



# ***Ambac***

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Quarterly Operating Supplement

***3Q19***

## **About Ambac**

Ambac Financial Group, Inc. (“Ambac” or “AFG”), headquartered in New York City, is a financial services holding company whose subsidiaries include Ambac Assurance Corporation, a guarantor of public finance and structured finance obligations in run-off. Ambac’s common stock trades on the NASDAQ Global Select Market under the symbol “AMBC”. The Amended and Restated Certificate of Incorporation of Ambac contains substantial restrictions on the ability to transfer Ambac’s common stock. Subject to limited exceptions, any attempted transfer of common stock shall be prohibited and void to the extent that, as a result of such transfer (or any series of transfers of which such transfer is a part), any person or group of persons shall become a holder of 5% or more of Ambac’s common stock or a holder of 5% or more of Ambac’s common stock increases its ownership interest. Ambac is committed to providing timely and accurate information to the investing public, consistent with our legal and regulatory obligations. To that end, we use our website to convey information about our businesses, including the anticipated release of quarterly financial results, quarterly financial, statistical and business-related information, and the posting of updates to the status of certain residential mortgage backed securities litigations. For more information, please go to [www.ambac.com](http://www.ambac.com).

## **Company Information**

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To obtain a copy of Ambac Financial Group, Inc.’s latest annual or quarterly report filed with the Securities and Exchange Commission or the most recent Annual Report to Stockholders, please visit our website at [www.ambac.com](http://www.ambac.com).

# Ambac Financial Group, Inc. Quarterly Operating Supplement Third Quarter 2019

## Table of Contents

Consolidated Statements of Income (Loss) — Quarter .....	1
Consolidated Statements of Income (Loss) — Year .....	2
Consolidated Balance Sheets .....	3
Key Quarterly Financial Data .....	4
Key Yearly Financial Data .....	5
Non-GAAP Financial Measures .....	6
Ambac Assurance — Claims-Paying Resources and Statutory Financial Ratios .....	7
Ambac Assurance — Rollforward of Statutory Policyholders’ Surplus .....	8
Ratio of Net Claims Recorded .....	9
Summary of Net Insurance Loss Reserves (GAAP) and Credit Derivative Impairments .....	10
Summary of Insured Exposures with Impairment Losses .....	10
Net Insurance Premiums Earned and Fees on Credit Derivatives (GAAP) .....	11
Net Unearned Premium Amortization and Estimated Future Installment Premiums .....	11
Investment Portfolio .....	12
Rating Distribution of the Fixed Income Investment Portfolio of Ambac Assurance & Subsidiaries .....	12
Expense Analysis (GAAP) .....	13
Historical Net Financial Guarantee Exposures Outstanding .....	14
Geographic Distribution of Net Financial Guarantee Exposures Outstanding .....	15
Rating Distribution of Net Financial Guarantee Exposures Outstanding .....	15
Adversely Classified Credit Exposures Outstanding .....	16
Adversely Classified Distribution of Exposures Outstanding .....	16
25 Largest Domestic Public Finance Exposures Outstanding .....	17
25 Largest Structured Finance Exposures Outstanding .....	18
25 Largest International Finance Exposures Outstanding .....	19
Net Exposure Amortization .....	20

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**Notes:**

- 1) Internal credit ratings contained in this Supplement are provided solely to indicate the underlying credit quality of guaranteed obligations based on the view of Ambac. Ambac credit ratings are subject to revision at any time and do not constitute investment advice.
- 2) Information contained in this report is unaudited.
- 3) Numbers may not add due to rounding.

## Consolidated Statements of Income (Loss) — Quarter

(\$ in thousands, except share data)	Three Months Ended September 30,	
	2019	2018
<b>Revenues:</b>		
Net premiums earned:		
Normal premiums earned .....	\$ 8,447	\$ 18,889
Accelerated net premiums earned .....	2,019	6,751
Total net premiums earned .....	10,466	25,640
Net investment income:		
Securities available-for-sale and short-term .....	36,330	49,985
Other investments .....	8,207	8,347
Total net investment income .....	44,537	58,332
Net other-than-temporary impairment losses recognized in earnings .....	(42)	(266)
Net realized investment gains (losses) .....	18,471	30,201
Net gains (losses) on derivative contracts .....	(9,890)	17,583
Other income .....	141,376	694
Income on variable interest entities .....	11,244	1,831
Total revenues .....	216,162	134,015
<b>Expenses:</b>		
Losses and loss expense .....	37,139	33,501
Insurance intangible amortization .....	17,421	26,421
Operating expenses .....	25,622	28,368
Interest expense .....	66,925	65,673
Total expenses .....	147,107	153,963
Pretax income (loss) .....	69,055	(19,948)
Provision for income taxes .....	2,939	2,211
Net income (loss) .....	66,116	(22,159)
Less: exchange of auction market preferred shares .....	—	81,686
<b>Net income (loss) attributable to common stockholders .....</b>	<b>\$ 66,116</b>	<b>\$ (103,845)</b>
Net income (loss) per share attributable to common stockholders .....	\$ 1.44	\$ (2.27)
Net income (loss) per diluted share attributable to common stockholders .....	\$ 1.41	\$ (2.27)
Weighted average number of shares outstanding .....	45,997,694	45,749,252
Weighted average number of diluted shares outstanding .....	47,020,058	45,749,252

## Consolidated Statements of Income (Loss) — Year

(\$ in thousands, except share data)	Nine Months Ended September 30,	
	2019	2018
<b>Revenues:</b>		
Net premiums earned:		
Normal premiums earned .....	\$ 37,984	\$ 60,113
Accelerated net premiums earned .....	8,073	22,246
Total net premiums earned .....	46,057	82,359
Net investment income:		
Securities available-for-sale and short-term .....	161,211	222,278
Other investments .....	24,627	12,956
Total net investment income .....	185,838	235,234
Net other-than-temporary impairment losses recognized in earnings .....	(71)	(1,579)
Net realized investment gains (losses) .....	71,564	82,211
Net gains (losses) on derivative contracts .....	(61,461)	51,706
Net realized gains on extinguishment of debt .....	—	3,121
Other income .....	133,270	2,676
Income on variable interest entities .....	30,459	2,982
Total revenues .....	405,656	458,710
<b>Expenses:</b>		
Losses and loss expense (benefit) .....	(83,934)	(181,315)
Insurance intangible amortization .....	279,941	78,299
Operating expenses .....	79,627	90,865
Interest expense .....	202,284	176,192
Total expenses .....	477,918	164,041
Pretax income (loss) .....	(72,262)	294,669
Provision for income taxes .....	33,252	6,811
Net income (loss) .....	(105,514)	287,858
Less: loss on exchange of auction market preferred shares .....	—	81,686
<b>Net income (loss) attributable to common stockholders .....</b>	<b>\$ (105,514)</b>	<b>\$ 206,172</b>
Net income (loss) per share attributable to common stockholders .....	\$ (2.30)	\$ 4.52
Net income (loss) per diluted share attributable to common stockholders .....	\$ (2.30)	\$ 4.43
Weighted average number of shares outstanding .....	45,939,284	45,635,483
Weighted average number of diluted shares outstanding .....	45,939,284	46,510,795

## Consolidated Balance Sheets

(\$ in thousands, except share data)	September 30, 2019	December 31, 2018
<b>Assets:</b>		
Investments:		
Fixed income securities, at fair value (amortized cost of \$2,561,278 and \$3,020,744)	\$ 2,727,305	\$ 3,115,675
Fixed income securities pledged as collateral, at fair value (amortized cost of \$84,948 and \$0)	84,948	—
Short-term investments, at fair value (amortized cost of \$664,423 and \$430,405)	664,441	430,331
Other investments (includes \$418,140 and \$351,049 at fair value)	462,427	391,217
<b>Total investments</b>	<b>3,939,121</b>	<b>3,937,223</b>
Cash and cash equivalents	51,951	63,089
Restricted cash	12,561	19,405
Premium receivables	414,744	495,391
Reinsurance recoverable on paid and unpaid losses	26,036	23,133
Deferred ceded premium	76,495	61,134
Subrogation recoverable	2,082,268	1,932,960
Derivative assets	82,162	59,468
Current taxes	19,663	47,040
Insurance intangible asset	433,524	718,931
Other assets	113,189	137,628
Variable interest entity assets	6,199,390	7,093,309
<b>Total assets</b>	<b>\$ 13,451,104</b>	<b>\$ 14,588,711</b>
<b>Liabilities and Stockholders' Equity:</b>		
<b>Liabilities:</b>		
Unearned premiums	\$ 527,771	\$ 629,971
Loss and loss expense reserves	1,522,304	1,826,078
Ceded premiums payable	29,950	32,913
Deferred taxes	30,150	40,130
Long-term debt	2,954,929	2,928,929
Accrued interest payable	423,815	375,808
Derivative liabilities	103,314	76,699
Other liabilities	95,267	63,792
Variable interest entity liabilities	6,134,940	6,981,244
<b>Total liabilities</b>	<b>11,822,440</b>	<b>12,955,564</b>
<b>Stockholders' equity:</b>		
Preferred stock, par value \$0.01 per share; 20,000,000 shares authorized shares; issued and outstanding shares—none	—	—
Common stock, par value \$0.01 per share; 130,000,000 shares authorized; issued shares: 45,571,743 and 45,365,170	456	454
Additional paid-in capital	229,128	219,429
Accumulated other comprehensive income (loss)	26,407	(48,715)
Retained earnings	1,313,052	1,421,302
Treasury stock, shares at cost: 20,483 and 28,892	(347)	(473)
Total Ambac Financial Group, Inc. stockholders' equity	1,568,696	1,591,997
Noncontrolling interest	59,968	41,150
Total stockholders' equity	1,628,664	1,633,147
<b>Total liabilities and stockholders' equity</b>	<b>\$ 13,451,104</b>	<b>\$ 14,588,711</b>
Number of shares outstanding (net of treasury shares)	45,551,260	45,336,278
Ambac Financial Group, Inc. book value per share	\$ 34.44	\$ 35.12

## Key Quarterly Financial Data

(\$ in millions, except share data)	3Q 2019	2Q 2019	1Q 2019	4Q 2018	3Q 2018
<b>Summary GAAP Financial Data:</b>					
<b>Statement of Total Comprehensive Income (Loss):</b>					
Net premiums earned	\$ 10	\$ 8	\$ 28	\$ 29	\$ 26
Net investment income	45	86	55	37	58
Other income (expense) <sup>(1)</sup>	141	(9)	1	2	1
Income (loss) on variable interest entities (VIEs)	11	3	16	—	2
Losses and loss expenses (benefit)	37	(133)	12	(42)	34
Insurance intangible amortization	17	226	36	29	26
Operating expenses	26	29	25	21	28
Interest expense	67	67	68	66	66
Net income (loss)	66	(128)	(43)	(20)	(22)
Net income (loss) attributable to common stockholders	66	(128)	(43)	(20)	(104)
Net income (loss) per diluted share attributable to common stockholders	\$ 1.41	\$ (2.79)	\$ (0.94)	\$ (0.45)	\$ (2.27)
<b>Balance Sheets:</b>					
Total non-VIE investments	\$ 3,939	\$ 3,930	\$ 4,041	\$ 3,937	\$ 4,279
Premium receivables	415	442	487	495	517
Insurance intangible asset	434	455	689	719	756
Subrogation recoverable	2,082	1,985	1,916	1,933	1,899
Unearned premiums	528	557	591	630	670
Loss and loss expense reserves	1,522	1,494	1,694	1,826	1,868
Long-term debt <sup>(2)</sup>	2,955	2,947	2,929	2,929	2,938
Accrued interest payable	424	407	391	376	357
Ambac stockholders' equity	\$ 1,569	\$ 1,493	\$ 1,622	\$ 1,592	\$ 1,758
<b>Non-GAAP Measurements:</b>					
Adjusted earnings (loss)	\$ 77	\$ 86	\$ (9)	\$ 11	\$ (76)
Adjusted book value	\$ 1,381	\$ 1,347	\$ 1,253	\$ 1,251	\$ 1,292
<b>Summary Statutory Data of Ambac Assurance:</b>					
Invested assets	\$ 2,893	\$ 2,924	\$ 2,948	\$ 3,017	\$ 3,149
Loss and loss expense reserves <sup>(3)</sup>	1,044	1,113	1,138	1,146	1,202
Policyholders' Surplus	1,249	1,129	1,084	1,152	1,121
Qualified statutory capital	1,773	1,652	1,601	1,648	1,607
Total claims-paying resources, including Ambac UK <sup>(3)</sup>	\$ 5,590	\$ 5,607	\$ 5,695	\$ 5,793	\$ 5,887

- (1) Other income includes proceeds received by Ambac Assurance in September 2019, in connection with an SEC action against Citigroup Global Markets Inc. in the amount of \$142.2.
- (2) Long-term debt includes surplus notes issued and outstanding to third parties and the Ambac Note and Tier 2 Notes issued on February 12, 2018, in connection with the Rehabilitation Exit Transactions. Long-term debt also includes debt issued by Ambac UK on June 18, 2019, in connection with the Ballantyne commutation. Long-term debt for all periods excludes the portion of long-term debt associated with VIEs consolidated as a result of Ambac's variable interest arising from the financial guarantees of its subsidiaries.
- (3) Loss and loss expense reserves and total claims-paying resources present loss and loss expense reserves before the recorded statutory benefit for expected subrogation receipts.

## Key Yearly Financial Data

(\$ in millions, except share data)	YTD 2019	2018	2017	2016	2015
<b>Summary GAAP Financial Data:</b>					
<b>Statement of Total Comprehensive Income:</b>					
Net premiums earned	\$ 46	\$ 111	\$ 175	\$ 197	\$ 313
Net investment income	186	273	361	313	266
Other income (expense) <sup>(1)</sup>	133	5	—	18	7
Income (loss) on variable interest entities (VIEs)	30	3	20	(14)	32
Losses and loss expenses (benefit) <sup>(2)</sup>	(84)	(224)	513	(11)	(769)
Insurance intangible amortization	280	107	151	175	170
Operating expenses	80	112	122	114	103
Interest expense	202	242	120	124	117
Goodwill impairment	—	—	—	—	515
Net income (loss)	(106)	267	(329)	74	493
Net income (loss) attributable to common stockholders	(106)	186	(329)	75	493
Net income (loss) per diluted share attributable to common stockholders	\$ (2.30)	\$ 3.99	\$ (7.25)	\$ 1.64	\$ 10.72
<b>Balance Sheets:</b>					
Total non-VIE investments	\$ 3,939	\$ 3,937	\$ 5,741	\$ 6,500	\$ 5,645
Premium receivables	415	495	586	661	832
Insurance intangible asset	434	719	847	962	1,212
Subrogation recoverable	2,082	1,933	631	685	1,229
Unearned premiums	528	630	783	967	1,280
Loss and loss expense reserves	1,522	1,826	4,745	4,381	4,088
Long-term debt <sup>(3)</sup>	2,955	2,929	992	1,114	1,125
Accrued interest payable	424	376	437	422	356
Ambac stockholders' equity	\$ 1,569	\$ 1,592	\$ 1,381	\$ 1,714	\$ 1,685
<b>Non-GAAP Measurements:</b>					
Adjusted earnings (loss)	\$ 154	\$ 301	\$ (165)	\$ 315	\$ 1,154
Adjusted book value	\$ 1,381	\$ 1,251	\$ 1,101	\$ 1,332	\$ 1,268
<b>Summary Statutory Data of Ambac Assurance:</b>					
Invested assets	\$ 2,893	\$ 3,017	\$ 5,427	\$ 5,415	\$ 4,783
Loss and loss expense reserves <sup>(4)</sup>	1,044	1,146	5,253	4,838	5,105
Policyholders' Surplus	1,249	1,152	700	976	625
Qualified statutory capital	1,773	1,648	1,157	1,369	1,017
Total claims-paying resources, including Ambac UK <sup>(4)</sup>	\$ 5,590	\$ 5,793	\$ 8,868	\$ 8,813	\$ 9,052

(1) Other income includes proceeds received by Ambac Assurance in September 2019, in connection with an SEC action against Citigroup Global Markets Inc. in the amount of \$142.2.

(2) Includes interest expense on Deferred Amounts of \$20.6, \$177.9, \$170.8, and \$161.9 for the years ended December 31, 2018, 2017, 2016 and 2015, respectively. On February 12, 2018, the rehabilitation of the Segregated Account was concluded and all Deferred Amounts, including accrued interest, were settled. 2018 includes a benefit of \$288.2 related to the discount on the Rehabilitation Exit Transactions. Refer to Ambac's 2018 Form 10-K for further details.

(3) Long-term debt includes surplus notes issued and outstanding to third parties, notes issued under a secured borrowing transaction (which was fully repaid during the second quarter of 2018), and the Ambac Note and Tier 2 Notes issued on February 12, 2018 in connection with the Rehabilitation Exit Transactions. Long-term debt also includes debt issued by Ambac UK on June 18, 2019 in connection with the Ballantyne commutation. Long-term debt for all years excludes the portion of long-term debt associated with VIEs consolidated as a result of Ambac's variable interest arising from the financial guarantees of its subsidiaries.

(4) Loss and loss expense reserves and total claims-paying resources present loss and loss expense reserves before the recorded statutory benefit for expected subrogation receipts.



**Non-GAAP Financial Measures <sup>(1)</sup>**  
(\$ in millions, except share amounts)

	3Q2019		2Q2019		1Q2019		4Q2018		3Q2018	
	\$	P.D.S. <sup>(2)</sup>	\$	P.D.S. <sup>(2)</sup>	\$	P.D.S. <sup>(2)</sup>	\$	P.D.S. <sup>(2)</sup>	\$	P.D.S. <sup>(2)</sup>
<b>Adjusted Earnings (Loss):</b>										
Net income (loss) attributable to common stockholders .....	\$ 66.1	\$ 1.41	\$ (128.4)	\$ (2.79)	\$ (43.2)	\$ (0.94)	\$ (20.5)	\$ (0.45)	\$ (103.8)	\$ (2.27)
Adjustments:										
Non-credit impairment fair value (gain) loss on credit derivatives .....	(0.4)	(0.01)	(0.2)	—	(0.4)	(0.01)	0.3	0.01	(0.2)	—
Insurance intangible amortization .....	17.4	0.37	226.2	4.92	36.3	0.79	29.0	0.63	26.4	0.58
Foreign exchange (gain) losses .....	(6.3)	(0.14)	(11.2)	(0.25)	(1.9)	(0.04)	2.0	0.05	1.6	0.03
<b>Adjusted earnings (loss)</b> .....	<b>\$ 76.8</b>	<b>\$ 1.63</b>	<b>\$ 86.4</b>	<b>\$ 1.88</b>	<b>\$ (9.2)</b>	<b>\$ (0.20)</b>	<b>\$ 10.8</b>	<b>\$ 0.24</b>	<b>\$ (76.0)</b>	<b>\$ (1.66)</b>
	September 30, 2019		June 30, 2019		March 31, 2019		December 31, 2018		September 30, 2018	
	\$	P.S. <sup>(2)</sup>	\$	P.S. <sup>(2)</sup>	\$	P.S. <sup>(2)</sup>	\$	P.S. <sup>(2)</sup>	\$	P.S. <sup>(2)</sup>
<b>Adjusted Book Value:</b>										
Total Ambac Financial Group, Inc. stockholders' equity .....	\$ 1,568.7	\$ 34.44	\$ 1,492.9	\$ 32.78	\$ 1,622.0	\$ 35.63	\$ 1,592.0	\$ 35.12	\$ 1,757.7	\$ 38.77
Adjustments:										
Non-credit impairment fair value losses on credit derivatives .....	0.4	0.01	0.9	0.02	1.1	0.02	1.5	0.03	1.2	0.03
Insurance intangible asset .....	(433.5)	(9.52)	(454.8)	(9.99)	(689.3)	(15.13)	(718.9)	(15.87)	(755.7)	(16.67)
Net unearned premiums and fees in excess of expected losses .....	433.6	9.52	465.1	10.21	460.9	10.12	461.9	10.19	503.2	11.10
Net unrealized investment (gains) losses in Accumulated Other Comprehensive Income .....	(188.6)	(4.14)	(157.3)	(3.45)	(142.1)	(3.12)	(85.9)	(1.89)	(214.4)	(4.73)
<b>Adjusted book value</b> .....	<b>\$ 1,380.6</b>	<b>\$ 30.31</b>	<b>\$ 1,346.8</b>	<b>\$ 29.57</b>	<b>\$ 1,252.6</b>	<b>\$ 27.52</b>	<b>\$ 1,250.6</b>	<b>\$ 27.58</b>	<b>\$ 1,291.9</b>	<b>\$ 28.50</b>

(1) In addition to reporting Ambac's financial results in accordance with GAAP, Ambac reports two non-GAAP financial measures: Adjusted Earnings and Adjusted Book Value. 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. We are presenting these non-GAAP financial measures because they provide greater transparency and enhanced visibility into the underlying drivers of our business. Adjusted Earnings and Adjusted Book Value are not substitutes for Ambac's GAAP reporting, should not be viewed in isolation and may differ from similar reporting provided by other companies, which may define non-GAAP measures differently.

(2) Per diluted share ("P.D.S.") and per share outstanding at balance sheet date ("P.S. ").

## Ambac Assurance — Claims-Paying Resources <sup>(1)</sup> and Statutory Financial Ratios

(\$ in thousands, except ratios)	September 30, 2019	December 31, 2018
Policyholders' surplus <sup>(2)</sup>	\$ 1,248,817	\$ 1,152,346
Contingency reserve	524,286	495,659
Qualified statutory capital	1,773,103	1,648,005
Unearned premiums	192,744	279,562
Loss and loss adjustment expenses <sup>(3)</sup>	1,043,880	1,146,153
Ambac Note <sup>(4)</sup>	1,338,724	1,358,870
Tier 2 Notes	275,422	258,585
Present value of future installment premiums <sup>(5)</sup>	187,756	203,503
Ambac Assurance claims-paying resources	4,811,629	4,894,678
Ambac UK claims-paying resources <sup>(6)</sup>	778,182	898,271
Total claims-paying resources	<u>\$ 5,589,811</u>	<u>\$ 5,792,949</u>
Net financial guarantees in force <sup>(7)</sup>		
Ambac Assurance	\$ 44,634,570	\$ 59,856,911
Ambac UK	15,545,052	18,115,111
Total net financial guarantees in force	<u>\$ 60,179,622</u>	<u>\$ 77,972,022</u>
Claims-paying ratio <sup>(8)</sup>		
Ambac Assurance	9 : 1	12 : 1
Ambac UK	20 : 1	20 : 1
Total claims-paying ratio	<u>11 : 1</u>	<u>13 : 1</u>

- (1) Total claims-paying resources quantifies total resources available to pay claims, including guarantees on subsidiary obligations.
- (2) Surplus notes, including junior surplus notes, with an aggregate par value of \$938,773 and \$940,433 as of September 30, 2019, and December 31, 2018, respectively, are included in policyholders' surplus.
- (3) Loss and loss expense reserves are presented before the recorded statutory benefit for expected subrogation receipts of \$2,332,661 (R&W subrogation receipts of \$1,719,309 and other subrogation receipts of \$613,352) and \$2,322,613 (R&W subrogation receipts of \$1,748,809 and other subrogation receipts of \$573,804) at September 30, 2019, and December 31, 2018, respectively.
- (4) Ambac Note presented as principal and interest outstanding of \$1,911,937 and \$1,940,710, net of Secured Note principal and interest outstanding of \$573,213 and \$581,840 held by Ambac Assurance at September 30, 2019, and December 31, 2018, respectively.
- (5) Present value of future installment premiums includes premiums on installment financial guarantee insurance contracts (excluding Ambac UK) and credit derivatives. Present value calculations are discounted at 5.1%.
- (6) Ambac UK's claims paying resources will become available to Ambac Assurance to the extent Ambac UK receives approval from its regulator to dividend monies to Ambac Assurance. Components of Ambac UK's claims paying resources are discounted at Ambac UK's projected investment rate of return. Ambac UK's claims-paying resources includes the present value of future installment premiums of approximately \$217,867 at September 30, 2019.
- (7) Financial guarantees in force represents the amount of principal and interest outstanding on a guaranteed obligation.
- (8) Claims-paying ratio is net financial guarantees in force divided by claims-paying resources.

## Ambac Assurance — Rollforward of Statutory Policyholders' Surplus

(\$ in thousands)	Nine months ended September 30, 2019	Year Ended December 31, 2018
<b>Policyholders' Surplus, beginning of period</b> .....	<b>\$ 1,152,346</b>	<b>\$ 699,614</b>
Net income (loss) .....	(67,312)	57,012
SEC settlement proceeds <sup>(1)</sup> .....	142,225	—
Surplus notes re-classified from liability <sup>(2)</sup> .....	—	361,050
Change in contingency reserves .....	(28,627)	(39,493)
Change in investments <sup>(3)</sup> .....	51,563	70,375
Other changes in surplus .....	(1,378)	3,788
<b>Policyholders' Surplus, end of period</b> .....	<b>\$ 1,248,817</b>	<b>\$ 1,152,346</b>

- (1) Represents Ambac Assurance's receipt in connection with an SEC action against Citibank Global Markets Inc.
- (2) As a result of the Rehabilitation Exit Transactions on February 12, 2018, surplus notes are no longer treated pari passu with payments on insurance obligations and accordingly were reclassified to Surplus as regards to policyholders. Refer to Ambac's 2018 Form 10-K for further details.
- (3) Includes non-income statement changes in investments such as changes in valuation of investments carried at fair value, changes in deferred gains from sales of investments to subsidiaries and changes in Ambac Assurance's investment in subsidiaries.

## Ratio of Net Claims Recorded

(\$ in thousands)	Nine Months Ended September 30, 2019	Year Ended December 31,						
		2018		2017		2016		2015
Claims recorded <sup>(1)</sup>	\$ 398,121	\$ 383,488	\$ 343,673	\$ 391,887	\$ 367,860			
Subrogation received <sup>(2)</sup>	(142,362)	(140,131)	(244,004)	(1,355,360)	(308,369)			
Net claims recorded	\$ 255,759	\$ 243,357	\$ 99,669	\$ (963,473)	\$ 59,491			
Net insurance premiums earned and credit derivative fees	\$ 46,331	\$ 111,477	\$ 176,866	\$ 198,199	\$ 315,380			
Ratio of net claims recorded <sup>(3)</sup>	552.0%	218.3%	56.4%	(486.1)%	18.9%			

(1) Claims recorded include (i) claims paid, including commutation payments and (ii) changes in claims not yet paid for policies allocated to the Segregated Account (which was merged back into the General Account of Ambac Assurance on February 12, 2018), including Deferred Amounts and changes in unrepresented claims. Item (ii) includes permitted policy claims for policies allocated to the Segregated Account that were presented and approved by the Rehabilitator of the Segregated Account, but not paid through to the balance sheet date in accordance with the amended Segregated Account Rehabilitation Plan and associated rules and guidelines. Claims recorded exclude interest accrued on Deferred Amounts.

On February 12, 2018, the rehabilitation of the Segregated Account was concluded and all Deferred Amounts, including accrued interest, were settled. Refer to Ambac's 2018 Form 10-K for further details. Subsequent to the Rehabilitation Exit Transactions, claims are being paid in full.

- (2) Included in the nine months ended September 30, 2019, is \$35.8 million (\$36.2 million gross of reinsurance) as a result of trustee settlements related to Lehman sponsored RMBS transactions. Included in the year ended December 31, 2017, is \$49.7 million (\$49.8 million gross of reinsurance) related to a reimbursement of claims due to a mortgage insurance settlement. Included in the year ended December 31, 2016, is \$992.8 million (\$995 million gross of reinsurance) received from the settlement of representation and warranty related litigation with JP Morgan and \$99.1 million (\$100.3 million gross of reinsurance) related to the Countrywide Investor Settlement.
- (3) Ratio of net claims recorded is Net claims recorded divided by net premiums earned and fees on credit derivative contracts.

## Summary of Net Insurance Loss Reserves (GAAP) and Credit Derivative Impairments

(\$ in thousands)	September 30,			December 31,	
	2019	2018	2017	2016	2015
Total insurance reserves, net of reinsurance <sup>(1)</sup>	\$ (585,713)	\$ (129,505)	\$ 4,073,144	\$ 3,665,271	\$ 2,814,754
Estimated credit impairment losses on credit derivatives <sup>(2)</sup>	—	—	—	3,910	15,560
Total impairment losses <sup>(3)</sup>	(585,713)	(129,505)	4,073,144	3,669,181	2,830,314
Mark-to-market reserve on credit derivatives <sup>(2)</sup>	422	1,459	566	11,439	18,983
Grand total net insurance loss reserves and credit derivatives	\$ (585,291)	\$ (128,046)	\$ 4,073,710	\$ 3,680,620	\$ 2,849,297

## Summary of Insured Exposures With Impairment Losses

(\$ in thousands)	Total Net Par Outstanding	Total Impairment Losses <sup>(3)</sup>
<b>Public Finance:</b>		
Lease & tax backed	\$ 982,626	\$ 524,563
General obligation	620,436	(25,175)
Housing	342,508	24,904
Transportation revenue	42,022	44,090
Other	86,365	10,343
Total Public Finance	2,073,957	578,725
<b>Structured Finance:</b>		
Mortgage-backed & home equity	3,102,784	(1,355,038)
Student loans	402,479	183,848
Other	169,674	3,365
Total Structured Finance	3,674,937	(1,167,825)
<b>International Finance:</b>		
Total	1,036	3,387
Total	\$ 5,749,930	\$ (585,713)

- (1) As of December 31, 2017, 2016, and 2015, \$3,866,766, \$3,655,989, and \$3,458,771 of claims were unpaid, respectively, including \$839,743, \$661,842, and \$491,017 of interest accrued on Deferred Amounts, respectively. Total insurance reserves are inclusive of these unpaid claims. On February 12, 2018, the rehabilitation of the Segregated Account was concluded and all Deferred Amounts, including accrued interest, were settled. Refer to Ambac's 2018 Form 10-K for further details.
- (2) Total net mark-to-market losses are \$422, \$1,459, \$566, \$15,349, and \$34,543, as of September 30, 2019 and December 31, 2018, 2017, 2016 and 2015, respectively, and are reported on the consolidated balance sheet under derivative liabilities.
- (3) Total estimated impairment losses includes insurance loss and loss expense reserves, net of estimated representation and warranty subrogation recoverables of \$1,728,879 (\$1,754,944 gross of reinsurance) as of September 30, 2019.

## Net Insurance Premiums Earned and Fees on Credit Derivatives (GAAP)

(\$ in thousands)	1Q	2Q	3Q	4Q	Year-to Date
<b>2019</b>					
Public Finance	\$ 7,594	\$ 6,924	\$ 6,558	\$ —	\$ 21,076
Structured Finance	2,870	2,664	2,011	—	7,545
International Finance	5,071	4,414	(122)	—	9,363
Total Normal Insurance Premiums Earned <sup>(1)</sup>	15,535	14,002	8,447	—	37,984
Accelerated Premiums Earned	12,223	(6,169)	2,019	—	8,073
<b>Total Premiums Earned</b>	<b>\$ 27,758</b>	<b>\$ 7,833</b>	<b>\$ 10,466</b>	<b>\$ —</b>	<b>\$ 46,057</b>
Fees on credit derivative contracts	\$ 91	\$ 94	\$ 89	\$ —	\$ 274

(\$ in thousands)	1Q	2Q	3Q	4Q	Full Year
<b>2018</b>					
Public Finance	\$ 10,013	\$ 9,711	\$ 9,177	\$ 7,982	\$ 36,883
Structured Finance	5,233	4,162	4,196	3,396	16,987
International Finance	6,245	5,860	5,516	5,116	22,737
Total Normal Insurance Premiums Earned <sup>(1)</sup>	21,491	19,733	18,889	16,494	76,607
Accelerated Premiums Earned	9,392	6,103	6,751	12,236	34,482
<b>Total Premiums Earned</b>	<b>\$ 30,883</b>	<b>\$ 25,836</b>	<b>\$ 25,640</b>	<b>\$ 28,730</b>	<b>\$ 111,089</b>
Fees on credit derivative contracts	\$ 106	\$ 91	\$ 99	\$ 92	\$ 388

## Net Unearned Premium Amortization and Estimated Future Installment Premiums

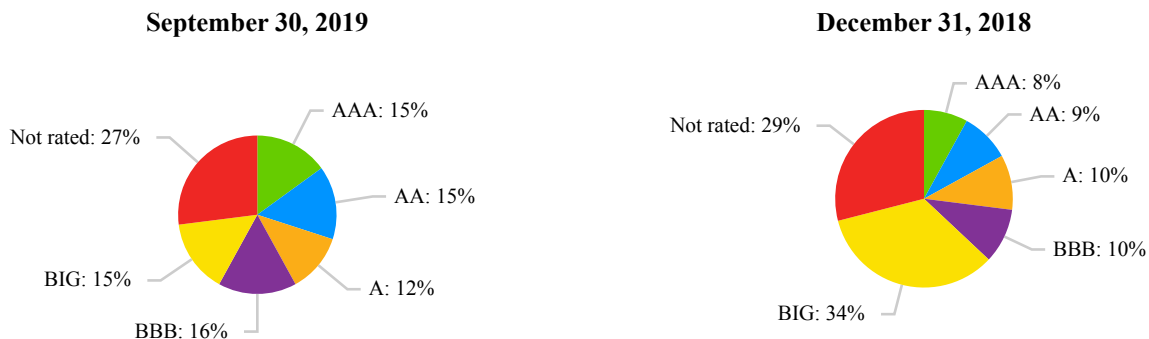
(\$ in thousands)	Net Unearned Premium Amortization (GAAP) <sup>(2)</sup>	Estimated Net Future Installments <sup>(3)</sup>	Consolidated VIE <sup>(4)</sup>
2019 (Three Months)	\$ 10,507	\$ 10,541	\$ 3,329
2020	40,407	38,780	10,444
2021	36,938	36,672	9,983
2022	34,531	30,000	9,476
2023	32,345	28,907	8,982
2024	30,509	27,839	8,428
2019 (Three Months)	\$ 10,507	\$ 10,541	\$ 3,329
2020-2024	174,730	162,198	47,313
2025-2029	126,706	123,220	33,491
2030-2034	82,178	88,625	22,408
2035-2039	37,382	43,543	3,641
After 2039	19,773	28,185	—
<b>Total</b>	<b>\$ 451,276</b>	<b>\$ 456,312</b>	<b>\$ 110,182</b>

- Reductions/(increases) to normal insurance premiums earned for changes in premium receivables deemed uncollectible were \$324, \$793 and \$5,758 for the first, second and third quarters of 2019, respectively, and \$(544), \$593, \$(221) and \$296 for the first, second, third and fourth quarters of 2018, respectively.
- Represents unearned premium amounts for both upfront and installment paying policies, net of deferred ceded premiums, which is reported separately as an asset on Ambac's Consolidated Balance Sheet. Depicts amortization of existing guaranteed portfolio, assuming no advance refunding as of September 30, 2019. Actual future installments may differ from estimated because borrowers may have the right to call or terminate a transaction or the guaranteed obligation may be subject to prepayment. The unearned premium amortization disclosed in the above table considers the use of contractual lives for many bond types that do not have homogeneous pools of underlying collateral, which may result in different unearned premium than if expected lives were considered. Therefore, if installment paying policies are retired early, premium earnings may be negative in the period of call or refinancing.
- Represents management's undiscounted estimate of fees on credit derivative contracts and future installment premium collections, net of reinsurance. Actual premium collections may differ from estimated because borrowers may have the right to call or terminate a transaction or the guaranteed obligation may be subject to prepayment. Estimated net future installments exclude amounts eliminated as a result of consolidating variable interest entities ("Consolidated VIE") as required under the Consolidations Accounting Standard.
- Estimated net future installment amounts eliminated under the U.S. GAAP Consolidations Accounting Standard; not included in Estimated Net Future Installments.

**Investment Portfolio**  
As of September 30, 2019

INCOME ANALYSIS BY TYPE OF SECURITY Investment category (\$ in thousands)	U.S. GAAP Carrying Value	U. S. GAAP Book Value	Pre-tax Yield to Maturity <sup>(1)</sup>
<b>Ambac Assurance and Subsidiaries:</b>			
Long-term investments			
U.S. government and agency obligation .....	\$ 98,639	\$ 98,259	1.82 %
Municipal obligations .....	150,729	132,800	5.00 %
Corporate obligations <sup>(2)</sup> .....	1,381,943	1,351,264	4.84 %
Ambac insured residential mortgage-backed securities .....	254,954	203,964	9.20 %
Ambac insured non-RMBS .....	186,131	161,879	6.26 %
Mortgage and asset-backed securities .....	460,980	431,695	5.54 %
Other investments <sup>(1)</sup> .....	156,762	156,762	5.43 %
Total long-term investments .....	2,690,138	2,536,623	5.32 %
Short-term investments .....	316,745	316,722	2.21 %
<b>Total Ambac Assurance and Subsidiaries investments excluding Ambac UK .....</b>	<b>3,006,883</b>	<b>2,853,345</b>	<b>4.97%</b>
<b>Ambac UK:</b>			
U.S. government and agency obligations .....	57,421	53,484	2.34 %
Corporate obligations .....	86,056	78,488	3.89 %
Foreign obligations .....	42,488	41,485	0.79 %
Mortgage and asset-backed securities .....	374	363	3.15 %
Other investments <sup>(1)</sup> .....	261,378	261,378	4.85 %
Total long-term investments .....	447,717	435,198	3.70 %
Short-term investments .....	130,411	130,412	1.49 %
<b>Total Ambac UK investments .....</b>	<b>578,128</b>	<b>565,610</b>	<b>3.07%</b>
<b>Total Ambac Assurance and Subsidiaries investments .....</b>	<b>3,585,011</b>	<b>3,418,955</b>	<b>4.70%</b>
<b>Total AFG investments .....</b>	<b>354,110</b>	<b>354,121</b>	
<b>Total Investments .....</b>	<b>\$ 3,939,121</b>	<b>\$ 3,773,076</b>	

**Ratings Distribution of the Fixed Income Investment Portfolio of Ambac Assurance and Subsidiaries <sup>(3) (4)</sup>**



**Duration of investment portfolio <sup>(3)</sup> ..... 3.87**

- (1) Yield to maturity refers to the rate of interest to be earned over the remaining life of the fixed-income investments based on book value. Yield to maturity on interests in pooled funds included in Other investments is based on the market value of the investments within the fund. For mortgage and other asset-backed securities remaining life is calculated using estimated future cash flows. For floating rate positions, yield to maturity is based on the current interest rate and not forward rates. Yield to maturity includes only those holdings of pooled funds that invest in fixed income instruments. Ambac UK pooled fund investments in property, equities, insurance-linked securities and illiquid credit products with a combined carrying value of \$106,670 are not included in the pre-tax yield. Ambac limited partnership investments with a carrying value of \$76,712 are not included in the pre-tax yield.
- (2) Includes secured notes with a carrying value of \$578,831 and book value of \$573,100 that were issued by Ambac LSNI, an unconsolidated special purpose entity, in connection with the Rehabilitation Exit Transactions.
- (3) BIG and not rated securities include Ambac insured bonds that Ambac has internally rated BIG and Ambac Assurance holdings of the secured notes issued by Ambac LSNI in connection with the Rehabilitation Exit Transactions. These securities represent 36% and 60% of the consolidated fair value of the fixed income investment portfolio at September 30, 2019, and December 31, 2018, respectively, and are excluded from the company's measure of duration.
- (4) Ratings are based on the lower of Moody's or S&P ratings. If ratings are unavailable from Moody's or S&P, Fitch ratings are used. If guaranteed, rating represents the higher of the underlying or wrapped rating. Rating distribution is calculated based on fair value.

## Expenses Analysis (GAAP)

(\$ in thousands)	1Q	2Q	3Q	4Q	Year-to Date
<b>2019:</b>					
<b>Compensation</b>					
Salaries .....	\$ 6,097	\$ 6,090	\$ 6,107	\$ —	\$ 18,294
Incentive Compensation <sup>(1)</sup> .....	6,266	9,294	5,489	—	21,049
Other <sup>(2)</sup> .....	2,127	2,076	2,561	—	6,764
<b>Total Compensation</b> .....	<b>14,490</b>	<b>17,460</b>	<b>14,157</b>	<b>—</b>	<b>46,107</b>
<b>Non-Compensation</b>					
Legal, Consulting & Advisory Services .....	5,179	6,525	5,341	—	17,045
Premises .....	1,058	948	2,065	—	4,071
Audit .....	797	695	701	—	2,193
Subscriptions & Data Access .....	568	552	597	—	1,717
Regulator Advisory Costs .....	487	541	588	—	1,616
Other .....	2,253	2,331	2,174	—	6,758
<b>Total Non-Compensation</b> .....	<b>10,342</b>	<b>11,592</b>	<b>11,466</b>	<b>—</b>	<b>33,400</b>
<b>Total Gross Operating Expenses</b> .....	<b>24,832</b>	<b>29,052</b>	<b>25,623</b>	<b>—</b>	<b>79,507</b>
Ceding Commissions .....	83	38	(1)	—	120
<b>Total Operating Expenses</b> .....	<b>\$ 24,915</b>	<b>\$ 29,090</b>	<b>\$ 25,622</b>	<b>\$ —</b>	<b>\$ 79,627</b>
<b>2018:</b>					
<b>Compensation</b>					
Salaries .....	\$ 6,498	\$ 6,422	\$ 6,508	\$ 6,185	\$ 25,613
Incentive Compensation <sup>(1)</sup> .....	6,575	6,620	5,246	4,084	22,525
Restructuring .....	859	—	—	—	859
Other <sup>(2)</sup> .....	1,838	1,258	1,810	1,187	6,093
<b>Total Compensation</b> .....	<b>15,770</b>	<b>14,300</b>	<b>13,564</b>	<b>11,456</b>	<b>55,090</b>
<b>Non-Compensation</b>					
Legal, Consulting & Advisory Services <sup>(3)</sup> .....	2,887	5,401	9,785	4,919	22,992
Premises .....	797	647	652	686	2,782
Audit .....	833	734	668	720	2,955
Subscriptions & Data Access .....	728	636	708	703	2,775
Regulator Advisory Costs .....	4,451	1,329	526	540	6,846
Restructuring .....	8,390	504	239	23	9,156
Other .....	2,412	2,473	1,719	2,115	8,719
<b>Total Non-Compensation</b> .....	<b>20,498</b>	<b>11,724</b>	<b>14,297</b>	<b>9,706</b>	<b>56,225</b>
<b>Total Gross Operating Expenses</b> .....	<b>36,268</b>	<b>26,024</b>	<b>27,861</b>	<b>21,162</b>	<b>111,315</b>
Ceding Commissions .....	166	39	507	177	889
<b>Total Operating Expenses</b> .....	<b>\$ 36,434</b>	<b>\$ 26,063</b>	<b>\$ 28,368</b>	<b>\$ 21,339</b>	<b>\$ 112,204</b>

(1) Incentive compensation includes short-term and long-term incentive awards, including both cash and equity based awards

(2) Other compensation includes severance, payroll taxes, medical and other benefits

(3) Includes \$2,504 and \$5,850 of expenses in the three months ended June 30, 2018 and September 30, 2018, respectively, in connection with the AMPS Exchange. Refer to Ambac's 2018 Form 10-K for further details.



## Historical Net Financial Guarantee Exposures Outstanding <sup>(1)</sup>

(\$ in millions net par value)	September 30,	December 31,		
	2019	2018	2017	2016
<b>Public Finance <sup>(2)</sup>:</b>				
Housing revenue .....	\$ 6,045	\$ 6,159	\$ 6,312	\$ 6,508
Lease and tax-backed revenue .....	5,402	7,565	11,893	15,688
General obligation .....	3,228	4,214	6,257	9,867
Transportation revenue .....	1,035	1,754	2,002	3,860
Higher education .....	919	1,168	1,642	2,339
Utility revenue .....	911	1,178	2,212	4,298
Health care revenue .....	355	459	807	1,484
Other .....	865	945	963	1,018
Total Public Finance .....	18,760	23,442	32,088	45,062
<b>Structured Finance:</b>				
Mortgage-backed and home equity .....	4,636	5,510	7,267	9,383
Investor-owned utilities .....	1,693	1,754	3,274	3,833
Student loan .....	810	934	1,238	1,388
Structured Insurance .....	414	1,365	1,420	1,473
Asset-backed and other .....	251	384	617	874
Total Structured Finance .....	7,804	9,947	13,816	16,951
<b>International Finance <sup>(3)</sup>:</b>				
Sovereign/sub-sovereign .....	4,944	5,250	5,664	5,211
Investor-owned and public utilities .....	4,141	4,499	5,696	6,168
Asset-backed and other .....	1,812	2,176	3,675	4,254
Transportation .....	1,499	1,613	1,777	1,700
Total International Finance .....	12,396	13,538	16,812	17,333
Total .....	\$ 38,960	\$ 46,927	\$ 62,716	\$ 79,346
<b>Percent of Total Net Par Outstanding</b>				
Public Finance .....	48.2%	50.0%	51.2%	56.8%
Structured Finance .....	20.0%	21.2%	22.0%	21.4%
International Finance .....	31.8%	28.8%	26.8%	21.8%
Total Net Par Outstanding .....	100.0%	100.0%	100.0%	100.0%

(1) Includes net par exposures insured by Ambac UK of \$11,422, \$13,193, \$15,881 and \$15,082 at September 30, 2019, and December 31, 2018, 2017 and 2016, respectively.

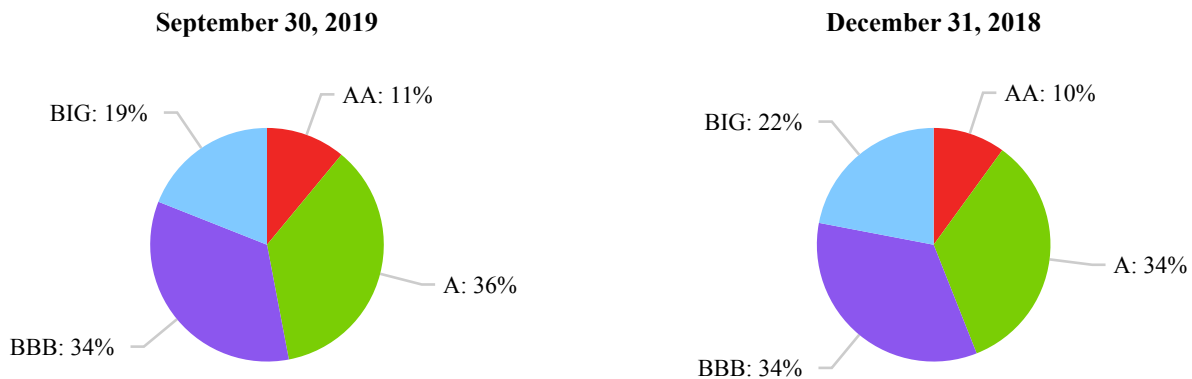
(2) Net par exposures within the U.S. public finance market include capital appreciation bonds which are reported at the par amount at the time of issuance of the insurance policy as opposed to the current accreted value of the bonds.

(3) International transactions include components of domestic exposure.

## Geographic Distribution of Net Financial Guarantee Exposures Outstanding

(\$ millions net par value)	September 30,		December 31,		
	2019	%	2018	2017	2016
<b>Domestic:</b>					
California .....	\$ 2,839	7.3 %	\$ 3,719	\$ 6,351	\$ 10,301
Colorado .....	2,408	6.2 %	2,430	2,537	2,701
New York .....	2,360	6.1 %	2,577	3,658	4,270
New Jersey .....	1,616	4.1 %	2,051	3,237	3,699
Texas .....	1,296	3.3 %	1,543	1,890	2,609
Puerto Rico .....	1,123	2.9 %	1,880	1,968	2,058
Pennsylvania .....	952	2.4 %	1,157	1,316	1,769
Washington .....	861	2.2 %	879	1,186	1,430
Illinois .....	853	2.2 %	1,174	1,668	2,423
Florida .....	792	2.0 %	1,161	1,992	2,806
Mortgage and asset-backed <sup>(1)</sup> .....	4,750	12.2 %	5,747	7,710	9,948
Other domestic .....	6,714	17.2 %	9,071	12,391	17,999
Total Domestic .....	26,564	68.2 %	33,389	45,904	62,013
<b>International:</b>					
United Kingdom .....	10,170	26.1 %	10,965	13,554	12,798
Italy .....	758	1.9 %	811	877	898
Austria .....	666	1.7 %	712	770	696
Australia .....	368	0.9 %	384	608	1,393
France .....	296	0.8 %	312	329	286
Other international <sup>(2)</sup> .....	138	0.4 %	354	674	1,262
Total International Finance .....	12,396	31.8 %	13,538	16,812	17,333
<b>Total</b> .....	<b>\$ 38,960</b>	<b>100.0 %</b>	<b>\$ 46,927</b>	<b>\$ 62,716</b>	<b>\$ 79,346</b>

## Rating Distribution of Net Financial Guarantee Exposures Outstanding <sup>(3) (4)</sup>



(1) Mortgage and asset-backed obligations includes guarantees with multiple locations of risk within the United States and is primarily comprised of residential mortgage-backed securitizations.

(2) Other international may include components of U.S. exposure.

(3) Based upon internal Ambac ratings. See Note 1 on the Table of Contents page.

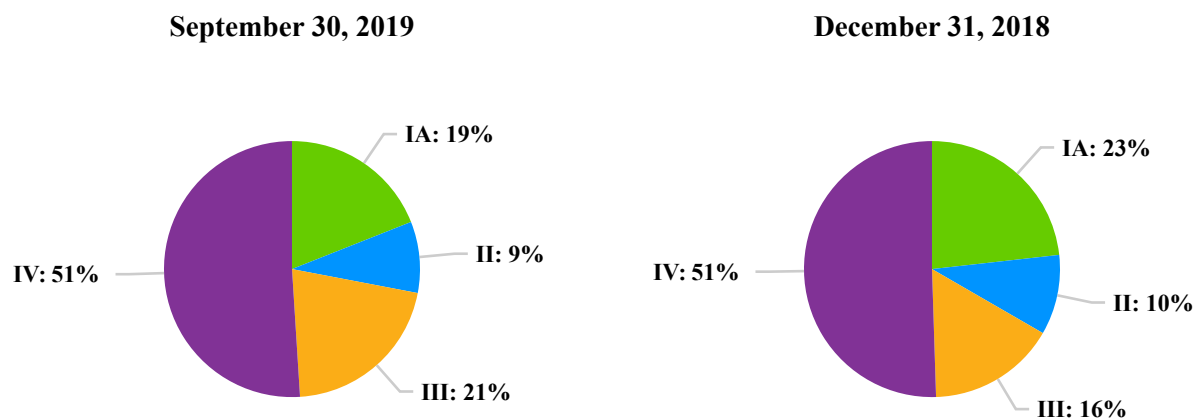
(4) AAA is less than 1% in both periods.

**Adversely Classified Credit Exposures Outstanding <sup>(1)(2)</sup>**  
As of September 30, 2019

(\$ in millions)	Market Type	Net Par Outstanding	% of Total Net Par Outstanding
RMBS Exposures .....	Structured Finance	\$ 3,495	9.0%
Puerto Rico & Related Issuers .....	Public Finance	1,123	2.9%
Posillipo Finance II S.r.l <sup>(3)</sup> .....	International Finance	704	1.8%
Ostregion Investmentgesellschaft NR 1 SA <sup>(3)(4)</sup> .....	International Finance	666	1.7%
Student Loans Exposures .....	Structured Finance	596	1.5%
Military Housing .....	Public Finance	561	1.4%
Chicago, IL Board of Education GO .....	Public Finance	91	0.2%
Trinity Rail Leasing V L.P. 2006-1A Notes .....	Structured Finance	90	0.2%
Bridgeview, IL .....	Public Finance	66	0.2%
Road Management Services A13 .....	International Finance	54	0.1%
Other .....		282	0.7%
<b>Total</b> .....		<b>\$ 7,728</b>	<b>19.8%</b>

- (1) Adversely classified credits are assigned a rating of Class IA through Class V. Refer to Ambac's 2018 Form 10-K for descriptions of credit classifications.
- (2) Net Par includes capital appreciation bonds, which are reported at the par amount at the time of issuance of the insurance policy as opposed to the current accreted value of the bonds.
- (3) Guaranteed by Ambac UK.
- (4) Ambac Assurance has issued an insurance policy for a portion of this transaction that will only pay in the event that Ambac UK does not pay under its insurance policy.

**Adversely Classified Distribution of Exposures Outstanding <sup>(1)</sup>**



- (1) Credit Class V is less than 1% in both periods.

## 25 Largest Domestic Public Finance Exposures Outstanding <sup>(1)</sup>

As of September 30, 2019

(\$ in millions)	Ambac Rating <sup>(2)</sup>	Net Par Outstanding	% of Total Net Par Outstanding
New Jersey Transportation Trust Fund Authority - Transportation System .....	BBB+	\$ 778	2.0 %
Massachusetts Commonwealth - GO .....	AA	586	1.5 %
Mets Queens Baseball Stadium Project, NY, Lease Revenue .....	BBB	549	1.4 %
Hickam Community Housing LLC .....	BBB	466	1.2 %
Bragg Communities, LLC .....	A-	416	1.1 %
Puerto Rico Highways & Transportation Authority, Transportation Revenue .....	BIG	409	1.0 %
Puerto Rico Infrastructure Financing Authority, Special Tax Revenue .....	BIG	403	1.0 %
New Jersey Economic Development Authority - School Facilities Construction .....	BBB+	400	1.0 %
Monterey Bay, CA - Military Housing .....	BBB+	324	0.8 %
Fort Bliss/White Sand Missile Range Housing LP .....	BBB+	307	0.8 %
Northeast Housing LLC .....	BBB-	300	0.8 %
Hampton Roads PPV, LLC .....	A	283	0.7 %
Meade Communities, LLC .....	A	279	0.7 %
BLB Privatized Housing, LLC .....	A-	266	0.7 %
Riley Communities LLC .....	A-	265	0.7 %
Delaware Valley Regional Finance Authority - Local Government Pool .....	BBB+	250	0.6 %
Stewart Hunter Housing, GA .....	BBB	250	0.6 %
AETC Housing LP .....	BBB	219	0.6 %
Fort Campbell Family Housing LLC .....	AA-	216	0.6 %
NYS Thruway Highways and Bridges .....	AA-	209	0.5 %
Fort Lewis Communities LLC WA .....	AA-	206	0.5 %
Oregon School Boards .....	AA-	201	0.5 %
AMC West Housing LP .....	AA-	198	0.5 %
Chicago, IL - GO .....	BBB-	194	0.5 %
Fort Leavenworth Frontier Heritage Communities, LLC .....	BIG	191	0.5 %
<b>Total</b> .....		<b>\$ 8,165</b>	<b>21.0%</b>

(1) Net par exposures within the U.S. public finance market include capital appreciation bonds which are reported at the par amount at the time of issuance of the insurance policy as opposed to the current accreted value of the bonds.

(2) See Note 1 on the Table of Contents page.

## 25 Largest Structured Finance Exposures Outstanding

As of September 30, 2019

(\$ in millions)	Ambac Rating <sup>(1)</sup>	Net Par Outstanding	% of Total Net Par Outstanding
Progress Energy Carolinas, Inc. ....	A-	\$ 450	1.2 %
Timberlake Financial, LLC .....	BBB	414	1.1 %
Wachovia Asset Securitization Issuance II, LLC 2007-HE2 .....	BBB	406	1.0 %
Wachovia Asset Securitization Issuance II, LLC 2007-HE1 .....	BBB	275	0.7 %
Option One Mortgage Loan Trust 2007-FXD1 .....	BIG	215	0.6 %
Terwin Mortgage Trust Asset-Backed Certificates, Series 2006-6 .....	BIG	210	0.5 %
Impac CMB Trust Series 2005-7 .....	BIG	182	0.5 %
Ownit Mortgage Trust 2006-OT1 .....	BIG	180	0.5 %
Countrywide Asset-Backed Certificates Trust 2005-16 .....	BIG	178	0.5 %
Basin Electric Power Cooperative .....	A-	168	0.4 %
Countrywide Asset Backed Certificates Trust 2005-17 .....	BIG	159	0.4 %
Countrywide Asset Backed Certificates Trust 2006-11 .....	BIG	142	0.4 %
The National Collegiate Student Loan Trust 2007-4 .....	BIG	137	0.4 %
Capco - Excess SIPC Excess of Loss Reinsurance II .....	BBB	137	0.4 %
Duke Energy Ohio, Inc. ....	BBB+	131	0.3 %
Terwin Mortgage Trust Asset-Backed Certificates, Series 2006-4 .....	BIG	114	0.3 %
The National Collegiate Student Loan Trust 2005-3 .....	BIG	103	0.3 %
AEP Texas Central .....	BBB	93	0.2 %
Impac CMB Trust Series 2005-6 .....	BIG	93	0.2 %
Countrywide Asset Backed Certificates Trust 2006-13 .....	BIG	92	0.2 %
Trinity Rail Leasing V L.P. 2006-1A Notes .....	BBB-	90	0.2 %
National Collegiate Student Loan Trust 2006-3 .....	BIG	90	0.2 %
Chevy Chase Funding Mortgage-Backed Certificates, Series 2007-2 .....	BIG	89	0.2 %
National Collegiate Student Loan Trust 2006-2 .....	BIG	89	0.2 %
Pacificorp .....	A	89	0.2 %
<b>Total</b> .....		<b>\$ 4,326</b>	<b>11.1%</b>

(1) See Note 1 on the Table of Contents page.

## 25 Largest International Finance Exposures Outstanding

As of September 30, 2019

(\$ in millions)	Ambac Rating <sup>(1)</sup>	Net Par Outstanding	% of Total Net Par Outstanding
Mitchells & Butlers Finance plc-UK Pub Securitisation <sup>(2)</sup>	A+	\$ 1,246	3.2 %
Capital Hospitals plc <sup>(2)(3)</sup>	A-	834	2.1 %
Aspire Defence Finance plc <sup>(2)</sup>	BBB+	804	2.1 %
Anglian Water <sup>(2)</sup>	A-	763	2.0 %
National Grid Gas <sup>(2)</sup>	A-	704	1.8 %
Posillipo Finance II S.r.l <sup>(2)</sup>	BIG	704	1.8 %
Ostregion Investmentgesellschaft NR 1 SA <sup>(2)(3)</sup>	BIG	666	1.7 %
RMPA Services plc <sup>(2)</sup>	BBB+	534	1.4 %
Catalyst Healthcare (Manchester) Financing plc <sup>(2)(3)</sup>	BBB-	499	1.3 %
National Grid Electricity Transmission <sup>(2)</sup>	A-	474	1.2 %
Scottish Power UK plc <sup>(2)</sup>	BBB+	369	0.9 %
Northern Powergrid (Yorkshire) plc <sup>(2)</sup>	BBB+	338	0.9 %
Scotia Gas Networks (Scotland Gas) <sup>(2)</sup>	BBB+	277	0.7 %
FCC Surf	AA	273	0.7 %
Scotia Gas Networks (Southern Gas) <sup>(2)</sup>	BBB+	264	0.7 %
Road Management Services (Finance) plc. <sup>(2)(3)</sup>	BBB+	257	0.7 %
Northern Powergrid Holdco <sup>(2)</sup>	BBB+	246	0.6 %
Annes Gate Property plc <sup>(2)</sup>	A-	242	0.6 %
BY Chelmer plc <sup>(2)</sup>	A-	210	0.5 %
South East Water (Finance) Limited <sup>(2)</sup>	BBB	204	0.5 %
Arsenal Securities plc <sup>(2)</sup>	BBB-	201	0.5 %
Sydney Airport	BBB	188	0.5 %
Dudley Summit plc <sup>(2)(3)</sup>	BBB	185	0.5 %
Northern Powergrid (North East) <sup>(2)</sup>	BBB+	184	0.5 %
Powercor Australia	A-	180	0.5 %
<b>Total</b>		<b>\$ 10,846</b>	<b>27.8%</b>

(1) See Note 1 on the Table of Contents page.

(2) All or a portion of transaction guaranteed by Ambac UK.

(3) Ambac Assurance has issued an insurance policy for a portion of this transaction that will only pay in the event that Ambac UK does not pay under its insurance policy.

**Net Exposure Amortization <sup>(1)</sup>**  
As of September 30, 2019

(\$ in millions)	Estimated Net Debt Service Amortization	Total Ending Net Financial Guarantees in Force
2019 (Three months) .....	\$ 1,234	\$ 58,946
2020 .....	4,532	54,414
2021 .....	4,168	50,246
2022 .....	4,029	46,217
2023 .....	2,974	43,243
2024 .....	3,471	39,772
2019 (Three months) .....	\$ 1,234	\$ 58,946
2020-2024 .....	19,175	39,771
2025-2029 .....	13,793	25,978
2030-2034 .....	9,565	16,413
2035-2039 .....	10,485	5,929
After 2039 .....	5,929	—
<b>Total</b>	<b>\$ 60,180</b>	

(1) Depicts amortization of existing guaranteed portfolio (principal and interest), assuming no advance refundings, as of September 30, 2019. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay guaranteed obligations.