PUERTO RICO EXPOSURE

Third Quarter 2019

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PUERTO RICO EXPOSURE & RATINGS SUMMARY

Ambac Puerto Rico Exposure ($ in millions) as of September 30, 2019	(1)	(1) (2)	(5)	(2)(5)			
Single Risk [6]	Gross Par	Net Par	Gross Principal & Interest	Net Principal & Interest	Range of Maturity	Credit Class	Rating
General Fund Debt:							
PR Commonwealth GO	$ 24.7	$ 24.7	$ 27.3	$ 27.3	2019-2023	IV	BIG
PR Public Buildings Authority Revenue - GO Guaranty	84.3	84.3	149.9	149.9	2019-2035	IV	BIG
Subtotal	**109.0**	**109.0**	**177.2**	**177.2**			
Revenue Debt:							
PR Highways and Transp'n 1968 Resolution - Highway Rev [3][4]	4.4	4.3	10.4	10.3	2021-2027	IV	BIG
PR Highways and Transp'n 1998 Resolution - Sr Transp'n [3][4]	417.0	405.1	697.7	676.6	2019-2042	IV	BIG
PR Infrastructure Financing Special Tax Revenue (Rum Tax) [3]	412.9	403.4	923.8	902.5	2019-2044	IV	BIG
Convention Center (Hotel Occupancy Tax) [3]	100.0	100.0	146.2	146.2	2019-2031	IV	BIG
Senior Sales Tax Rev (COFINA)	102.1	101.6	908.5	904.3	2019-2054	III	BIG
Subtotal	**1,036.4**	**1,014.4**	**2,686.6**	**2,639.9**			
Grand total	**$ 1,145.4**	**$ 1,123.4**	**$ 2,863.8**	**$ 2,817.1**			

(1) Gross Par and Net Par include capital appreciation bonds ("CABS") which are reported at the par amount at the time of issuance of the insurance policy Accretion of the CABS would increase the related gross and net par by $218 million and $215 million, respectively at September 30, 2019

(2) Net Par and Net Principal & Interest are net of reinsurance

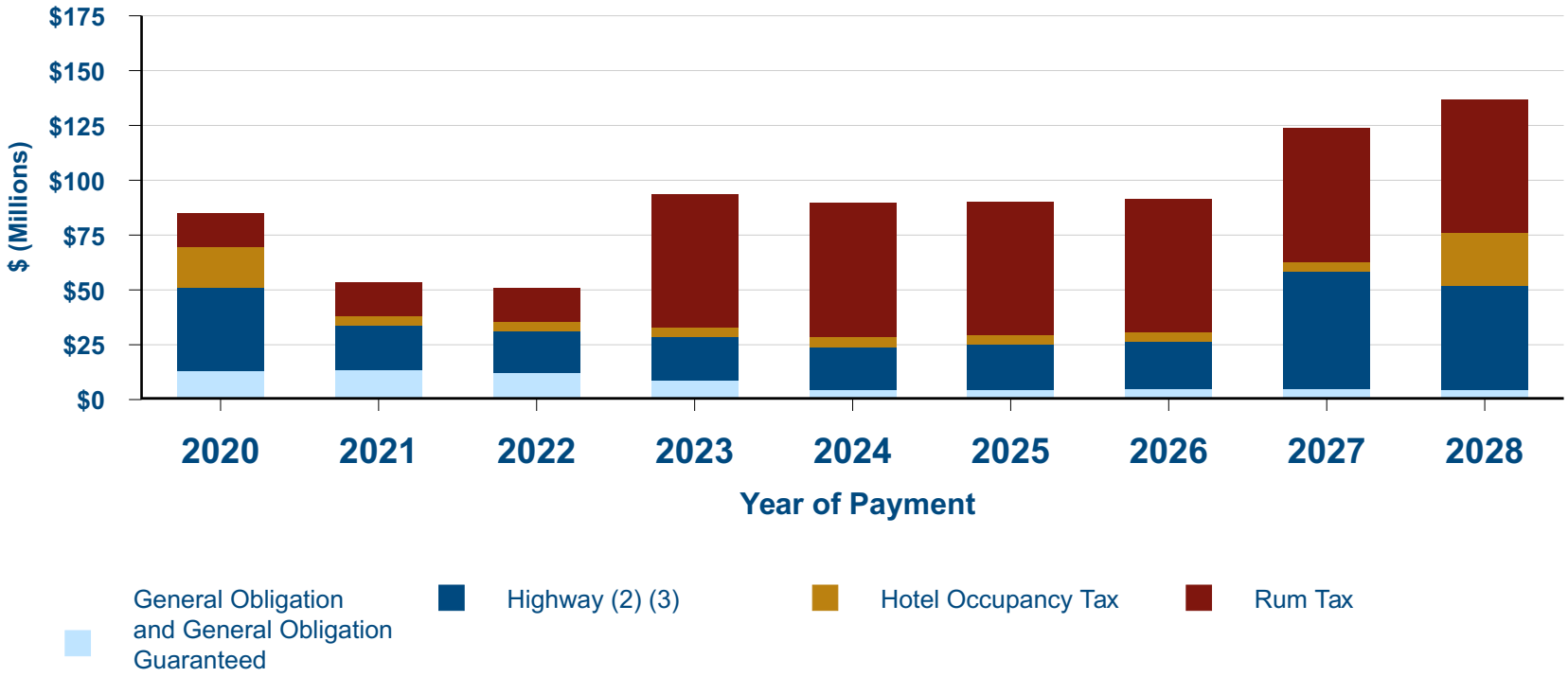
(3) Subject to Act No. 5-2017, as amended, also known as the Financial Emergency and Fiscal Responsibility Act of 2017, which declares an emergency period that has been subsequently re-extended until December 31, 2019. Pursuant to Act 5-2017, all executive orders issued under Act No. 21-2016 (as amended, known as the Puerto Rico Emergency Moratorium and Financial Rehabilitation Act), shall continue in full force and effect until amended, rescinded or superseded. Also subject to the Priority Debt Provision under Section 8 of Article VI of the Constitution of the Commonwealth of Puerto Rico, commonly known as the "clawback provision"

(4) Certain Pledged Revenues for Highway and Transportation Revenue Bonds such as Toll Revenues and Investment Earnings are not subject to the Priority Debt Provision

(5) Both the Gross and Net Principal & Interest do not reflect an interest rate increase from 5.5% to 10%, resulting from the lack of a remarketing, on a $60 million Ambac-insured 7/1/2035 security issued by the PR Public Building Authority. Should a remarketing not occur before the maturity of the bonds, both the Gross and Net Principal & Interest would increase by $42.0 million

(6) As of September 30, 2019 ever-to-date net claims paid, including commutation payments, net of subrogation received and reinsurance are $506.4 million

SCHEDULE OF NET DEBT SERVICE[1] ON INSURED DEBT
(AS OF SEPTEMBER 30, 2019)



(1) Net of reinsurance
(2) Aggregate Highway (1968) and Senior Transportation (1998)
(3) Certain CUSIPs within this risk pay monthly or quarterly. Such payments are reflected in the next semi-annual payment date; $.414 is the scheduled debt service remaining for 2019

PUERTO RICO NET PRINCIPAL AND INTEREST[(1)] AMORTIZATION

AS OF SEPTEMBER 30, 2019 ($ IN MILLIONS)

Net Principal and Interest Amortization of Ambac Insured Puerto Rico Exposures by Payment Date								
Payment Date	Commonwealth GO	Public Bldg - GO Guaranteed [(3)]	Senior Highway (1968)	Senior Transportation (1998) [(2)]	Rum Tax	Hotel Occupancy Tax	Sales Tax (COFINA)	Total P & I
1/1/2020	$ 0.6	$ 2.3	$ —	$ 9.8	$ 7.6	$ 2.5	$ —	$ 22.8
7/1/2020	7.2	3.1	—	28.1	7.6	16.1	—	62.1
1/1/2021	0.4	2.3	—	9.5	7.6	2.2	—	22.0
7/1/2021	7.4	3.1	1.3	9.9	7.6	2.2	—	31.5
1/1/2022	0.2	2.3	—	9.5	7.6	2.2	—	21.8
7/1/2022	7.5	2.3	—	9.5	7.6	2.2	—	29.1
1/1/2023	0.1	2.3	—	9.5	7.6	2.2	—	21.7
7/1/2023	3.9	2.3	—	10.5	53.2	2.2	—	72.1
1/1/2024	—	2.3	—	9.5	6.4	2.2	—	20.4
7/1/2024	—	2.3	—	10.0	54.5	2.2	—	69.0
1/1/2025	—	2.3	—	9.4	5.0	2.2	—	18.9
7/1/2025	—	2.3	1.0	10.0	55.8	2.2	—	71.3
1/1/2026	—	2.3	—	9.4	3.6	2.2	—	17.5
7/1/2026	—	2.3	1.0	11.5	57.2	2.2	—	74.2
1/1/2027	—	2.3	—	8.9	2.2	2.2	—	15.6
7/1/2027	—	2.3	7.0	38.0	58.7	2.2	—	108.2
1/1/2028	—	2.3	—	8.8	0.6	2.2	—	13.9
7/1/2028	—	2.3	—	38.3	60.2	22.2	—	123.0
1/1/2029	—	2.3	—	8.7	—	1.7	—	12.7
7/1/2029	—	2.3	—	39.7	68.7	22.7	—	133.4
1/1/2030	—	2.3	—	7.9	—	1.1	—	11.3
7/1/2030	—	14.0	—	67.5	—	23.2	—	104.7
1/1/2031	—	1.9	—	6.3	—	0.6	—	8.8
7/1/2031	—	12.9	—	88.5	—	23.1	—	124.5
1/1/2032	—	1.7	—	4.2	—	—	—	5.9
7/1/2032	—	1.7	—	4.2	—	—	—	5.9

(1) Net of reinsurance

(2) Certain CUSIPs within this risk pay monthly or quarterly. Such payments are reflected in the next semi-annual payment date

(3) Net Principal and Interest Amortization does not reflect an interest rate increase from 5.5% to 10%, resulting from the lack of a remarketing, on a $60 million Ambac-insured 7/1/2035 security issued by the PR Public Building Authority. Should a remarketing not occur before the maturity of the bonds, the Net Principal and Interest Amortization would increase by $42.0 million

PUERTO RICO NET PRINCIPAL AND INTEREST[1] AMORTIZATION – CONTINUED

AS OF SEPTEMBER 30, 2019 ($ IN MILLIONS)

Net Principal and Interest Amortization of Ambac Insured Puerto Rico Exposures by Payment Date

Payment Date	Commonwealth GO	Public Bldg - GO Guaranteed [3]	Senior Highway (1968)	Senior Transportation (1998) [2]	Rum Tax	Hotel Occupancy Tax	Sales Tax (COFINA)	Total P & I
1/1/2033	—	1.7	—	4.2	—	—	—	5.9
7/1/2033	—	1.7	—	4.2	—	—	—	5.9
1/1/2034	—	1.7	—	4.2	—	—	—	5.9
7/1/2034	—	28.3	—	4.2	68.7	—	—	101.2
1/1/2035	—	0.9	—	4.2	—	—	—	5.1
7/1/2035	—	33.5	—	4.2	68.7	—	—	106.4
1/1/2036	—	—	—	4.2	—	—	—	4.2
7/1/2036	—	—	—	62.2	68.7	—	—	130.9
1/1/2037	—	—	—	2.6	—	—	—	2.6
7/1/2037	—	—	—	63.7	49.2	—	—	112.9
1/1/2038	—	—	—	1.0	—	—	—	1.0
7/1/2038	—	—	—	40.6	—	—	—	40.6
1/1/2039	—	—	—	—	—	—	—	—
7/1/2039	—	—	—	—	—	—	—	—
1/1/2040	—	—	—	—	—	—	—	—
7/1/2040	—	—	—	—	—	—	—	—
1/1/2041	—	—	—	—	—	—	—	—
7/1/2041	—	—	—	—	—	—	—	—
1/1/2042	—	—	—	—	—	—	—	—
7/1/2042	—	—	—	0.3	—	—	—	0.3
1/1/2043	—	—	—	—	—	—	—	—
7/1/2043	—	—	—	—	84.0	—	—	84.0
1/1/2044	—	—	—	—	—	—	—	—
7/1/2044	—	—	—	—	84.0	—	—	84.0
8/1/2047	—	—	—	—	—	—	173.5	173.5
8/1/2048	—	—	—	—	—	—	91.7	91.7
8/1/2049	—	—	—	—	—	—	95.7	95.7
8/1/2050	—	—	—	—	—	—	99.8	99.8
8/1/2051	—	—	—	—	—	—	104.1	104.1
8/1/2052	—	—	—	—	—	—	108.5	108.5
8/1/2053	—	—	—	—	—	—	113.1	113.1
8/1/2054	—	—	—	—	—	—	117.8	117.8
Grand Total	$ 27.3	$ 149.9	$ 10.3	$ 676.6	$ 902.5	$ 146.2	$ 904.3	$ 2,817.1

(1) Net of reinsurance

(2) Certain CUSIPs within this risk pay monthly or quarterly. Such payments are reflected in the next semi-annual payment date

(3) Net Principal and Interest Amortization does not reflect an interest rate increase from 5.5% to 10%, resulting from the lack of a remarketing, on a $60 million Ambac-insured 7/1/2035 security issued by the PR Public Building Authority. Should a remarketing not occur before the maturity of the bonds, the Net Principal and Interest Amortization would increase by $42.0 million

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In this presentation, we have included statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as "estimate," "project," "plan," "believe," "anticipate," "intend," "planned," "potential" and similar expressions, or future or conditional verbs such as "will," "should," "would," "could," and "may," or the negative of those expressions or verbs, identify forward-looking statements. We caution readers that these statements are not guarantees of future performance. Forward-looking statements are not historical facts but instead represent only our beliefs regarding future events, which may by their nature be inherently uncertain and some of which may be outside our control. These statements may relate to plans and objectives with respect to the future, among other things which may change. We are alerting you to the possibility that our actual results may differ, possibly materially, from the expected objectives or anticipated results that may be suggested, expressed or implied by these forward-looking statements. Important factors that could cause our results to differ, possibly materially, from those indicated in the forward-looking statements include, among others, those discussed under "Risk Factors" in our most recent SEC filed quarterly or annual report.

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(8) inadequacy of reserves established for losses and loss expenses and possibility that changes in loss reserves may result in further volatility of earnings or financial results; (9) increased fiscal stress experienced by issuers of public finance obligations or an increased incidence of Chapter 9 filings or other restructuring proceedings by public finance issuers, including an increased risk of loss on revenue bonds of distressed public finance issuers due to a recent judicial decision adverse to revenue bond holders; (10) the Company's inability to realize the expected recoveries included in its financial statements; (11) insufficiency or unavailability of collateral to pay secured obligations; (12) credit risk throughout the Company's business, including but not limited to credit risk related to residential mortgage-backed securities, student loan and other asset securitizations, public finance obligations (including obligations of the Commonwealth of Puerto Rico and its instrumentalities and agencies as well as obligations relating to privatized military housing projects) and exposures to reinsurers; (13) credit risks related to large single risks, risk concentrations and correlated risks; (14) the risk that the Company's risk management policies and practices do not anticipate certain risks and/or the magnitude of potential for loss; (15) risks associated with adverse selection as the Company's insured portfolio runs off; (16) adverse effects on operating results or the Company's financial position resulting from measures taken to reduce risks in its insured portfolio; (17) disagreements or disputes with Ambac Assurance's primary insurance regulator; (18) our inability to mitigate or remediate losses, commute or reduce insured exposures or achieve recoveries or investment objectives, or the failure of any transaction intended to accomplish one or more of these objectives to deliver anticipated results; (19) the Company's substantial indebtedness could adversely affect its financial condition and operating flexibility; (20) the Company may not be able to obtain financing or raise capital on acceptable terms or at all due to its substantial indebtedness and financial condition; (21) the Company may not be able to generate the significant amount of cash needed to service its debt and financial obligations, and may not be able to refinance its indebtedness; (22) restrictive covenants in agreements and instruments may impair the Company's ability to pursue or achieve its business strategies; (23) loss of control rights in transactions for which we provide insurance due to a finding that Ambac Assurance has defaulted; (24) the Company's results of operation may be adversely affected by events or circumstances that result in the accelerated amortization of the Company's insurance intangible asset; (25) adverse tax consequences or other costs resulting from the characterization of the Company's surplus notes or other obligations as equity; (26) risks attendant to the change in composition of securities in the Company's investment portfolio; (27) changes in tax law; (28) changes in prevailing interest rates; (29) the expected discontinuance of the London Inter-Bank Offered Rate; (30) factors that may influence the amount of installment premiums paid to the Company; (31) default by one or more of Ambac Assurance's portfolio investments, insured issuers or counterparties; (32) market risks impacting assets in the Company's investment portfolio or the value of our assets posted as collateral in respect of interest rate swap transactions; (33) risks relating to determinations of amounts of impairments taken on investments; (34) the risk of litigation and regulatory inquiries or investigations, and the risk of adverse outcomes in connection therewith, which could have a material adverse effect on the Company's business, operations, financial position, profitability or cash flows; (35) actions of stakeholders whose interests are not aligned with broader interests of the Company's stockholders; (36) the Company's inability to realize value from Ambac UK or other subsidiaries of Ambac Assurance; (37) system security risks; (38) market spreads and pricing on interest rate derivatives insured or issued by the Company; (39) the risk of volatility in income and earnings, including volatility due to the application of fair value accounting; (40) changes in accounting principles or practices that may impact the Company's reported financial results; (41) legislative and regulatory developments, including intervention by regulatory authorities; (42) the economic impact of "Brexit"; (43) operational risks, including with respect to internal processes, risk and investment models, systems and employees, and failures in services or products provided by third parties; (44) the Company's financial position that may prompt departures of key employees and may impact the Company's ability to attract qualified executives and employees; (45) fluctuations in foreign currency exchange rates could adversely impact the insured portfolio in the event of loss reserves or claim payments denominated in a currency other than US dollars and the value of non-US dollar denominated securities in our investment portfolio; and (46) other risks and uncertainties that have not been identified at this time.

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