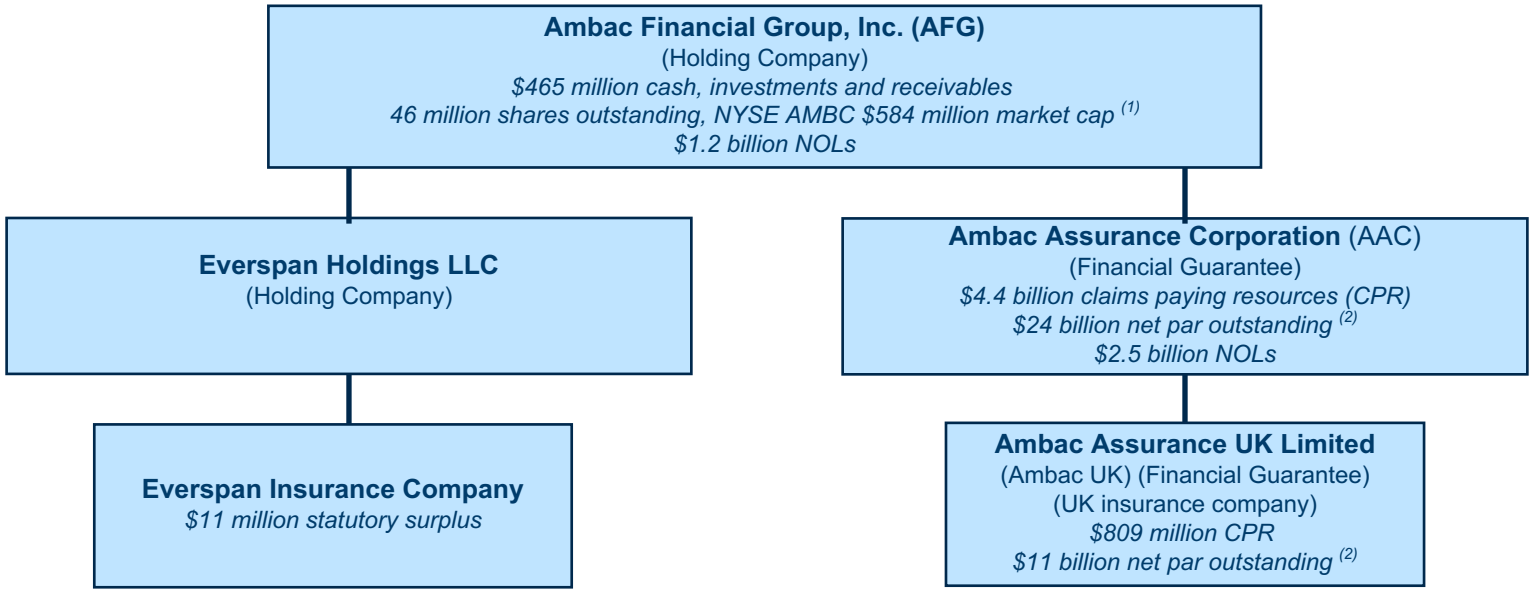
Investor Presentation
Quarterly Highlights

Third Quarter 2020

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AMBAC - COMPANY OVERVIEW

Ambac Financial Group, Inc., is a financial services holding company whose common stock trades on the New York Stock Exchange under the symbol "AMBC"



MISSION

- Optimize our business and its components to achieve maximum return for shareholders
- Aggressively pursue financially sound strategies to reduce risk and decrease the size of the insured portfolio

VISION

- Transition to a growth-oriented platform sufficiently capitalized to support businesses that are synergistic with Ambac's core competencies

VALUES

- Culture of respect, inclusion, collaboration and transparency
- Attract, retain and reward top performers who meet standards of excellence, integrity and collaboration

(1) Common Stock Market Cap based on AMBC common shares outstanding at the closing stock price of $12.75 on 11/6/2020
(2) Par throughout this presentation includes capital appreciation bonds, which are reported as the par amount at issuance of the policy, as opposed to the current accreted value of the bonds

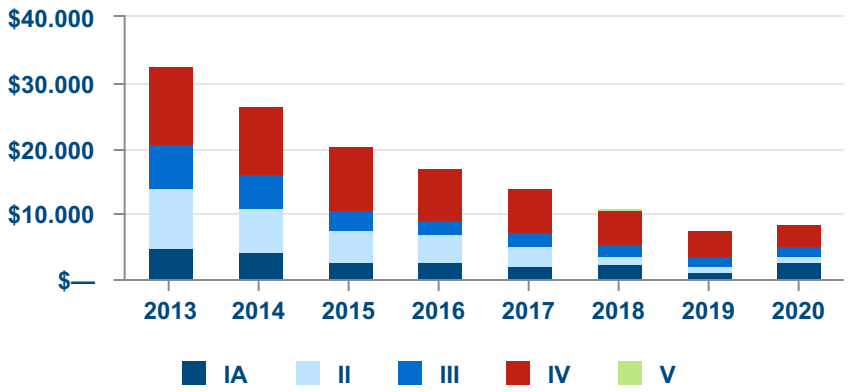
AMBAC STRATEGIC PRIORITIES

- Active runoff of Ambac Assurance and its subsidiaries through transaction terminations, policy commutations, reinsurance, settlements and restructurings, with a focus on our watch list credits and known and potential future Adversely Classified Credits ("ACC"), that we believe will improve our risk profile, and maximizing the risk-adjusted return on invested assets
- Ongoing rationalization of Ambac's and its subsidiaries' capital and liability structures
- Loss recovery through active litigation management and exercise of contractual and legal rights
- Ongoing review of the effectiveness and efficiency of Ambac's operating platform
- Evaluation of opportunities in certain business sectors that meet acceptable criteria that will generate long-term stockholder value with attractive risk-adjusted returns

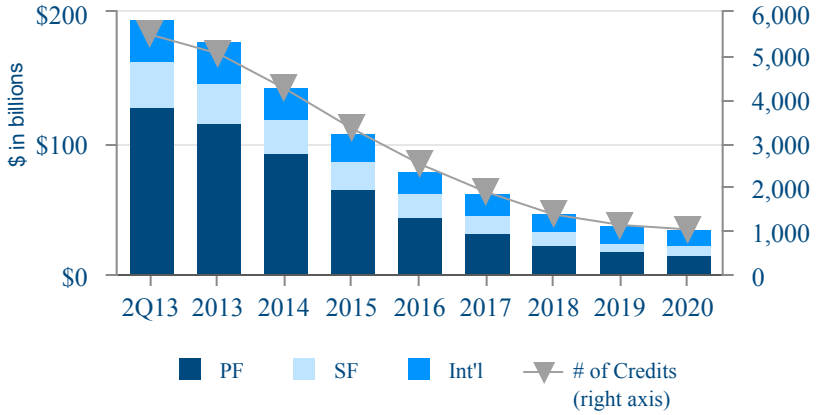
RISK MANAGEMENT – REDUCING INSURED LEGACY EXPOSURES

Natural run-off of exposure is complemented by proactive de-risking activities focused on reducing Adversely Classified and Watch List Credits…

Adversely Classified Credits - Net Par (definitions in Appendix)

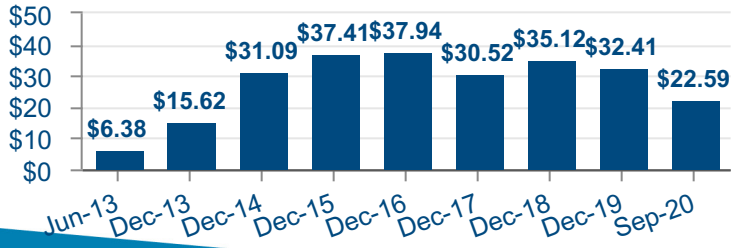


Net Par Exposure Since June 2013

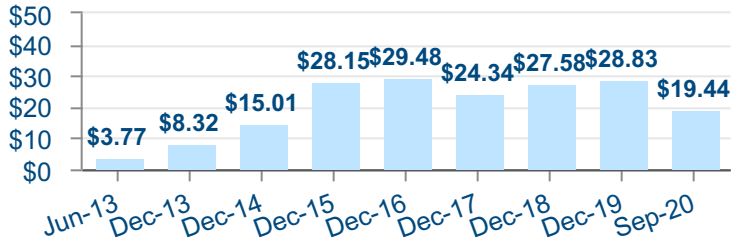


…while book value and adjusted book value have improved
(see slide 16 for explanation of Non-GAAP financial data)

Book Value Per Share
Increased $16.21 since June 2013



Adjusted Book Value Per Share
Increased $15.67 since June 2013



Ambac

LOSS MITIGATION — LITIGATION AND OTHER RECOVERIES

Aggressively pursuing RMBS and other recoveries, through litigation and other means - Achieved approximately $1.6 billion of RMBS-related recoveries ever-to-date

Active Litigation

- **Countrywide, First Franklin and Nomura**
  - Estimated representation and warranty ("R&W") gross subrogation recoveries of $1.8 billion as of September 30, 2020
- **Countrywide**
  - Preparing for trial on contract and fraud claims in main case scheduled for February 2021
  - Pursuing additional fraud-only cases relating to Harborview and Lehman transactions
- **First Franklin and Nomura**
  - Timing further behind main Countrywide case

- **U.S. Bank**
  - Seeking redress for trustee's failure to enforce rights and remedies and its treatment of trust recoveries with respect to 5 RMBS transactions
- **Puerto Rico**
  - HTA
  - FEGP, Fiscal Plan Compliance Law
  - Clawback
  - US Treasury (relating to rum taxes)
  - COFINA trustee
  - GO / PBA
  - PRIFA / HTA / CCDA revenues
  - GO / PBA / HTA / PRIFA / CCDA underwriters

3Q2020 FINANCIAL OVERVIEW

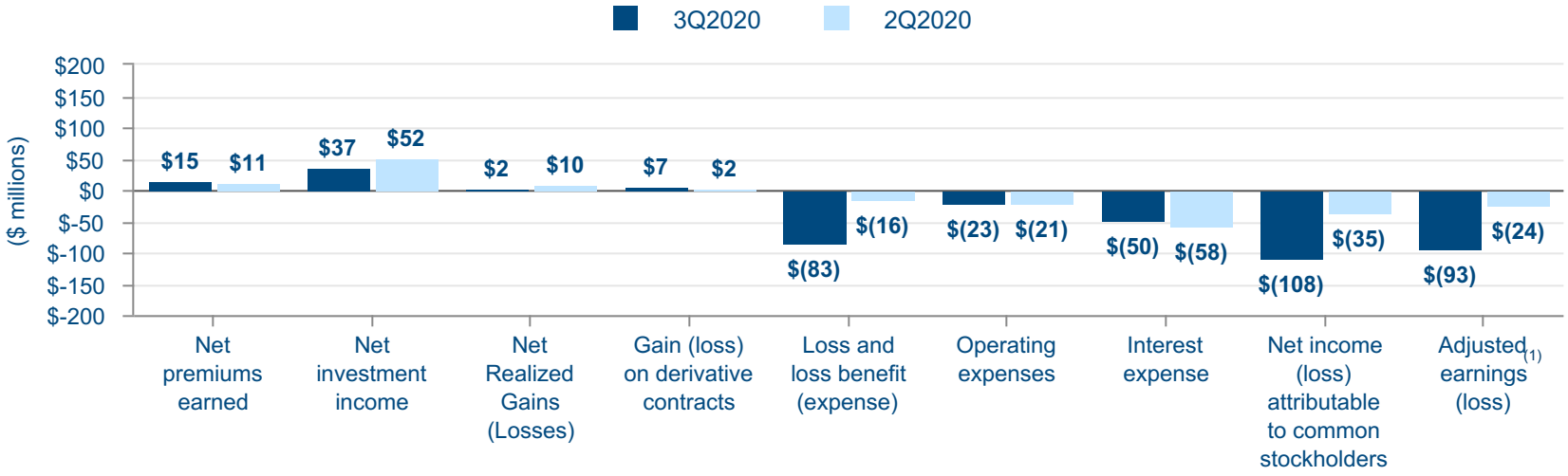
- **Net loss attributable to common stockholders for 3Q2020 was $108 million compared to $35 million in 2Q2020**
  - The higher net loss for 3Q2020 compared to 2Q2020 reflects higher loss and loss expense reserves, primarily related to Public Finance and RMBS. Investment and deriv results for both periods continued to benefit from a partial reversal of the 1Q2020 financial market disruption; although the impact was greater in 2Q2020
- **Adjusted Loss for 3Q2020 of $93 million excludes insurance intangible asset amortization of $14 million**

($ in millions, except per share amounts)	3Q2020	2Q2020
Net income (loss) attributable to common stockholders	$ (108)	$ (35)
Net income (loss) per diluted share	$ (2.33)	$ (0.77)
Adjusted earnings (loss) [1]	$ (93)	$ (24)
Adjusted earnings (loss) per diluted share	$ (2.01)	$ (0.52)
Total Ambac Financial Group Inc. stockholders' equity (Book value)	$ 1,035	$ 1,069
Book value per share	$ 22.59	$ 23.34
Adjusted book value [1]	$ 891	$ 965
Adjusted book value per share	$ 19.44	$ 21.06

(1) Adjusted earnings and adjusted book value are non-GAAP financial measures of financial performance or financial position that excludes (or includes) amounts that are included in (or excluded from) net income attributable to common stockholders for Adjusted Earnings and Total Ambac Financial Group, Inc. stockholders' equity for Adjusted Book Value. A reconciliation between both financial measures can be found in Ambac's 3Q2020 Earnings Release included in Ambac's Current Report on Form 8-K filed with the SEC on November 9, 2020 and at the end of this document

3Q2020 vs 2Q2020 - KEY FINANCIAL RESULTS

- **Net premiums earned increased $4 million primarily driven by an increase in accelerated premium from de-risking activity**
- **Net investment income of $37 million included net investment income on available-for-sale securities of $24 million and gains on pooled investment funds and other investments of $14 million**
- **Net gains on derivative contracts were $7 million for 3Q2020 driven by positive counterparty credit adjustments and slightly higher interest rates**
- **Interest expense decreased $9 million in 3Q2020 from 2Q2020 as a result of lower discount accretion on surplus notes, the partial redemption of $26 million of the Ambac Note on June 30, 2020 and lower reset rates on the Ambac Note during 3Q2020**



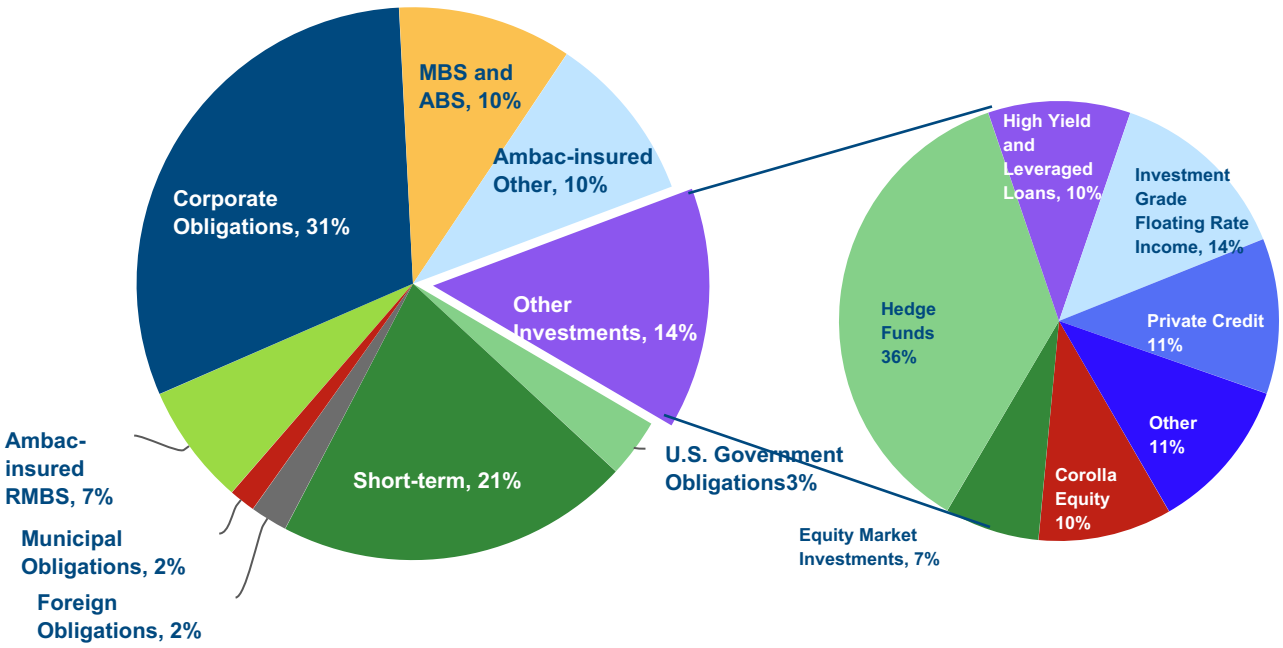
(1) Adjusted earnings (loss) is a non-GAAP financial measure of financial position that excludes (or includes) amounts that are included in (or excluded from) net income which is presented in accordance with GAAP. A reconciliation to Net income (loss) attributable to common shareholders can be found in Ambac's 3Q2020 Earnings Release, included in Ambac's Current Report on Form 8-K filed with the SEC on November 9, 2020 and at the end of this document

INVESTMENT PORTFOLIO PHILOSOPHY AND OBJECTIVES

Investment Philosophy

- Diversified portfolio
- Active asset and liability management
- Optimize risk-adjusted returns

Total Portfolio - $3.6 billion



Other Investments - $502 million

Investment Objectives

AAC & Ambac UK

- Achieve highest risk adjusted rate of return on a diversified portfolio of primarily Fixed Income and Pooled Investment Funds
- To ensure financial obligations are met as they fall due including policyholder claims

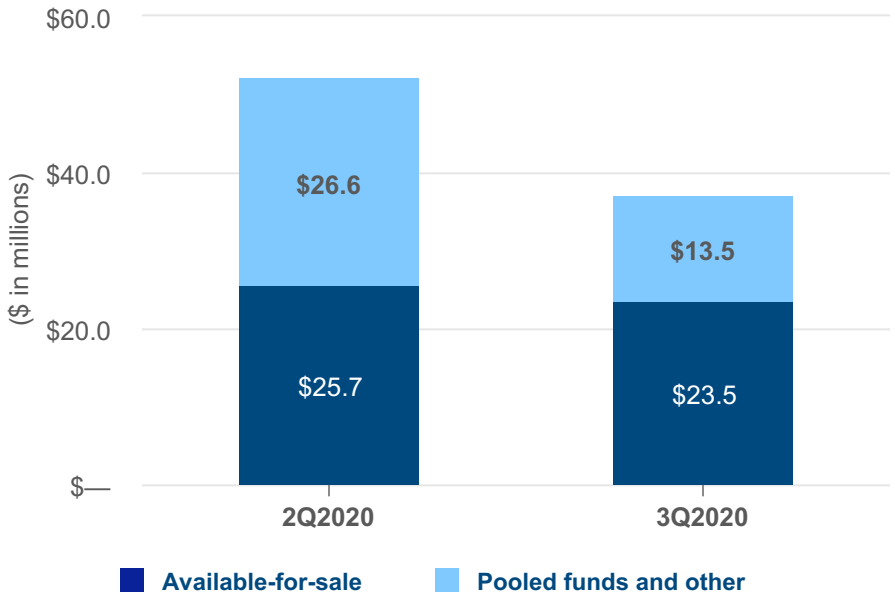
AFG

- To preserve capital and liquidity for strategic uses while maximizing income

NET INVESTMENT INCOME (LOSS)

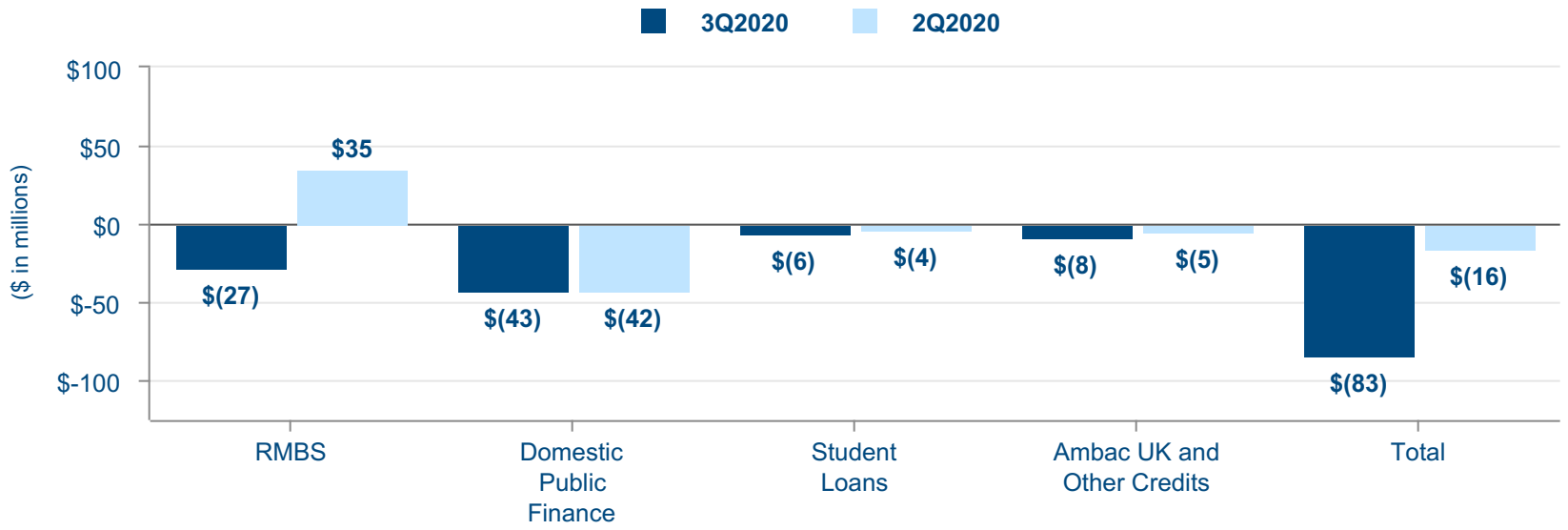
Net investment income for 3Q2020 was $37 million, compared to $52 million for 2Q2020 which included gains on pooled investment funds and other of $14 million in 3Q20 compared to $27 million in 2Q20

- Gains on pooled investment funds include continued price recovery on asset classes most significantly impacted by the economic and financial market impact of the COVID-19 pandemic experienced in 1Q2020 and the benefit from the redeployment of additional capital
- While the magnitude of the market recovery on Ambac's investments have varied, the total return on the portfolio was 2.4% for 3Q2020 and 4.7% for 2Q2020



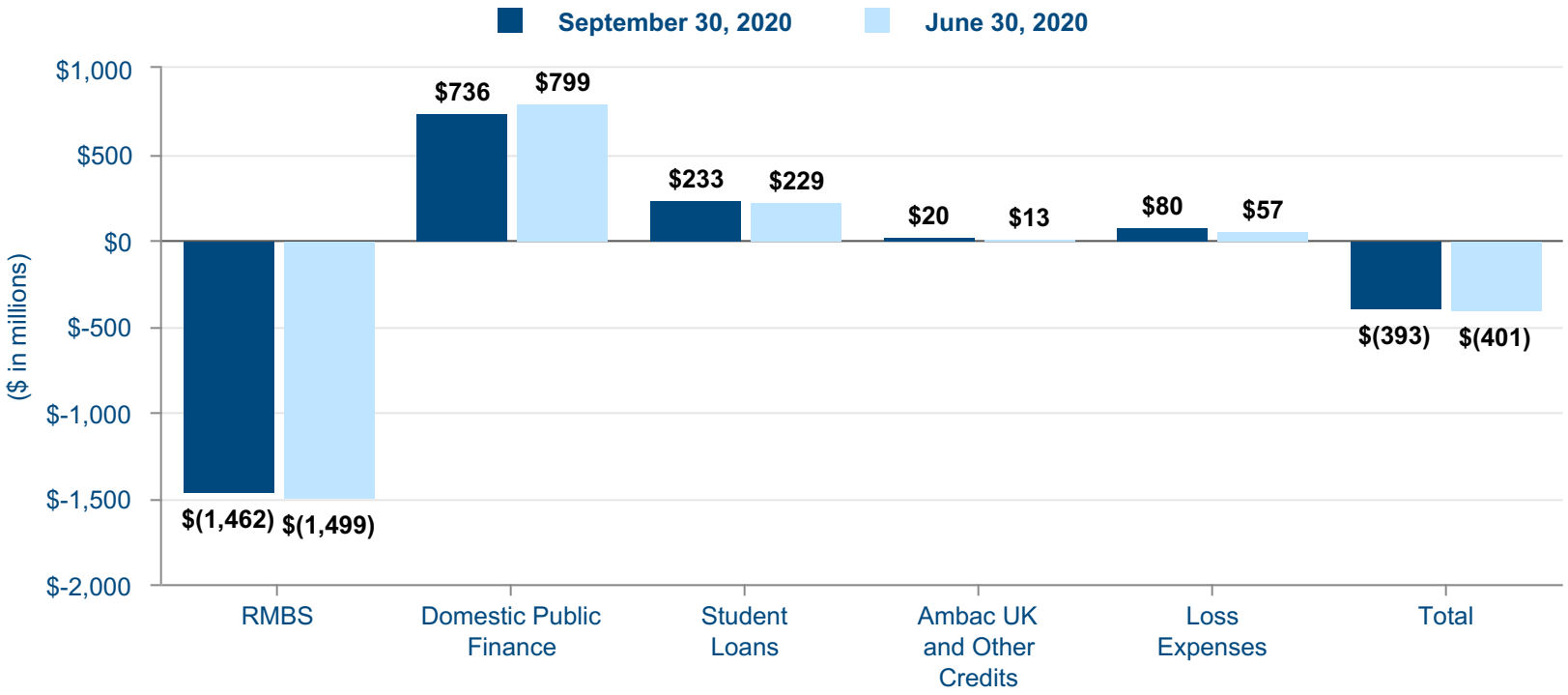
INCURRED (LOSSES) BENEFIT BY CATEGORY[(1)] - 3Q2020 vs 2Q2020

- **RMBS losses of $27 million in 3Q2020 were the result of higher expected losses, driven by the global recession as a result of the COVID-19 pandemic, and incremental loss expenses driven by increased R&W litigation costs**
- **Domestic Public Finance losses of $43 million in 3Q2020 were primarily due to an increase in Puerto Rico reserves related to higher loss expenses and assumption changes**



(1) Components may not add to total due to rounding

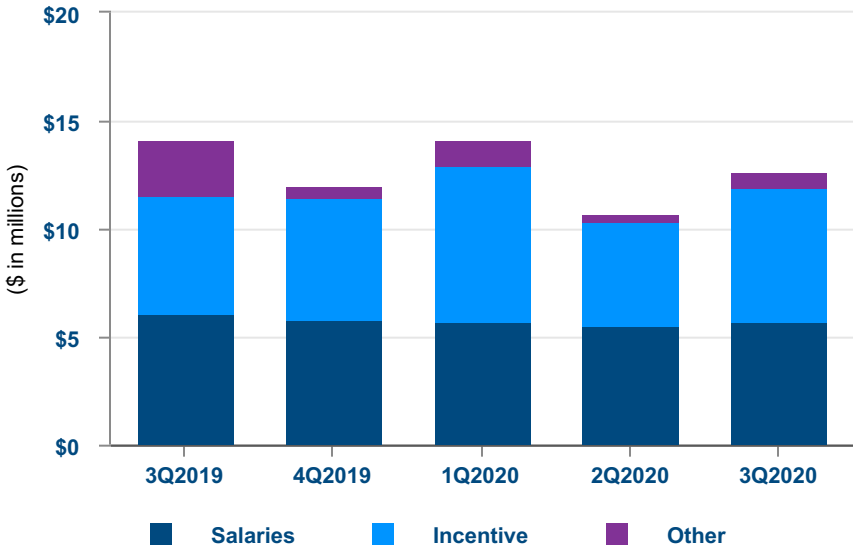
GROSS LOSS RESERVES BY CATEGORY[1]



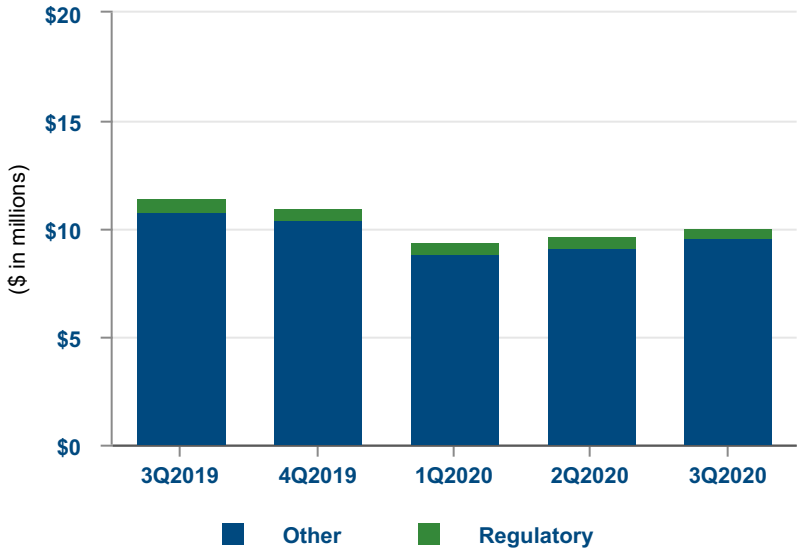
(1) Gross loss reserves are net of estimated R&W subrogation recoveries of $1.757 billion as of September 30, 2020 and June 30, 2020, and other subrogation recoveries of $781 million and $816 million as of September 30, 2020 and June 30, 2020, respectively

EXPENSE MANAGEMENT

Compensation Expense



Non-Compensation Expenses



- **Compensation expense increased $2 million in 3Q2020 to $12.7 million from 2Q2020 due to higher variable compensation costs and lower internal costs capitalized for software implementation**

AMBAC CONSOLIDATED LIABILITY AND CAPITAL SUMMARY

Category	($ in millions) 9/30/20	Comments
Claim Liabilities	$2,225	• Before estimated subrogation recoveries, Unearned Premium Revenue ("UPR") and reinsurance
Secured Notes	$1,178	• Excludes $470 million of principal and interest held at AAC [(1)] • Includes $0.2 million of accrued and unpaid interest
5.1% Surplus Notes	$864	• Includes $334 million of accrued and unpaid interest
5.1% Junior Surplus Notes	$530	• Includes $165 million of accrued and unpaid interest
Tier 2 Note	$300	• Includes paid-in-kind interest of $60 million
Ambac UK Debt	$13	• Zero coupon note payable at maturity on May 2, 2036
Auction Market Preferred Shares (AMPS)	$138	• Liquidation Preference
Common Stock Market Cap[(2)]	$584	• 45,809,139 common shares • 4,877,749 warrants

(1) AAC pledged for the benefit of holders of Secured Notes (other than AAC) the proceeds of the Secured Notes held by AAC
(2) Common Stock Market Cap based on AMBC common shares outstanding on 11/6/2020 at the closing stock price of $12.75 on 11/6/2020

LOOKING AHEAD: EXPLORING GROWTH AND BUSINESS DIVERSIFICATION

Ambac is well positioned to deploy capital in a tax efficient way to diversify and grow its platform to enhance long-term shareholder value

AMBAC RESOURCES

- Public company platform
- Expertise in insurance, credit, risk management, public finance, structured finance asset management and financial services
- Experience managing regulated businesses
- Expertise managing complex transactions
- Insurance licenses across the U.S. and UK

NEW BUSINESS FOCUS

ADJACENT SECTORS

- Specialty P&C Insurance and related businesses
- Credit and Asset origination businesses
- Asset Management and Fee based businesses
- Insurtech/Fintech related businesses

POSITIONING THE PLATFORM

- Repositioned Everspan from under AAC to a new holding company under AFG
- Made strategic Everspan management hires
- Filed to redomesticate Everspan to Arizona
- Seeking expansion of Everspan Insurance licenses
- Exploring acquisitions of MGA/ MGUs and other fee based businesses

AMBAC VALUE DRIVERS (as of September 30, 2020)

Liquidity and Improved Capital Structure

- $465 million of net assets at AFG
- Reduced outstanding debt through holistic restructuring in 1Q2018 and through September 30, 2020 redeemed 24% of the Ambac Note
- Reduced preferred stock at AAC through AMPS exchange in 2018
- $11 million investment in Everspan Insurance

Asset Management

- Generated a 2.4% total return on the investment portfolio in 3Q20
- Ownership of $603 million of distressed Ambac insured bonds, including Puerto Rico and RMBS
- Alternative investments comprising 14% of consolidated invested assets at September 30, 2020

NOLs

- $1.2 billion at AFG
- $2.5 billion at AAC
- $147 of tolling payments accrued to AFG through September 30, 2020
  - $119 million paid to date
  - $28 million of payments pending

Litigation & Recovery

- Aggressively pursuing legal rights in the BofA/Countrywide, First Franklin and Nomura cases
- Asserting and protecting our rights in Puerto Rico-related litigation
- Received $142 million in 3Q2019 from the Citigroup settlement with the SEC

Simplified capital and liability structure

- Concluded Segregated Account Rehabilitation Exit and increased Book Value and Adjusted Book Value in 1Q2018
- Executed AMPS exchange offer transaction, further de-leveraging the balance sheet in 3Q2018
- Robust risk mitigation efforts strengthen the quality of Book Value and insured portfolio

Competitive structure and tax advantages facilitate potential strategic opportunities

- Scalable, public company platform
- Sizeable NOLs and substantial deployable capital
- Expertise in credit, risk management, public finance, structured finance and financial services
- Experience managing regulated businesses and complex transactions

NON-GAAP RECONCILIATIONS



AMBAC NON-GAAP FINANCIAL DATA

Non-GAAP Financial Data

Included in this presentation, the Company reports two non-GAAP financial measures: Adjusted Earnings and Adjusted Book Value. A non-GAAP financial measure is a numerical measure of financial performance or financial position that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. We are presenting these non-GAAP financial measures because they provide greater transparency and enhanced visibility into the underlying drivers of our business. Adjusted Earnings and Adjusted Book Value are not substitutes for the Company's GAAP reporting, should not be viewed in isolation and may differ from similar reporting provided by other companies, which may define non-GAAP measures differently

Adjusted Earnings (1) (2)

The following table reconciles net income attributable to common stockholders to the non-GAAP measure, adjusted earnings, for the periods listed:

	3Q2020		2Q2020		1Q2020		4Q2019	
($ in millions, except per share amounts)	**$ Amount**	**P.D.S. (1)**	**$ Amount**	**P.D.S. (1)**	**$ Amount**	**P.D.S. (1)**	**$ Amount**	**P.D.S. (1)**
Net income (loss) attributable to common shareholders	**$ (108)**	**$ (2.33)**	**$ (35)**	**$ (0.77)**	**$ (280)**	**$ (6.07)**	**$ (110)**	**$ (2.40)**
Adjustments:								
Non-credit impairment fair value (gain) loss on credit derivatives	—	—	(1)	(0.01)	2	0.03	—	—
Insurance intangible amortization	14	0.29	14	0.30	13	0.29	15	0.33
Foreign exchange (gains) losses	1	0.03	(2)	(0.04)	—	—	7	0.16
Adjusted earnings (loss)	**$ (93)**	**$ (2.01)**	**$ (24)**	**$ (0.52)**	**$ (265)**	**$ (5.75)**	**$ (88)**	**$ (1.91)**

(1) Per diluted share ("P.D.S.")
(2) Numbers may not add due to rounding

AMBAC NON-GAAP FINANCIAL DATA (CONTINUED)

Adjusted Book Value [1]

The following table reconciles Total Ambac Financial Group, Inc. stockholders' equity to the non-GAAP measure Adjusted Book Value as of each date presented:

	September 30, 2020		December 31, 2019	
($ in millions, except per share data)	**$ Amount**	**Per Share**	**$ Amount**	**Per Share**
Total Ambac Financial Group, Inc. Shareholders' Equity	**$ 1,035**	**$ 22.59**	**$ 1,477**	**$ 32.41**
Adjustments:				
Non-credit impairment fair value losses on credit derivatives	1	0.02	—	0.01
Insurance intangible asset	(383)	(8.36)	(427)	(9.37)
Net unearned premiums and fees in excess of expected losses	389	8.50	414	9.09
Net unrealized investment (gains) losses in Accumulated Other Comprehensive Income	(152)	(3.31)	(151)	(3.31)
Adjusted book value	**$ 891**	**$ 19.44**	**$ 1,313**	**$ 28.83**
Shares outstanding (in millions)		45.8		45.6

(1) Numbers may not add due to rounding

APPENDIX

RISK ADVERSE CREDIT CLASSIFICATIONS

	Classification	Description
	Class I	• **Fully Performing – Meets Ambac Criteria with Remote Probability of Claim and includes:** ◦ Survey List - credits that may lack information or demonstrate a weakness but further deterioration is not expected ◦ Watch list - credits that demonstrate the potential for future material adverse development due to such factors as long-term uncertainty about a particular sector, a certain structural element related to the issuer or transaction or overall financial and economic sustainability
Adversely Classified Credits	Class IA	• **Potential Problem with Risks to be Dimensioned**
	Class II	• **Substandard Requiring Intervention**
	Class III	• **Doubtful with Clear Potential for Loss**
	Class IV	• **Imminent Default or Defaulted**
	Class V	• **Fully Reserved**

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) uncertainty concerning the Company’s ability to achieve value for holders of its securities, whether from Ambac Assurance Corporation ("Ambac Assurance") and its subsidiaries or from transactions or opportunities apart from Ambac Assurance and its subsidiaries, including new business initiatives; (3) changes in Ambac’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 AFG’s share price resulting from future offerings of debt or equity securities that rank senior to AFG’s common stock; (6) potential of rehabilitation proceedings against Ambac Assurance; (7) dilution of current shareholder value or adverse effects on AFG’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 judicial decisions adverse to revenue bond holders; (10) Ambac'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 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 (including obligations of the Commonwealth of Puerto Rico and its instrumentalities and agencies) and exposures to reinsurers; (13) credit risks related to large single risks, risk concentrations and correlated risks; (14) the risk that the 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) 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's insurance regulators; (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) Ambac’s substantial indebtedness could adversely affect its financial condition and operating flexibility; (20) 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; (21) 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; (22) restrictive covenants in agreements and instruments may impair Ambac'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 has defaulted; (24) 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; (25) adverse tax consequences or other costs resulting from the characterization of Ambac Assurance’s surplus notes or other obligations as equity; (26) risks attendant to the change in composition of securities in Ambac’s investment portfolio; (27) changes in prevailing interest rates; (28) the expected discontinuance of the London Inter-Bank Offered Rate; (29) factors that may influence the amount of installment premiums paid to Ambac; (30) default by one or more of Ambac's portfolio investments, insured issuers or counterparties; (31) 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; (32) risks relating to determinations of amounts of impairments taken on investments; (33) 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; (34) actions of stakeholders whose interests are not aligned with broader interests of Ambac's stockholders; (35) system security risks, data protection breaches and cyber attacks; (36) changes in accounting principles or practices that may impact Ambac’s reported financial results; (37) the economic and regulatory impact of “Brexit”; (38) 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; (39) Ambac’s financial position that may prompt departures of key employees and may impact the its ability to attract qualified executives and employees; (40) 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 (41) 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 whose principal subsidiaries, Ambac Assurance Corporation and Ambac Assurance UK Limited, are financial guarantors currently in runoff. Outstanding policies include financial guarantees of public finance and structured finance obligations in the public and private sectors globally. 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, and the posting of updates to the status of certain residential mortgage backed securities litigations. For more information, please go to www.ambac.com.

Contact:

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


Ambac