Investor Presentation
Quarterly Highlights

Third Quarter 2021

Ambac Financial Group
One World Trade Center, 41st Floor, New York, NY 10007
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AMBAC - COMPANY OVERVIEW

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

NYSE: AMBC
$789 million market cap [(1)]

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 financial guarantee 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 46 million AMBC common shares outstanding at the closing stock price of $17.03 on November 5, 2021

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
- Focused growth in the specialty property and casualty program insurance, managing general agency/ underwriting and potentially other insurance and insurance related businesses to advance our goal of generating long-term shareholder value with attractive risk adjusted returns

STRATEGIC PRIORITIES PROGRESS - 3Q21

RISK MANAGEMENT

- Active de-risking transactions accounted for $338 million of the $0.6 billion, or 5%, decline in adversely classified and watch list net par exposure in 3Q2021
- On July 27, 2021, Ambac executed a plan support agreement with the Oversight Board, as representative of the Commonwealth of Puerto Rico, to restructure Ambac's insured PRIFA Rum Tax exposure. Ambac also joined plan support agreements that the Oversight Board had previously entered into with other major creditors that will also restructure Ambac's GO, PBA, HTA and CCDA exposures

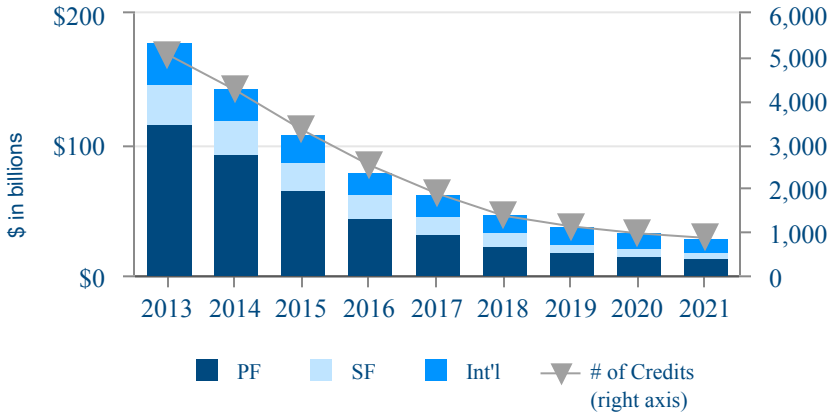
CAPITAL AND LIABILITY STRUCTURE MANAGEMENT

- On July 6, 2021 Sitka Holdings, LLC a wholly-owned subsidiary of Ambac, issued $1,175 million par of LIBOR plus 4.50% Floating Rate Senior Secured Notes due 2026
- Outstanding Ambac LSNI Notes, due 2023, were fully redeemed

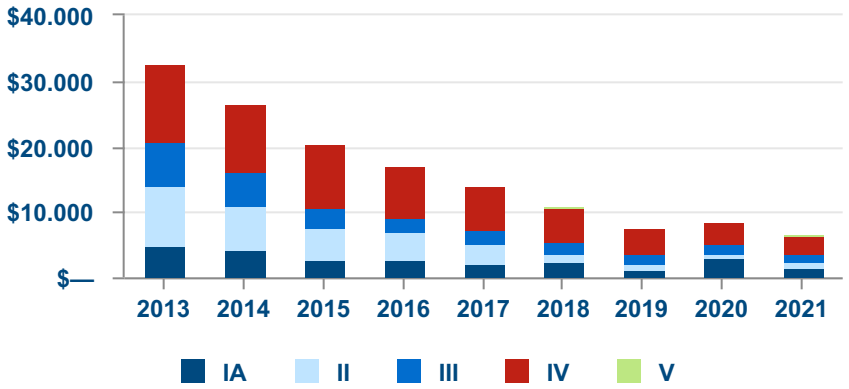
STRATEGIC PRIORITIES PROGRESS – REDUCING INSURED LEGACY FINANCIAL GUARANTEE EXPOSURES

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

Net Par Exposure Since 2013

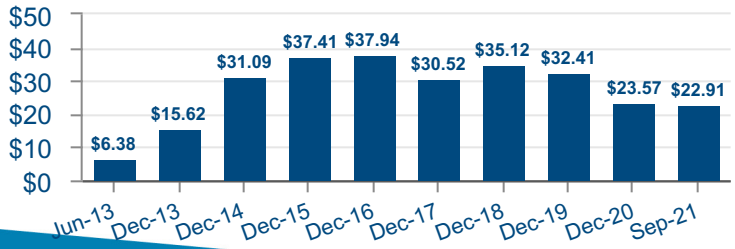


Adversely Classified Credits - Net Par (definitions in Appendix)

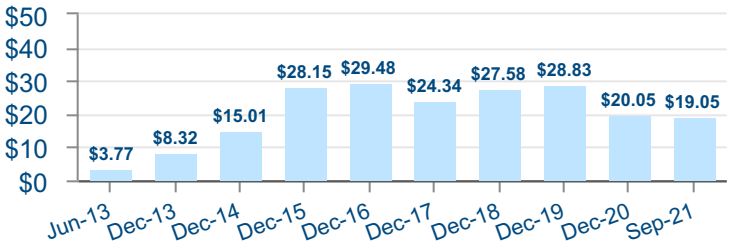


…while book value and adjusted book value have improved
(see slide 20 for explanation of Non-GAAP financial data)

Book Value Per Share
Increased $16.53 since June 2013



Adjusted Book Value Per Share
Increased $15.28 since June 2013



Ambac

STRATEGIC PRIORITIES PROGRESS — 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 GAAP gross subrogation related to representation and warranty ("R&W") claims of $1.7 billion as of September 30, 2021
- **Countrywide**
  - Preparing to go to trial on breach of contract claim
  - New judge assigned
  - 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[(1)]**
  - 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

(1) Certain cases may be or have been stayed pending confirmation of Plan of Adjustment

STRATEGIC PRIORITIES PROGRESS - SPECIALTY P&C INSURANCE STRATEGY

- Capital light
- Synergistic
- Recurring fee-based revenue stream
- NOL utilization

		3Q2021 Update
PILLAR I	Specialty Program Property & Casualty Insurance Everspan	• Cover Whale program launched September 2021 • Admitted carrier, Providence Washington Insurance Company, acquired October 2021 • Regulatory approval expected for acquisition of additional carriers during the fourth quarter of 2021 • Everspan Insurance Company expanded admitted licenses with full P&C authority in 45 jurisdictions • Full E&S capacity in all 50 states; white-listed in a majority of states that maintain a registry
PILLAR II	Managing General Agency / Managing General Underwriting XB EST. MMX	• Xchange is progressing efforts towards expanding and diversifying products, carriers and distributors • Ambac is actively exploring additional acquisitions and establishment of de novo MGA platforms • ETD distribution to AFG of $6 million
PILLAR III	Insurance Services	• Minority investments made in certain insurance related businesses, including Cover Whale, an insurtech MGA • Actively evaluating investment opportunities that would be complementary and/or strategic to Pillar I and Pillar II

For additional information regarding Ambac's New Business Strategy see Featured Presentation at the link: https://ambac.com/investor-relations/events-and-presentations/presentations/default.aspx

3Q21 FINANCIAL REVIEW



3Q2021 FINANCIAL OVERVIEW

- **Net income attributable to common stockholders for 3Q2021 was $17 million compared to net loss of $29 million in 2Q2021**
- **Adjusted income for 3Q2021 of $25 million and adjusted loss for 2Q2021 of $(13) million excludes insurance intangible asset amortization of $10 million and $13 million, respectively**

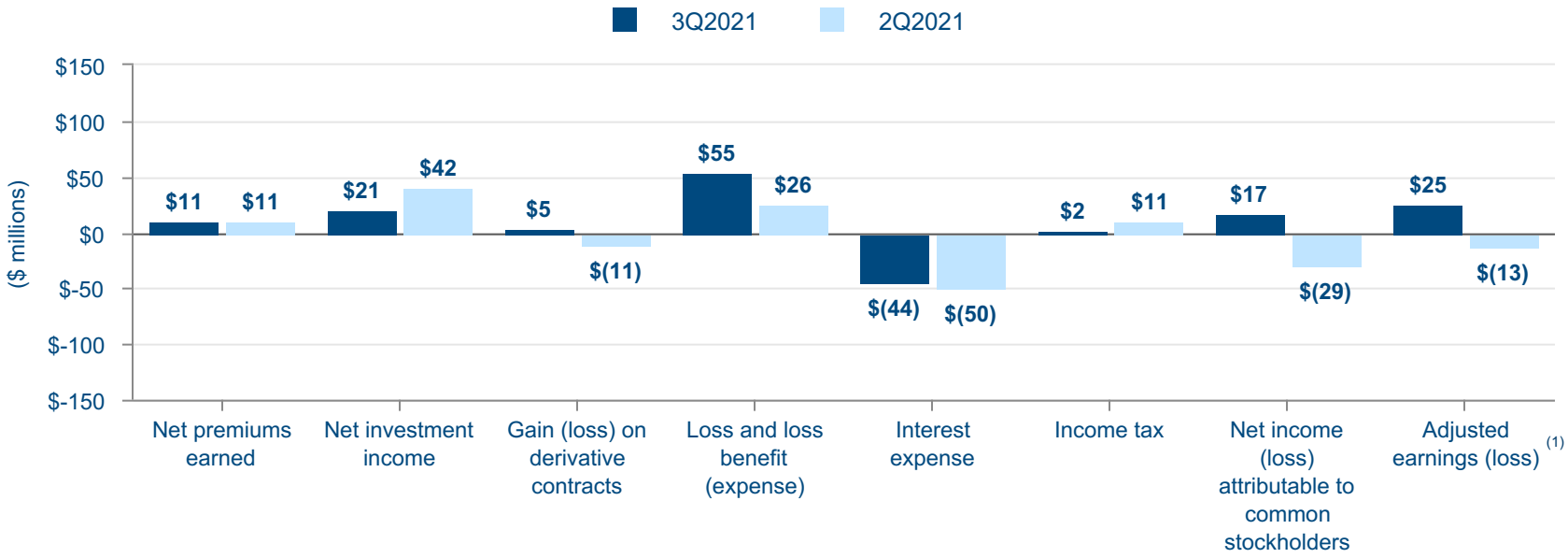
($ in millions, except per share amounts)	3Q2021	2Q2021
Net income (loss) attributable to common stockholders	$ 17	$ (29)
Net income (loss) per diluted share	$ 0.35	$ (0.63)
Adjusted earnings (loss) [1]	$ 25	$ (13)
Adjusted earnings (loss) per diluted share [2]	$ 0.53	$ (0.30)
Total Ambac Financial Group Inc. stockholders' equity (Book value)	$ 1,061	$ 1,063
Book value per share	$ 22.91	$ 23.01
Adjusted book value [1]	$ 882	$ 889
Adjusted book value per share	$ 19.05	$ 19.25

(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 3Q2021 Earnings Release included in Ambac's Current Report on Form 8-K filed with the SEC on November 8, 2021 and at the end of this document

(2) Per Diluted share in 2021 includes the impact of adjusting the Xchange related noncontrolling interest to current redemption value

3Q2021 vs 2Q2021 - KEY FINANCIAL RESULTS

Results for 3Q21 were primarily driven by a higher loss and loss expense benefit, gains on interest rate derivatives and a lower provision for income taxes, partially offset by lower net investment income from pooled funds compared to 2Q21

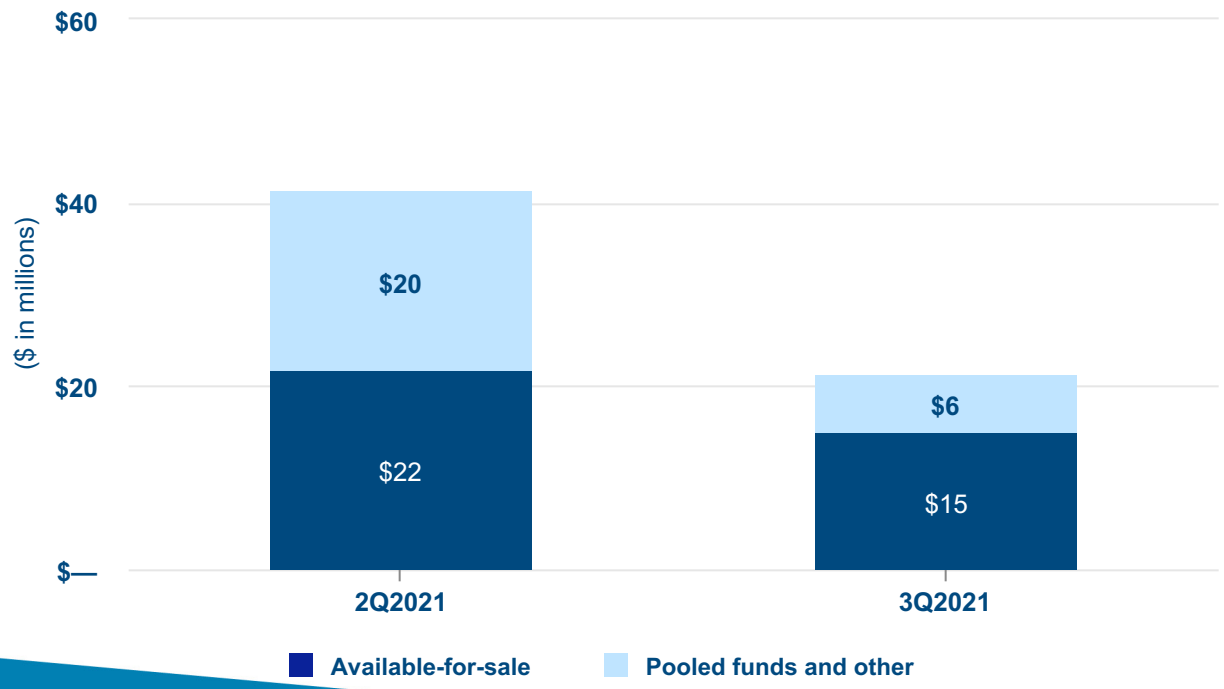


(1) Adjusted earnings (loss) is a non-GAAP financial measure of financial position that excludes (or includes) amounts that are included in (or excluded from) net income which is presented in accordance with GAAP. A reconciliation to Net income (loss) attributable to common shareholders can be found in Ambac's 3Q2021 Earnings Release, included in Ambac's Current Report on Form 8-K filed with the SEC on November 8, 2021 and at the end of this document

NET INVESTMENT INCOME

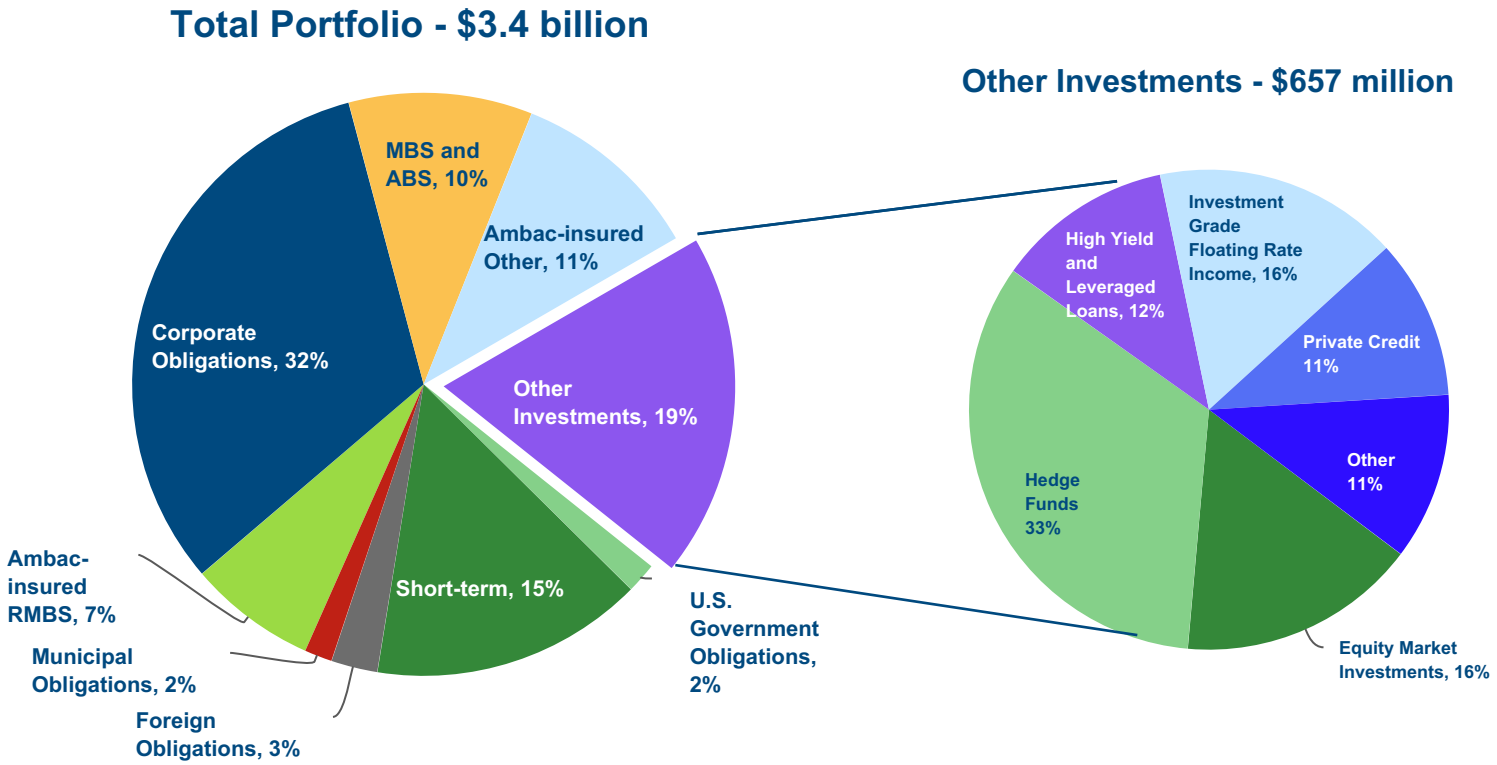
Net investment income in 3Q2021 was $21 million, compared to $42 million for 2Q2021 reflecting lower returns from both available-for-sale and pooled funds investments

Net investment income on available-for-sale securities declined to $15 million in 3Q21 from $22 million in 2Q21 due to the July redemption of Ambac LSNI secured notes held in the investment portfolio



INVESTMENT PORTFOLIO COMPONENTS AS OF SEPTEMBER 30, 2021

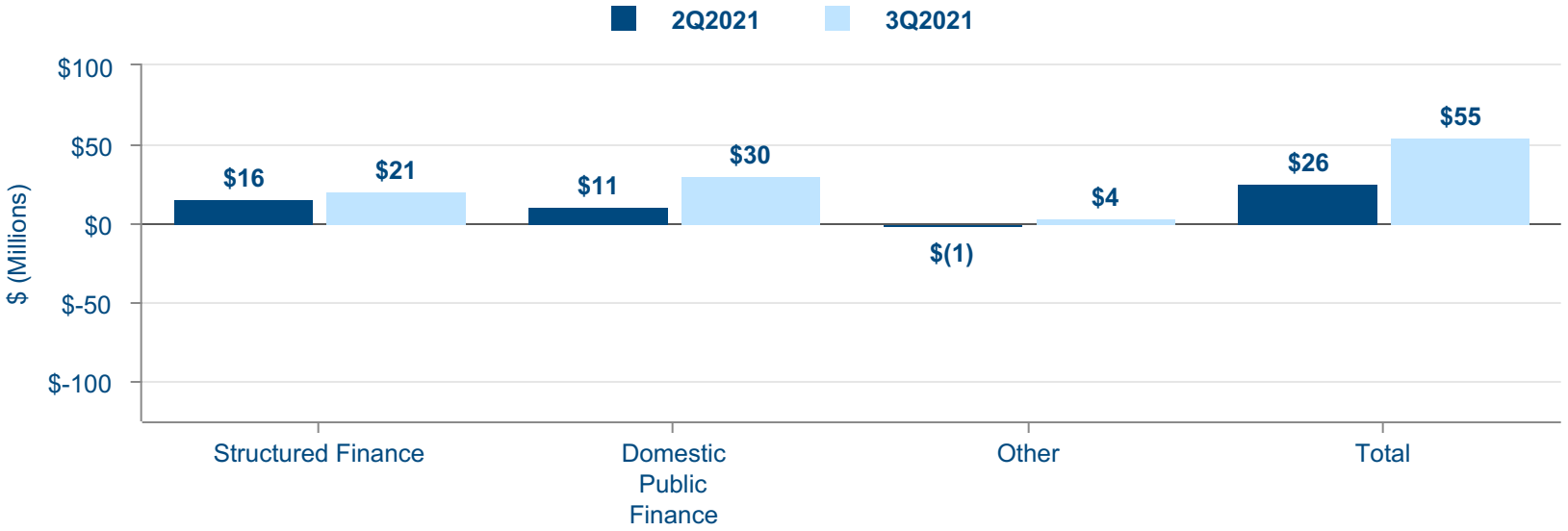
Gains on pooled and other equity investments were $6 million for 3Q21 compared to $20 million in 2Q21 driven by lower but still positive returns in most funds and losses on global equity and emerging market debt funds held in Ambac UK's portfolio



INCURRED (LOSSES) BENEFIT BY CATEGORY[(1)] - 3Q2021 vs 2Q2021

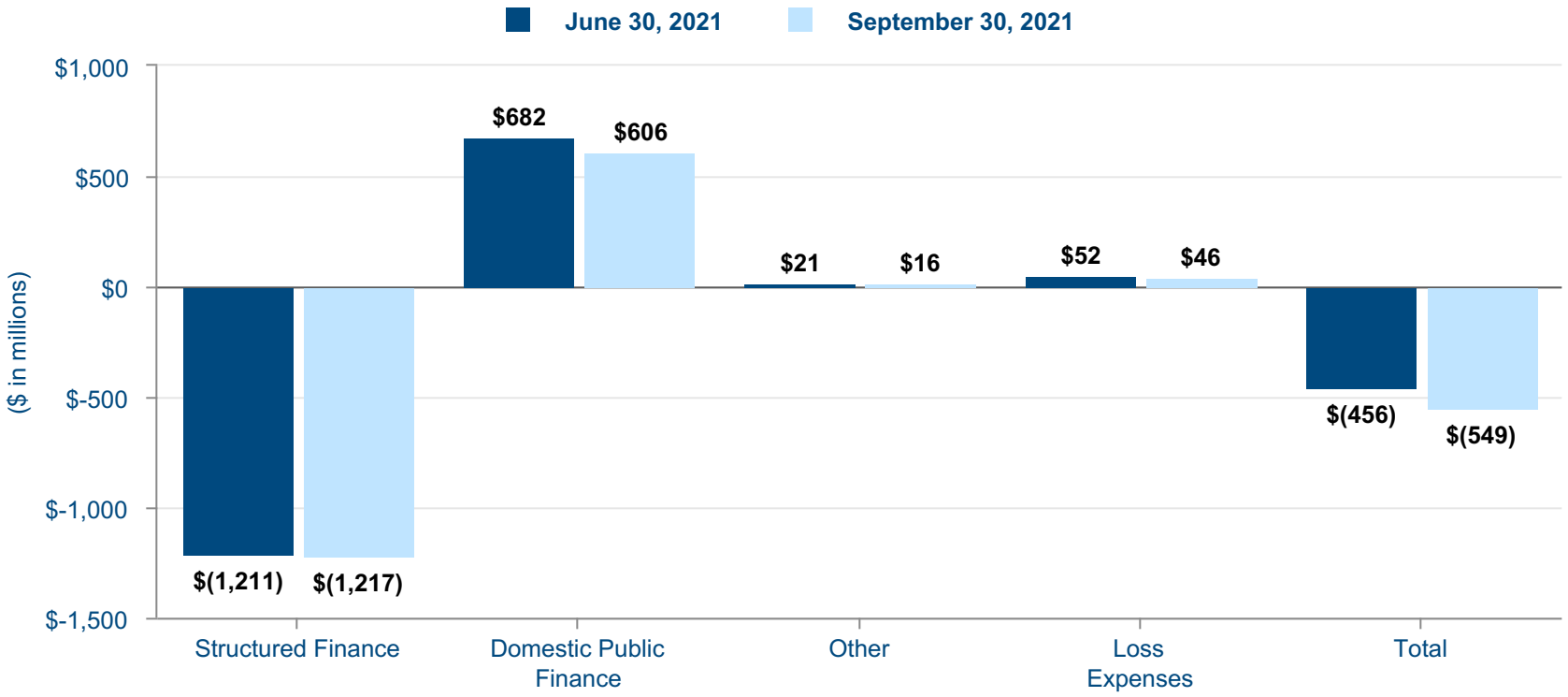
Structured Finance benefit of $21 million in 3Q2021 was primarily due to improved credit dynamics and higher expected recoveries, partially offset by lower estimated R&W subrogation and incremental litigation costs

Domestic Public Finance benefit of $30 million in 3Q2021 was primarily driven by refinements to Puerto Rico reserves and certain other public finance credits, partially offset by higher loss expense costs



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

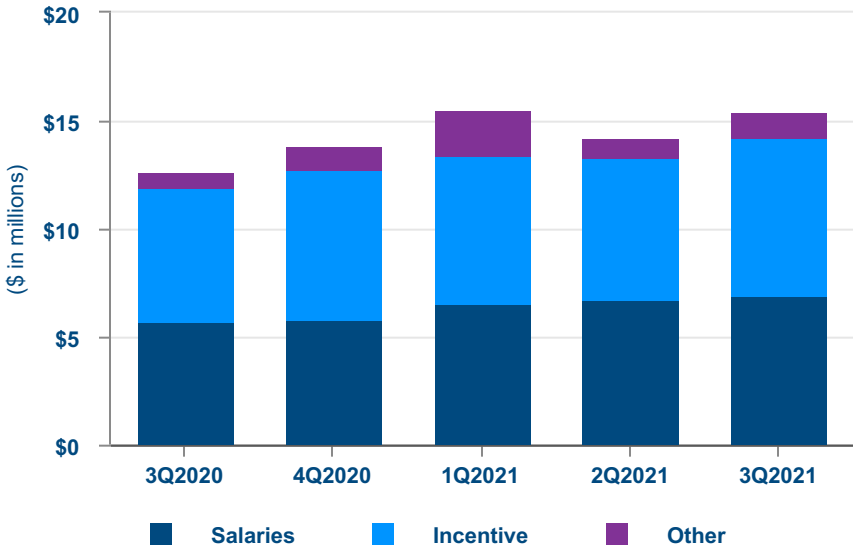
GROSS LOSS RESERVES BY CATEGORY (1)



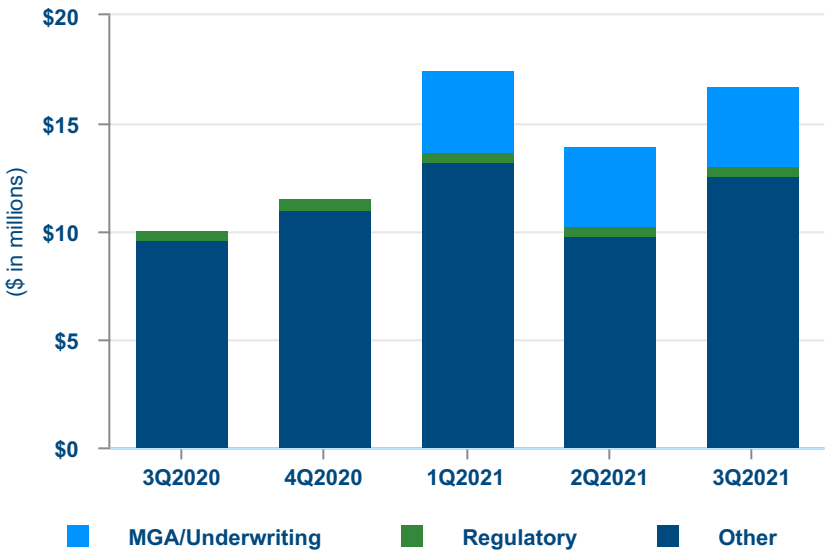
(1) Gross loss reserves are net of estimated R&W subrogation of $1.731 billion and $1.741 billion as of September 30, 2021 and June 30, 2021, respectively, and other subrogation of $624 million and $627 million as of September 30, 2021 and June 30, 2021, respectively

EXPENSE MANAGEMENT

Compensation Expense



Non-Compensation Expenses



- **Compensation expense increased $1 million in 3Q2021 to $15 million from 2Q2021, mostly due to higher performance base compensation, increased headcount at Everspan Group and severance costs at the legacy financial guarantee business**
- **Non-Compensation expenses increased $3 million in 3Q2021 to $17 million from 2Q2021 driven primarily by strategic advisory fees**

AMBAC CONSOLIDATED LIABILITY AND CAPITAL SUMMARY

Category	($ in millions) 9/30/21	Comments
Claim Liabilities	$1,865	• Before estimated subrogation, Unearned Premium Revenue (“UPR”) and reinsurance
Secured Notes [(1)]	$1,175	• Includes $0.2 million of accrued and unpaid interest
5.1% Surplus Notes	$1,335	• Includes $555 million of accrued and unpaid interest
Tier 2 Notes	$326	• Includes paid-in-kind interest of $86 million
Ambac UK Debt	$14	• Zero coupon note payable at maturity on May 2, 2036
Auction Market Preferred Shares (AMPS)	$138	• Liquidation Preference
Common Stock Market Cap [(2)]	$789	• 46,304,139 common shares • 4,877,617 warrants

(1) The proceeds from new Secured Notes issued on July 6, 2021 of $1,163 were used in the redemption of the previously outstanding Secured Notes
(2) Common Stock Market Cap based on AMBC common shares outstanding on November 5, 2021 at the closing stock price of $17.03 on November 5, 2021

AMBAC VALUE DRIVERS

AFG is a financial services holding company

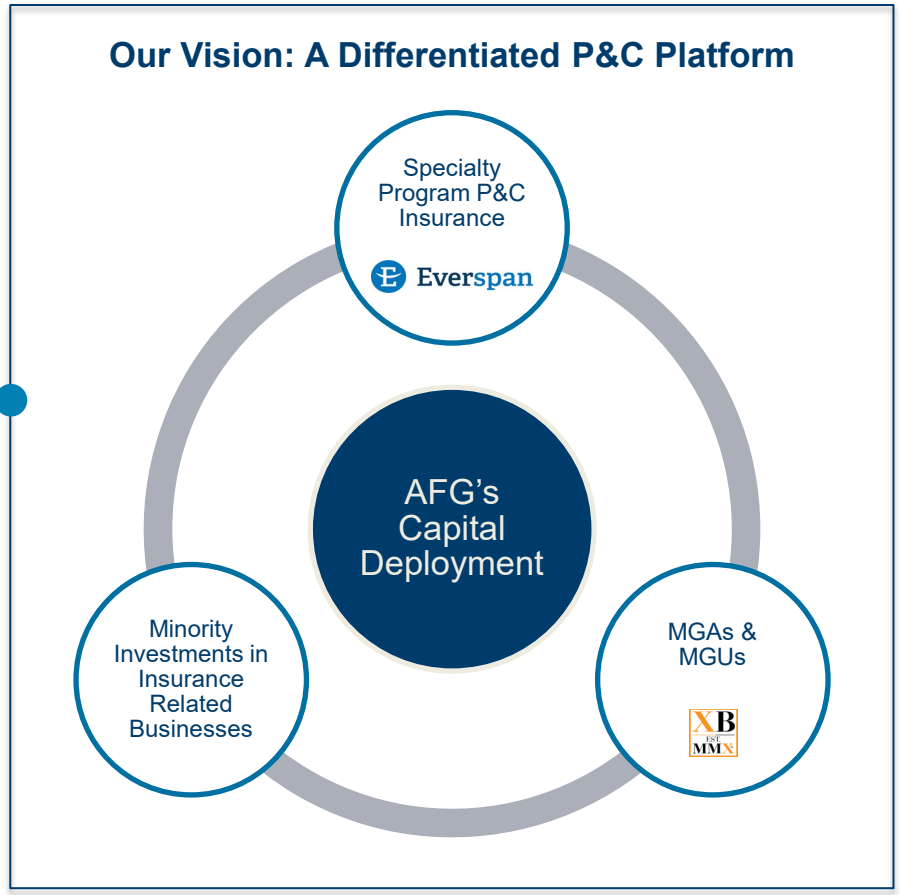
- Publicly traded holding company with a market capitalization of $789m[1]
- Access to $3.7b of net operating loss carryforwards
- Unlevered capital structure
- Management team and board of directors with deep financial services and insurance industry experience

Capital deployment into growth businesses

- Building a differentiated specialty P&C platform
- Capital light, fee based, high growth businesses
- Tax advantage through use of holding company NOLs

Active risk management and resolution of key catalysts

- Aggressive de-risking of financial guarantee insured exposure
- Advanced R&W litigation with recorded $1.7B subrogation receivable *(excluding interest)*
- Near-term resolution of Puerto Rico restructuring anticipated to resolve largest reserved exposure
- Executed transactions to reduce financial leverage and simplify capital structure



1) Common Stock Market Cap based on AMBC common shares outstanding on November 5, 2021 at the closing stock price of $17.03 on November 5, 2021

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:

	3Q2021		2Q2021		1Q2021		4Q2020	
($ in millions, except per share amounts)	**$ Amount**	**P.D.S. [(1) (3)]**	**$ Amount**	**P.D.S. [(1)]**	**$ Amount**	**P.D.S. [(1)]**	**$ Amount**	**P.D.S. [(1)]**
Net income (loss) attributable to common shareholders	**$ 17**	**$ 0.35**	**$ (29)**	**$ (0.63)**	**$ 17**	**$ 0.08**	**$ (14)**	**$ (0.31)**
Adjustments:								
Non-credit impairment fair value (gain) loss on credit derivatives	—	—	—	—	—	—	(1)	(0.01)
Insurance intangible amortization	10	0.22	13	0.28	19	0.40	16	0.34
Foreign exchange (gains) losses	(2)	(0.04)	2	0.05	5	0.11	3	0.06
Adjusted earnings (loss)	**$ 25**	**$ 0.53**	**$ (13)**	**$ (0.30)**	**$ 41**	**$ 0.59**	**$ 4**	**$ 0.08**

(1) Per diluted share ("P.D.S.")
(2) Numbers may not add due to rounding
(3) Per Diluted share in 2021 includes the impact of adjusting the Xchange related noncontrolling interest to current redemption value

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, 2021		June 30, 2021	
($ in millions, except per share data)	**$ Amount**	**Per Share**	**$ Amount**	**Per Share**
Total Ambac Financial Group, Inc. Shareholders' Equity	**$ 1,061**	**$ 22.91**	**$ 1,063**	**$ 23.01**
Adjustments:				
Non-credit impairment fair value losses on credit derivatives	—	0.01	—	0.01
Insurance intangible asset	(330)	(7.14)	(343)	(7.42)
Net unearned premiums and fees in excess of expected losses	315	6.81	337	7.29
Net unrealized investment (gains) losses in Accumulated Other Comprehensive Income	(164)	(3.54)	(168)	(3.64)
Adjusted book value	**$ 882**	**$ 19.05**	**$ 889**	**$ 19.25**
Shares outstanding (in millions)		46.3		46.2

(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. 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 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 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.

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