PUERTO RICO EXPOSURE, PLAN SUPPORT AGREEMENTS AND PLAN OF ADJUSTMENT REFERENCES

Second Quarter 2021

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PUERTO RICO EXPOSURE & RATINGS SUMMARY

Ambac Puerto Rico Exposure as of June 30, 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	649.5	629.3	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**	**2,368.8**	**2,324.6**			
Grand total	**$ 1,088.6**	**$ 1,066.7**	**$ 2,530.1**	**$ 2,485.9**			

(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 $224 million and $220 million, respectively at June 30, 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 December 31, 2021, from its prior June 30, 2021 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Rico Emergency Moratorium and Financial Rehabilitation Act), shall continue in full force and effect until amended, rescinded or superseded.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 Highways 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 June 30, 2021 ever-to-date net claims paid, including commutation payments, net of subrogation received and reinsurance are $617.9 million. In July 2021, Ambac made net claim payments totaling $32.5 million on Ambac-insured Bonds

PUERTO RICO PLAN SUPPORT AGREEMENTS AND COMMONWEALTH PLAN OF ADJUSTMENT

On July 27, 2021, Ambac executed a plan support agreement with the Oversight Board, as representative of the Commonwealth of Puerto Rico, and certain other creditors, to restructure Ambac's Puerto Rico Infrastructure Financing Authority (PRIFA) Rum Tax exposure.

Also in July 2021, Ambac joined plan support agreements that the Oversight Board had previously entered into with other major creditors, under which Ambac's exposures to Commonwealth General Obligation (GO) bonds and bonds issued by the Public Buildings Authority (PBA), Highways and Transportation Authority (HTA) and Convention Center District Authority (CCDA) are contemplated to be restructured.

The agreements can be found at the following links:

PRIFA Related Plan Support Agreement, dated as of July 27, 2021: https://emma.msrb.org/P21480536-P21147944-P21561617.pdf

GO/PBA Amended and Restated Plan Support Agreement, dated as of July 12, 2021: https://emma.msrb.org/P11510286-P11169162-P11584785.pdf

HTA/CCDA Related Plan Support Agreement, dated as of May 5, 2021: https://emma.msrb.org/P21454977-P21129374-P21541580.pdf

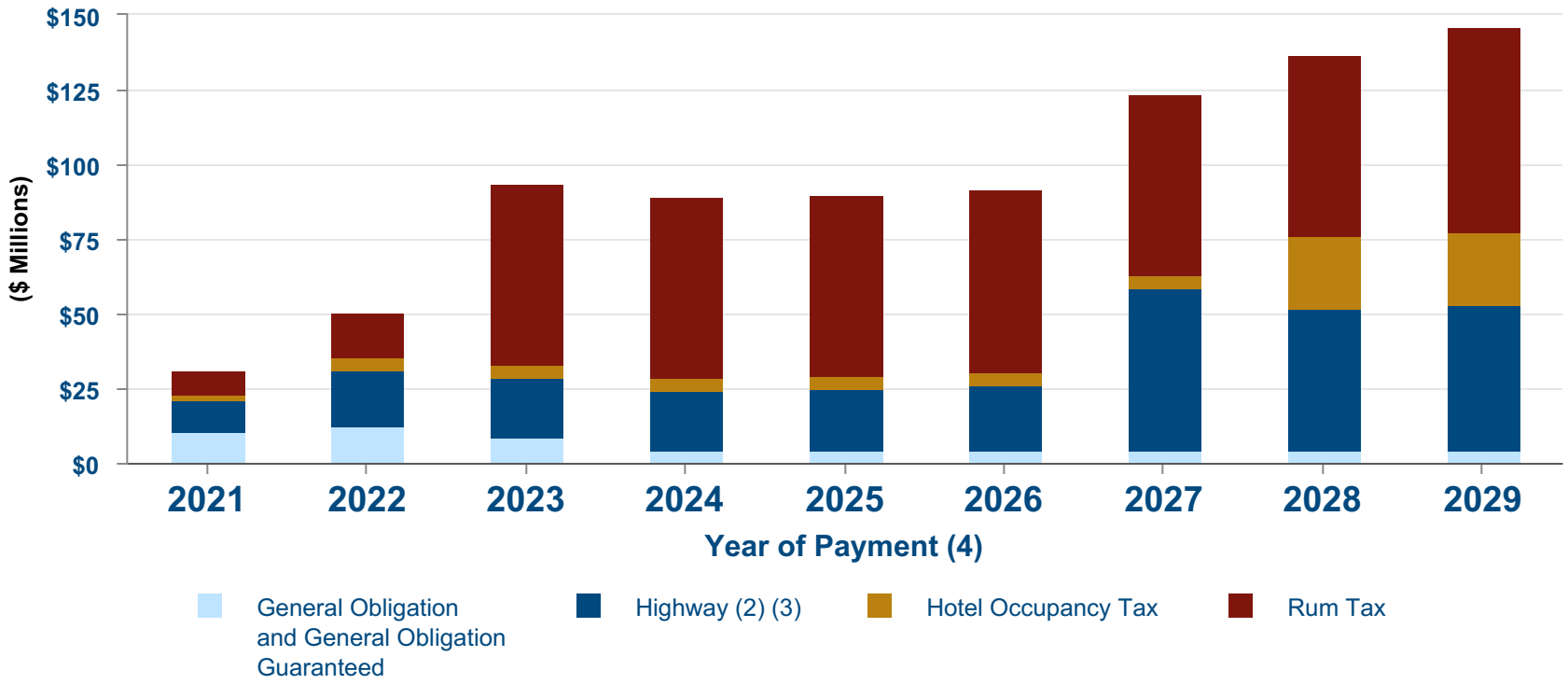
The agreements relate to the proposed Commonwealth Plan of Adjustment, currently found and described at the following links:

Seventh Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, dated July 30, 2021: https://cases.primeclerk.com/puertorico/Home-DownloadPDF?id1=MTAyODU1Mg==&id2=-1

Disclosure Statement for Seventh Amended Title III Joint Plan of Adjustment, dated July 30, 2021: https://cases.primeclerk.com/puertorico/Home-DownloadPDF?id1=MTAyODU3NQ==&id2=-1

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

(AS OF JUNE 30, 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*
(4) *Illustration is limited to payments over next nine years*

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

AS OF JUNE 30, 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	9.4	7.6	2.2	—	31.0
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
1/1/2033	—	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

(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 JUNE 30, 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
7/1/2035	—	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	$ 629.3	$ 879.7	$ 125.4	$ 679.9	$ 2,485.9

(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

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. AFG's and its subsidiaries' ("Ambac") 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 AAC's 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 or greater competition 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; (42) greater competition for our specialty property & casualty program insurance business; and (43) other risks and uncertainties that have not been identified at this time.

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