PUERTO RICO EXPOSURE

First Quarter 2021

Ambac Financial Group
One World Trade Center, 41st Floor, New York, NY 10007
All Rights Reserved | 800-221-1854 | www.ambac.com

Neither Ambac nor any of its employees, affiliates or representatives makes any representation or warranty, expressed or implied, as to the accuracy or completeness of any of the information contained in this overview, and the recipient of this overview expressly disclaims any and all liabilities relating to or resulting from the use of this overview. Certain of the information provided in this overview has been prepared by Ambac from data supplied from third-party sources, and Ambac has not verified the validity of such information. This overview should be read in conjunction with Ambac's other public filings and disclosures.

The recipient of this overview is urged to review any information made publicly available regarding the underlying transactions. However, Ambac was not involved in the preparation of such information and, therefore, makes no representations or warranties regarding the accuracy or completeness of such information. Furthermore, Ambac makes no representation or warranty, and offers no opinion, on the ability or willingness of any issuer or other party to the underlying transactions to comply with its respective obligations in respect thereof.

The financial projections, if any, contained in this overview necessarily are based upon a number of estimates and assumptions that are inherently subject to significant business, economic and other uncertainties and contingencies, most of which are beyond Ambac's control. Any financial projections will vary, and those variations may be material. As a result, you are cautioned not to place reliance on the financial projections contained herein.

The recipient of this overview acknowledges that the information contained herein is intended to summarize and describe certain information about Ambac's Puerto Rico exposures, but that it is not intended to, and does not, fully set forth or explain all aspects of such exposures or associated risks. The recipient of this overview further acknowledges that this overview does not intend to, and does not, replace, fully conform with or include all aspects of the underlying transactional documents and laws and regulations relating to such Puerto Rico exposures. The summaries and descriptions herein of such exposures and risks are qualified in their entirety by reference to such documents, laws and regulations. Each recipient of this overview is urged to review such underlying documents, laws and regulations for information about them and what they purport to accomplish and not to rely on the summaries and descriptions contained herein. Neither Ambac nor any of its employees, affiliates or representatives makes any representation or warranty, expressed or implied, as to the accuracy or completeness of such summaries and descriptions.

Ambac undertakes no obligation to revise, update or supplement the information contained in this presentation to reflect new developments. Nor does Ambac undertake to provide similar or additional information about other credit exposures. Market participants should not rely on the information in this presentation in making any investment decision.

Ambac is not acting as your financial adviser or fiduciary in any respect or manner.

PUERTO RICO EXPOSURE & RATINGS SUMMARY

Ambac Puerto Rico Exposure as of March 31, 2021 ($ in millions) Single Risk [6]		(1) Gross Par	(1) (2) Net Par	(5) Gross Principal & Interest	(2) (5) Net Principal & Interest	Range of Maturity	Credit Class	Rating
General Fund Debt:								
PR Commonwealth GO		$ 18.0	$ 18.0	$ 19.1	$ 19.1	2021-2023	IV	BIG
PR Public Buildings Authority Revenue - GO Guaranty		83.5	83.5	142.2	142.2	2021-2035	IV	BIG
	Subtotal	**101.5**	**101.5**	**161.3**	**161.3**			
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]		406.7	394.7	649.7	629.6	2021-2042	IV	BIG
PR Infrastructure Financing Special Tax Revenue (Rum Tax) [3]		413.0	403.5	900.5	879.7	2023-2044	IV	BIG
Convention Center (Hotel Occupancy Tax) [3]		86.3	86.3	125.4	125.4	2028-2031	IV	BIG
Senior Sales Tax Rev (COFINA)		76.7	76.4	683.0	679.9	2047-2054	III	BIG
	Subtotal	**987.1**	**965.2**	**2,369.0**	**2,324.9**			
	Grand total	**$ 1,088.6**	**$ 1,066.7**	**$ 2,530.3**	**$ 2,486.2**			

(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 $219 million and $215 million, respectively at March 31, 2021

(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 June 30, 2021, from its prior December 31, 2020 deadline. 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"

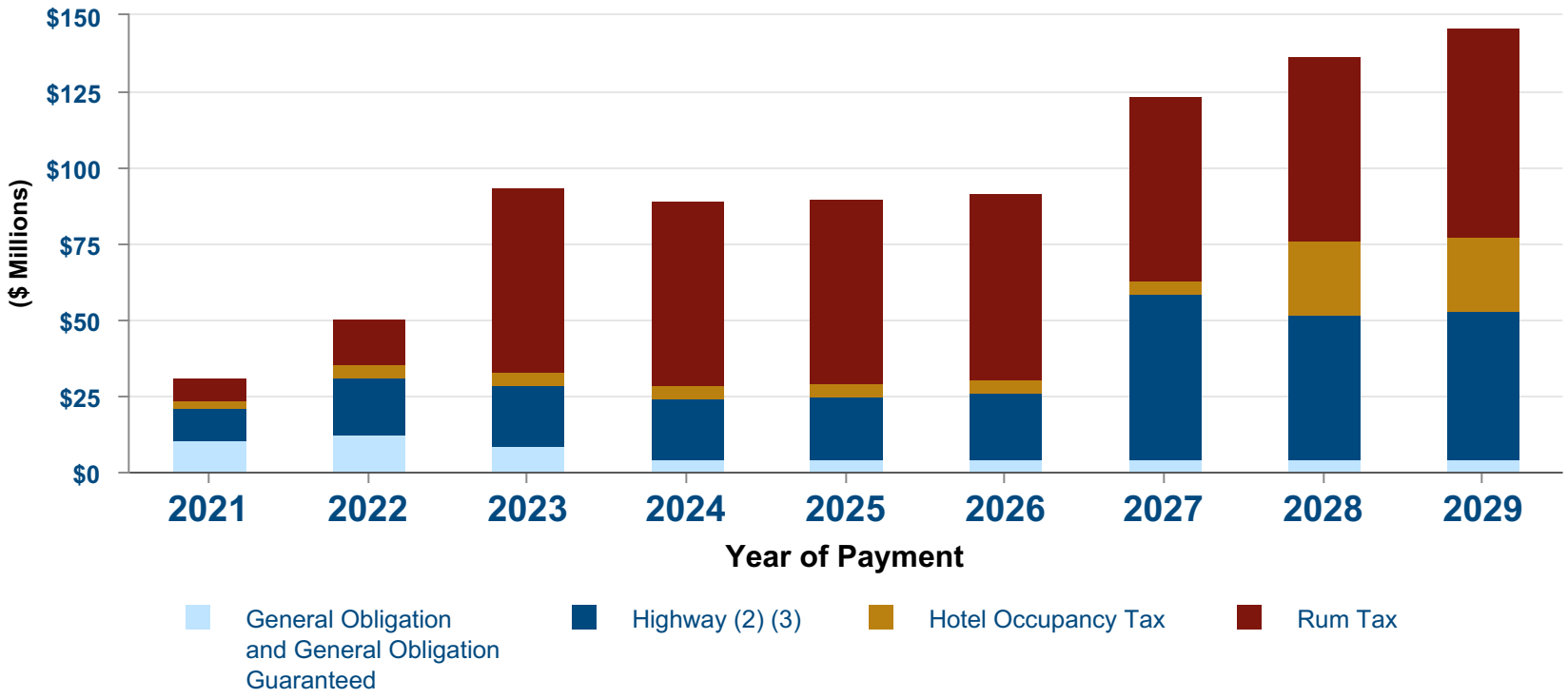
(4) Certain Pledged Revenues for Highway and Transportation Revenue Bonds such as Toll Revenues and Investment Earnings are not subject to the Priority Debt Provision

(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 $38.0 million

(6) As of March 31, 2021 ever-to-date net claims paid, including commutation payments, net of subrogation received and reinsurance are $617.6 million

SCHEDULE OF NET DEBT SERVICE[(1)] ON INSURED DEBT

(AS OF MARCH 31, 2021)



(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

PUERTO RICO NET PRINCIPAL AND INTEREST[1] AMORTIZATION

AS OF MARCH 31, 2021 *($ 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
7/1/2021	7.4	3.1	1.3	9.7	7.6	2.2	—	31.3
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	—	23.1	—	104.6
1/1/2031	—	1.9	—	6.3	—	0.6	—	8.8
7/1/2031	—	12.9	—	88.4	—	23.2	—	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 $38.0 million

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

AS OF MARCH 31, 2021 *($ 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	49.1	—	—	112.8
1/1/2038	—	—	—	1.0	—	—	—	1.0
7/1/2038	—	—	—	41.1	—	—	—	41.1
1/1/2039	—	—	—	—	—	—	—	—
7/1/2039	—	—	—	—	—	—	—	—
1/1/2040	—	—	—	—	—	—	—	—
7/1/2040	—	—	—	—	—	—	—	—
1/1/2041	—	—	—	—	—	—	—	—
7/1/2041	—	—	—	—	—	—	—	—
1/1/2042	—	—	—	—	—	—	—	—
7/1/2042	—	—	—	0.2	—	—	—	0.2
1/1/2043	—	—	—	—	—	—	—	—
7/1/2043	—	—	—	—	84.0	—	—	84.0
1/1/2044	—	—	—	—	—	—	—	—
7/1/2044	—	—	—	—	84.0	—	—	84.0
8/1/2047	—	—	—	—	—	—	129.4	129.4
8/1/2048	—	—	—	—	—	—	69.1	69.1
8/1/2049	—	—	—	—	—	—	72.1	72.1
8/1/2050	—	—	—	—	—	—	75.2	75.2
8/1/2051	—	—	—	—	—	—	78.4	78.4
8/1/2052	—	—	—	—	—	—	81.7	81.7
8/1/2053	—	—	—	—	—	—	85.2	85.2
8/1/2054	—	—	—	—	—	—	88.8	88.8
Grand Total	$ 19.1	$ 142.2	$ 10.3	$ 629.6	$ 879.7	$ 125.4	$ 679.9	$ 2,486.2

(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 $38.0 million

Forward Looking Statement

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.

Any or all of management's forward-looking statements here or in other publications may turn out to be incorrect and are based on management's current belief or opinions. Ambac's actual results may vary materially, and there are no guarantees about the performance of Ambac's securities. Among events, risks, uncertainties or factors that could cause actual results to differ materially are: (1) the highly speculative nature of AFG's common stock and volatility in the price of AFG's common stock; (2) Ambac's inability to realize the expected recoveries, including RMBS litigation recoveries, included in its financial statements which would have a materially adverse effect on Ambac Assurance Corporation's ("AAC") financial condition and may lead to regulatory intervention; (3) failure to recover claims paid on Puerto Rico exposures or realization of losses in amounts higher than expected; (4) increases to loss and loss expense reserves; (5) 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; (6) uncertainty concerning the Company's ability to achieve value for holders of its securities, whether from AAC and its subsidiaries or from transactions or opportunities apart from AAC and its subsidiaries, including new business initiatives relating to the specialty property and casualty program insurance business, the managing general agency/underwriting business, or related businesses; (7) potential of rehabilitation proceedings against AAC; (8) 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 judicial decisions adverse to revenue bond holders; (9) 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; (10) insufficiency or unavailability of collateral to pay secured obligations; (11) credit risk throughout Ambac's business, including but not limited to credit risk related to residential mortgage-backed securities, student loan and other asset securitizations, public finance obligations and exposures to reinsurers; (12) the impact of catastrophic environmental or natural events, including catastrophic public health events like the COVID-19 pandemic, on significant portions of our insured and investment portfolios; (13) credit risks related to large single risks, risk concentrations and correlated risks; (14) the risk that Ambac'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 Ambac's insured portfolio runs off; (16) Ambac's substantial indebtedness could adversely affect its financial condition and operating flexibility; (17) Ambac may not be able to obtain financing or raise capital on acceptable terms or at all due to its substantial indebtedness and financial condition; (18) Ambac 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; (19) restrictive covenants in agreements and instruments may impair Ambac's ability to pursue or achieve its business strategies; (20) adverse effects on operating results or the Company's financial position resulting from measures taken to reduce risks in its insured portfolio; (21) disagreements or disputes with Ambac's insurance regulators; (22) default by one or more of Ambac's portfolio investments, insured issuers or counterparties; (23) loss of control rights in transactions for which we provide insurance due to a finding that Ambac has defaulted; (24) adverse tax consequences or other costs resulting from the characterization of the AAC's surplus notes or other obligations as equity; (25) risks attendant to the change in composition of securities in the Ambac's investment portfolio; (26) adverse impacts from changes in prevailing interest rates; (27) our results of operation may be adversely affected by events or circumstances that result in the impairment of our intangible assets and/or goodwill that was recorded in connection with Ambac's acquisition of 80% of the membership interests of Xchange; (28) risks associated with the expected discontinuance of the London Inter-Bank Offered Rate; (29) factors that may negatively influence the amount of installment premiums paid to the Ambac; (30) market risks impacting assets in the Ambac's investment portfolio or the value of our assets posted as collateral in respect of interest rate swap transactions; (31) risks relating to determinations of amounts of impairments taken on investments; (32) 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 Ambac's business, operations, financial position, profitability or cash flows; (33) actions of stakeholders whose interests are not aligned with broader interests of the Ambac's stockholders; (34) system security risks, data protection breaches and cyber attacks; (35) changes in accounting principles or practices that may impact Ambac's reported financial results; (36) regulatory oversight of Ambac Assurance UK Limited ("Ambac UK") and applicable regulatory restrictions may adversely affect our ability to realize value from Ambac UK or the amount of value we ultimately realize; (37) 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; (38) Ambac's financial position that may prompt departures of key employees and may impact the its ability to attract qualified executives and employees; (39) 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; (40) disintermediation within the insurance industry that negatively impacts our managing general agency/underwriting business; (41) changes in law or in the functioning of the healthcare market that impair the business model of our accident and health managing general underwriter; and (42) other risks and uncertainties that have not been identified at this time.

About Ambac

Ambac Financial Group, Inc. (“Ambac” or “AFG”), headquartered in New York City, is a financial services holding company. Ambac's subsidiaries include: Ambac Assurance Corporation and Ambac Assurance UK Limited, financial guarantee insurance companies currently in runoff; Everspan Indemnity Insurance Company and Everspan Insurance Company, specialty property & casualty program insurers; and Xchange Benefits, LLC and Xchange Affinity Underwriting Agency, LLC, property & casualty Managing General Underwriters. Ambac’s common stock trades on the New York Stock Exchange 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. For more information, please go to www.ambac.com.

Contact
Lisa A. Kampf
Managing Director, Investor Relations
(212) 208-3222
ir@ambac.com



Ambac Financial Group
One World Trade Center, 41st Floor, New York, NY 10007
All Rights Reserved | 800-221-1854 | www.ambac.com