STATUS OF RMBS LITIGATIONS

May 6, 2019

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STATUS OF RMBS LITIGATIONS (1)

Litigation Case	Current Status *(as of May 6, 2019)*
Countrywide Securities Corp., Countrywide Financial Corp. (a.k.a. Bank of America Home Loans) and Bank of America Corp – New York State Supreme Court, Index No. 651612/2010 [re CWHEQ 2006-S1, CWHEQ 2006-S4, CWHEQ 2006-S6, CWABS 2004-K, CWABS 2004-L, CWABS 2004-M, CWABS 2004-N, CWABS 2004-O, CWABS 2004-T, CWHEQ 2005-F, CWHEQ 2005-L, CWHEQ 2006-B, CWHEQ 2006-C, CWABS 2005-16, CWABS 2005-17, CWHEQ 2006-11, CWHEQ 2006-13]	• Fact and expert discovery concluded • Summary judgment motions were filed on May 1, 2015 and the court heard oral argument on July 15, 2015 On October 27, 2015, the court issued a decision granting in part and denying in part the parties' respective summary judgment motions regarding AAC's claims against Countrywide. Both parties appealed certain rulings • The Court also granted in its entirety AAC's partial motion for summary judgment and denied Bank of America's motion for summary judgment regarding AAC's successor-liability claims against Bank of America. Bank of America appealed On May 16, 2017, the First Department issued rulings in both appeals, reversing a number of rulings that the trial court had made and affirming other rulings • On June 15, 2017, AAC filed a motion with the First Department for leave to appeal certain rulings in the May 16, 2017 decision to the Court of Appeals. Countrywide opposed the motion • On July 25, 2017, the First Department granted AAC's motion for leave to appeal certain rulings in the May 16, 2017 decision to the Court of Appeals • Oral argument was held June 6, 2018. On June 27, 2018, the Court of Appeals affirmed the First Department's decision and denied AAC's appeal • The defendants filed certain pre-trial motions on August 22, 2018 and a motion to dismiss AAC's fraudulent inducement claim on October 2, 2018. AAC opposed all motions and the Court heard oral arguments on September 27, 2018 and November 5, 2018. On December 30, 2018 the court denied all of defendants' pre-trial motions. Defendants are appealing to the First Department. Oral argument was heard on May 2, 2019 • On January 24, 2019, the court ordered that the trial be put off until the First Department resolves the appeals

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STATUS OF RMBS LITIGATIONS - Continued (1)

Litigation Case	Current Status *(as of May 6, 2019)*
Countrywide Home Loans, Inc., Countrywide Financial Corp., and Bank of America Corp. – New York State Supreme Court, Index No. 653979/2014 [re CWALT 2005-81, CWALT 2006-OA19, HVMLT 2005-16, HVMLT 2006-9, Lehman XS 2005-7N, Lehman XS 2006-2N, Lehman XS 2007-7N, and Lehman XS 2007-15N]	• Complaint for fraudulent-inducement filed on December 30, 2014 • Countrywide filed a motion to dismiss on February 20, 2015 which Bank of America joined on February 23, 2015, and which plaintiffs opposed. The Court heard oral argument in November 2015 and denied defendants' motion to dismiss on December 20, 2016 • Discovery is completed
Countrywide Home Loans, Inc. – Circuit Court, Dane County, Wisconsin, Case No. 14CV3511 (Wisconsin Action)--DISMISSED and New York State Supreme Court, Index no. 652321/2015 (New York Action) [re HVMLT 2005-2, HVMLT 2005-8, HVMLT 2005-10, HVMLT 2005-12, and HVMLT 2005-13]	• Complaint for fraudulent-inducement filed in WI on December 30, 2014 • Defendant filed a motion to dismiss in the Wisconsin Action on February 20, 2015, which plaintiffs opposed • The WI court dismissed the case without prejudice for lack of personal jurisdiction in an order entered on July 2, 2015. Plaintiffs appealed this decision and on June 23, 2016, the Wisconsin Court of Appeals reversed the dismissal of the complaint. The Wisconsin Supreme Court granted defendant's petition for review of the June 23, 2016 decision and oral argument was heard on February 28, 2017. On June 30, 2017, the Wisconsin Supreme Court reversed the decision of the Wisconsin Court of Appeals and remanded the case to the Wisconsin Court of Appeals for further proceedings. On remand, in December 2017 the Court of Appeals dismissed the case on jurisdictional grounds. On January 16, 2018, the plaintiffs filed a petition with the Wisconsin Supreme Court for review of the December 2017 decision. Defendant opposed the petition. On March 13, 2018, the Wisconsin Supreme Court denied plaintiffs' petition, ending the Wisconsin Action (continued on next page)

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STATUS OF RMBS LITIGATIONS - Continued (1)

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Countrywide Home Loans, Inc. – Circuit Court, Dane County, Wisconsin, Case No. 14CV3511 (Wisconsin Action)--DISMISSED and New York State Supreme Court, Index no. 652321/2015 (New York Action) [re HVMLT 2005-2, HVMLT 2005-8, HVMLT 2005-10, HVMLT 2005-12, and HVMLT 2005-13] - continued	• On June 30, 2015 plaintiffs commenced the New York Action and filed a complaint for fraudulent-inducement on July 21, 2015. Plaintiffs also filed a motion to stay the New York Action pending resolution of the Wisconsin appeal. On August 10, 2015, defendant filed a motion to dismiss, which plaintiffs opposed. On September 20, 2016, the court granted plaintiffs' motion to stay and held in abeyance defendant's motion to dismiss. On March 30, 2018, the court vacated its stay of the New York Action, and the parties submitted supplemental letter briefs on April 11, 2018 relating to defendant's pending motion to dismiss, which was restored to the calendar
First Franklin Financial Corporation, Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Inc., Merrill Lynch Mortgage Lending, Inc., and Merrill Lynch Mortgage Investors, Inc. – New York State Supreme Court, Index No. 651217/2012 [re First Franklin Mortgage Loan Trust 2007-FFC]	• On July 18, 2013 the court denied defendants' motion to dismiss the putback and fraudulent-inducement claims, but granted the defendants' motion to dismiss the claim for indemnification. The court further ruled that AAC is limited to the sole remedy of repurchase for breaches of representations and warranties relating to the loan pool but not for breaches of transaction-level representations and warranties • Fact discovery is completed and expert discovery is ongoing

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STATUS OF RMBS LITIGATIONS - Continued (1)

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Nomura Credit & Capital, Inc. and Nomura Holding America Inc. – New York State Supreme Court, Index No. 651359/2013 [re Nomura Asset Acceptance Corporation, Alternative Loan Trust, Series 2007-1 and Nomura Asset Acceptance Corporation, Alternative Loan Trust, Series 2007-3]	• On July 12, 2013, defendants filed a motion to dismiss the complaint; oral argument was heard on November 13, 2013 • AAC filed an Amended Complaint on September 22, 2014 adding a fraudulent-inducement claim • Defendants filed a motion to strike the Amended Complaint on October 31, 2014, which AAC opposed and AAC also cross-moved for leave to file an amended complaint • Defendants also filed a motion to dismiss the fraudulent-inducement claim, which plaintiffs opposed. The court heard oral argument on this motion on April 14, 2015 • On June 3, 2015, the court denied defendants' July 2013 motion to dismiss AAC's claim for breaches of representations and warranties, but granted the defendants' motion to dismiss AAC's claims for breach of the repurchase protocol and for alter ego liability against Nomura Holding . On December 29, 2016, the court denied defendants' motions to strike the amended complaint and to dismiss the fraudulent–inducement claim. Nomura filed a notice of appeal in January 2017. Nomura appealed the court's decision denying the motion to dismiss AAC's claim for breaches of representations and warranties. On December 7, 2017 the First Department affirmed the trial court's June 3, 2015 decision • Fact discovery is largely completed and expert discovery is ongoing

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Litigation Case	Current Status *(as of May 6, 2019)*
AAC v. U.S. Bank, N.A. -- United States District Court, Southern District of New York, Docket No. 17-cv-00446-DISMISSED; Docket No. 18-cv-5182 (LGS) filed June 8, 2018 and In the matter of HarborView Mortgage Loan Trust 2005-10 (Minnesota state court, Docket No. 27-TR-CV-17-32 (the "Minnesota Action") [re HVMLT 2005-10];	• AAC filed the complaint on January 20, 2017 and a second amended complaint on February 23, 2017 asserting claims for declaratory judgment, breach of contract, breach of fiduciary duty, and violation of the Streit Act ("US Bank New York Action I"). On February 23, 2017, AAC also filed a motion for a preliminary injunction, which defendant opposed • On March 9, 2017, defendant filed a motion to dismiss the second amended complaint, which AAC opposed • The court heard oral argument on AAC's motion for a preliminary injunction and defendant's motion to dismiss on April 24, 2017. On June 1, 2017, the court denied defendant's motion to dismiss and denied AAC's motion for preliminary injunction • Defendant filed a motion for reconsideration of the court's decision denying its motion to dismiss, which AAC opposed. On December 6, 2017, the court granted defendant's motion to dismiss and on January 18, 2018 the court issued an opinion memorializing the reasons for its decision. Judgment was entered on March 5, 2018 (continued on next slide)

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Litigation Case	Current Status *(as of May 6, 2019)*
AAC v. U.S. Bank, N.A. -- United States District Court, Southern District of New York, Docket No. 17-cv-00446-DISMISSED; Docket No. 18-cv-5182 (LGS) filed June 8, 2018 and In the matter of HarborView Mortgage Loan Trust 2005-10 (Minnesota state court, Docket No. 27-TR-CV-17-32 (the "Minnesota Action") [re HVMLT 2005-10]; -Continued	• On March 6, 2017, defendant filed a trust instruction proceeding in Minnesota state court concerning the proposed settlement which is at issue in the US Bank New York Action I, captioned, In the matter of HarborView Mortgage Loan Trust 2005-10, No. 27-TR-CV-17-32 (the "Minnesota Action"). On April 5, 2017, AAC filed a motion to dismiss the Minnesota Action. On June 12, 2017, defendant filed an amended petition in the Minnesota Action, and on July 7, 2017, AAC filed a renewed motion to dismiss, which U.S. Bank opposed. On November 13, 2017 the court denied the motion to dismiss the proceeding. On February 7, 2018 AAC appealed this dismissal and defendant opposed the appeal. On September 4, 2018, the Court of Appeals affirmed the dismissal. On September 17, 2018, Ambac Assurance filed a petition for review with the Minnesota Supreme Court, which was denied. On February 11, 2019, Ambac Assurance filed a petition for certiorari with the United States Supreme Court. The United States Supreme Court directed U.S. Bank to respond to this petition for certiorari by May 22, 2019. On September 6, 2018, the court granted U.S. Bank's motion for leave to file a Second Amended Petition seeking approval of its acceptance of a second offer to settle the separate litigation being prosecuted by U.S. Bank, as Trustee. On September 6, 2018, U.S. Bank filed its Second Amended Petition, and Ambac Assurance and certain other certificateholders objected to, or otherwise responded to, the petition • On June 8, 2018, Ambac Assurance filed the 2018 S.D.N.Y. Action asserting claims arising out of U.S. Bank's acceptance of the second settlement offer and treatment of trust recoveries. Ambac asserts claims for declaratory judgment, breach of contract, and breach of fiduciary duty. On November 20, 2018 U.S. Bank filed a motion to dismiss the complaint which Ambac Assurance opposed on December 18, 2018. The motion remains pending and discovery is stayed

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Litigation Case	Current Status *(as of May 6, 2019)*
AAC v. U.S. Bank, N.A. -- United States District Court, Southern District of New York, Docket No. 17-cv-02614 [re HVMLT 2005-2, HVMLT 2005-8, HVMLT 2005-12, HVMLT 2005-13 and HVMLT 2005-16]	• AAC filed the complaint on April 11, 2017 asserting claims form breach of contract, breach of fiduciary duty, declaratory judgment, and violation of the Streit Act • On September 15, 2017, defendant filed a motion to dismiss AAC's complaint, which AAC opposed. Oral argument was heard on November 17, 2017. On March 12, 2018, AAC filed an amended complaint removing the Segregated Account as a plaintiff. As a result, defendant withdrew certain arguments in support of its motion to dismiss. On June 29, 2018, the Court granted in part and denied in part US Bank's motion to dismiss • Fact discovery is ongoing

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About Ambac

Ambac Financial Group, Inc. ("Ambac" or "AFG"), headquartered in New York City, is a holding company whose subsidiaries, including its principal operating subsidiaries, Ambac Assurance Corporation ("Ambac Assurance or AAC"), Everspan Financial Guarantee Corp. and Ambac Assurance UK Limited ("Ambac UK"), provide financial guarantees of obligations in both the public and private sectors globally. AAC is a guarantor of public finance and structured finance obligations. 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.

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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 Ambac’s common stock and volatility in the price of Ambac’s common stock; (2) uncertainty concerning the Company’s ability to achieve value for holders of its securities, whether from Ambac Assurance Corporation ("Ambac Assurance") or from transactions or opportunities apart from Ambac Assurance; (3) changes in Ambac Assurance’s estimated representation and warranty recoveries or loss reserves over time; (4) failure to recover claims paid on Puerto Rico exposures or incurrence of losses in amounts higher than expected; (5) adverse effects on Ambac’s share price resulting from future offerings of debt or equity securities that rank senior to Ambac’s common stock; (6) potential of rehabilitation proceedings against Ambac Assurance; (7) dilution of current shareholder value or adverse effects on Ambac’s share price resulting from the issuance of additional shares of common stock; (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) changes on inter-bank lending rate reporting practices or the method pursuant to which LIBOR rates are determined; (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.