor Vehicle Registration - State	\$147,065,098	bbb	7/1/2027

# Supplemental Information – 3Q 2016 Total Exposure >=\$40 Million cont.

Credit Name <sup>1</sup>	Business Area	Sector / Sub-sector Detail	Sum of Net Par O/S	Internal Rating	Legal Maturity
Metropolitan Transportation Authority, NY - Lease Revenue Bonds	Public Finance	Public Building Leases	\$144,334,906	bbb-	9/15/2047
Natural Gas Acquisition Corporation of City of Clarksville (NGAC), TN - Utility Obligatio	Public Finance	Gas Muni Utility	\$143,931,794	a	10/15/2021
Puerto Rico Electric Power Authority, PR - Utility Revenue Bonds	Public Finance	Electric Retail Muni Utility	\$141,212,000	c	7/1/2031
Autopista Los Libertadores Chilean Toll Road (Allsa)	Structured Single Risk	Toll Roads (Intl Public) >= 5 Years of Operating History - Cash	\$129,327,271	bbb	1/15/2025
Miami-Dade County, FL - Aviation Revenue Bonds	Public Finance	Airports - Revenue	\$128,885,144	a-	10/1/2040
Washington County, TN – GO	Public Finance	General Obligation - County	\$127,295,000	aa	6/1/2037
Municipal Gas Authority of Georgia (MGAG) Gas Prepay	Public Finance	Gas Muni Utility	\$126,690,000	a	7/1/2028
Wessex Water Services Limited, UK	Structured Single Risk	Water & Sewer - IOU - Secured	\$117,209,000	a-	7/31/2051
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
Scotland Gas Networks plc, UK	Structured Single Risk	Electric Distribution - IOU (w/o Construction Risk) - Secured	\$105,696,000	bbb	10/21/2022
San Francisco Public Utilities Commission, CA - Water/Sewer Revenue Bonds	Public Finance	Sewer Muni Utility	\$103,265,000	a+	11/1/2026
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 Muni Utility	\$97,366,760	a	9/1/2037
Commonwealth of Massachusetts State College Building Authority, MA, - GO/AA	Public Finance	Lease & Appropriation Obligations - State	\$96,331,243	aa-	5/1/2039
Yuma (Municipal Property Corp.), AZ - Utility Rev	Public Finance	Water & Sewer Combined Utility	\$94,990,000	bbb+	7/1/2032
Duke Energy Ohio	Structured Single Risk	Power & Gas - IOU - Unsecured	\$94,000,000	a-	11/1/2039
City of Lafayette, LA - Combined Utility System	Public Finance	Combined Muni Utilities (Mixed Gas/Electric/Water & Sewer)	\$93,100,000	a-	11/1/2031
DOT Headquarters II Lease-Backed Mortgage Finance Trust Subordinate Notes	Public Finance	U.S. Federal Building Lease	\$91,468,293	aa	12/7/2031
Oregon School Boards Association, OR	Public Finance	General Obligation - School District	\$88,560,000	aa	6/30/2028
Fairfield (City of), CA - Water Rev	Public Finance	Water Muni Utility	\$84,466,697	a+	4/1/2042
College of Charleston, SC	Public Finance	Public College & University - Fee Pledge or Limited Tuition	\$80,970,000	a	4/1/2037
Aquarion Water Company, CT	Structured Single Risk	Water & Sewer - IOU - Unsecured	\$77,715,000	a-	9/1/2037
Orange County, FL - Hotel/Motel Tax Supported	Public Finance	Hotel/Motel Tax	\$72,635,000	a	10/1/2032
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 Bonds (Ukiah)	Public Finance	Sewer Muni Utility	\$62,920,000	bbb	3/1/2036
City School District of The City of Rensselaer, NY	Public Finance	Lease & Appropriation - Schools & Other Local Government	\$60,605,000	bbb	6/1/2036
City of East Point, GA - GO/AA	Public Finance	General Obligation - City or Town	\$54,100,000	bbb	2/1/2035
Houston Community College System, TX - Fee Pledge	Public Finance	Public College & University - Fee Pledge or Limited Tuition	\$52,380,000	a-	4/15/2030
Severn Trent Water, UK	Structured Single Risk	Water & Sewer - IOU - Secured	\$51,578,217	a-	2/1/2058
Argonne National Laboratory	Public Finance	U.S. Federal Building Lease	\$51,370,000	a-	7/1/2033
Sarasota County, FL - Water/Sewer Revenue Bonds	Public Finance	Sewer Muni Utility	\$48,650,000	aa-	10/1/2037
City of Tacoma, WA - Solid Waste Revenue Bonds	Public Finance	Solid Waste System (w/Landfill and/or Waste to Energy Facility)	\$48,250,000	a+	12/1/2026
Westerville City School District, OH	Public Finance	General Obligation - School District	\$45,405,000	aa	12/1/2027
Bradley University, IL	Public Finance	Private College & University - General Obligation	\$44,935,000	a-	8/1/2034
Long Island Power Authority, NY - Revenue Bonds	Public Finance	Electric Retail Muni Utility	\$44,355,000	bbb	12/1/2026
Marquette University, WI	Public Finance	Private College & University - General Obligation	\$43,660,000	a	10/1/2032
Hayward Redevelopment Authority, CA - Tax Allocation Bonds	Public Finance	Tax Allocation Bonds (TABs)	\$41,759,900	bbb+	3/1/2036
State University of Iowa, IA - GO	Public Finance	Public College & University - General Obligation	\$41,000,000	aa	7/1/2034
Lehigh Career Technical Institute, PA	Public Finance	Lease & Appropriation - Schools & Other Local Government	\$40,585,000	a+	10/1/2032