

**Ambac**

## Brazilian Future Flow Securitization Sets New Standard for Competitive Pricing

\$200,000,000

**Brazilian Diversified Payment Rights Finance Company**  
Future Flow Securitization

In recent years, South American financial institutions have successfully raised capital through the securitization of off-shore payment streams, or diversified payment rights. Because these transactions center on dollar-denominated payments generated outside the host country, the future flow transactions already in the market have proved remarkably resilient in the face of uneven economic conditions in emerging market countries. Ambac Financial Group has guaranteed a number of these future flow transactions and, in early 2005, looked to put its experience – and financial capacity – to work in support of another such deal.

Banco Itaú, which has the highest market capitalization among banks in Latin America (US\$21 billion), was exploring the possibility of an issuance from its existing diversified payment rights program. In addition to the bank's solid market position, Banco Itaú enjoys the reputation of being among the most profitable and financially sound banking institutions in Brazil and all of South America, making it a prime target for Ambac. Banco Itaú was interested in including an Ambac guarantee on the deal, even though a mid-year closing was targeted.

With extensive experience in future flow transactions, Ambac was able to work quickly to meet the aggressive timetable. After receiving the mandate, Ambac underwriters structured, underwrote and closed the deal within a few weeks. Strong appetite for Ambac-wrapped deals in the market enabled Banco Itaú to achieve the best pricing to date on a Brazilian diversified payment rights issuance. The \$200 million, triple-A-rated transaction was successfully closed on June 30, 2005.

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