Investor Presentation
Quarterly Highlights

Fourth Quarter 2021

Ambac Financial Group
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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

$671 million market cap [(1)]

Access to $3.7b of net operating loss carryforwards

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 $14.48 on February 22, 2022

STRATEGIC PRIORITIES

Ambac's primary goal is to maximize shareholder value through the execution of key strategies for both its Specialty P&C Insurance Platform and Financial Guarantee Insurance companies

Specialty P&C Insurance Platform strategic priorities:

- Growing and diversifying the participatory fronting platform with existing and new program partners
- Building a leading, federation of specialty MGA/U partners through additional acquisitions and de novo builds, supported by a centralized business services unit including core technology solutions
- Making opportunistic investments that are strategic to the overall Specialty P&C Insurance Platform

Financial Guarantee Insurance companies' strategic priorities:

- Actively managing, de-risking and mitigating insured portfolio risk
- Pursuing loss recovery through active litigation and other means, particularly RMBS representation and warranty litigation
- Improving operating efficiency and optimizing our asset and liability profile
- Exploring, at the appropriate time, strategic options to further maximize value to AFG

STRATEGIC PRIORITIES PROGRESS - 2021
SPECIALTY P&C PROGRAM INSURANCE PLATFORM

- **Capital light**
- **Complimentary**
- **Recurring fee-based revenue stream**
- **NOL utilization**

Everspan

Participatory Fronting Insurance

Everspan

- Everspan entities received an AM Best Financial Strength Rating of 'A-' (Excellent) in February of 2021
- Nine program partners signed to date
- Platform expanded with the acquisition of PWIC and three additional admitted carriers
- With these acquisitions, admitted capabilities include all 50 states

Cirrata

Product Development and Distribution Partner

XB EST. MMX

- Xchange has successfully expanded its distribution network and is progressing efforts towards carrier diversification
- ETD distribution to AFG of approximately $6 million
- Ambac is actively exploring additional acquisitions and/or establishment of de novo MGA platforms

Redgrove

Strategic Investments



- Investments in certain insurance related businesses, including Cover Whale, an insurtech MGA
- Actively evaluating investment opportunities that would be strategic to the overall specialty P&C program insurance platform

For additional information regarding Ambac's Specialty P&C program insurance platform see Featured Presentation at the link: https://ambac.com/investor-relations/events-and-presentations/presentations/default.aspx

STRATEGIC PRIORITIES PROGRESS - 2021
FINANCIAL GUARANTEE INSURANCE COMPANIES

Actively managing, de-risking and mitigating insured portfolio risk

- Active de-risking transactions accounted for $3 billion of the $6 billion reduction in net par in 2021 and $2 billion of the $3 billion reduction in adversely classified and watch list net par exposure
- 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

Pursuing loss recovery through active litigation and other means, particularly RMBS representation and warranty litigation

- Trial date for the Bank of America/Countrywide R&W case is scheduled for September 7, 2022

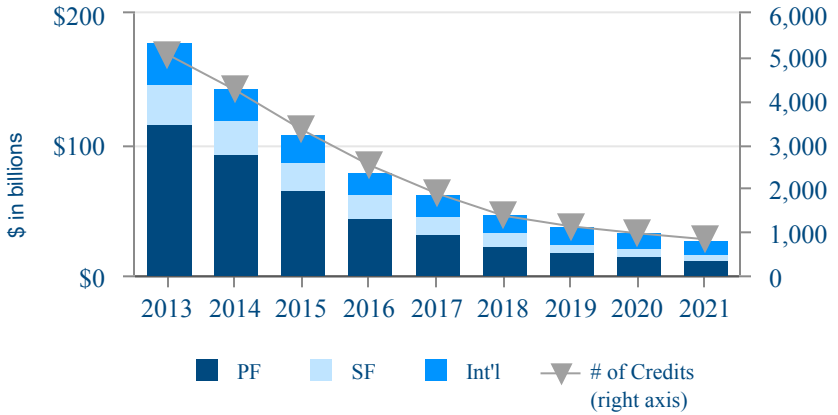
Improving operating efficiency and optimizing our asset and liability profile

- Executed an exchange transaction for junior surplus notes resulting in extinguishment of $76 million in debt and accrued interest
- Ambac Assurance Corporation issued new senior secured notes through a newly formed VIE, proceeds of which along with other sources of liquidity were used to fully redeem the outstanding Ambac LSNI notes, lowering annual net interest costs and extending the period of maturity

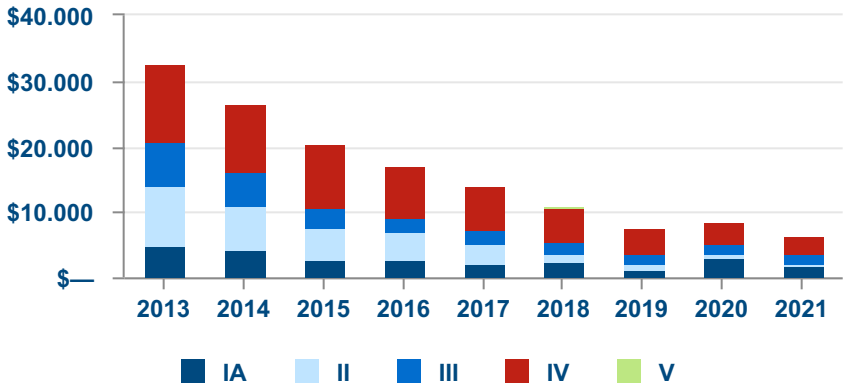
STRATEGIC PRIORITIES PROGRESS – REDUCING INSURED LEGACY FINANCIAL GUARANTEE EXPOSURES

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

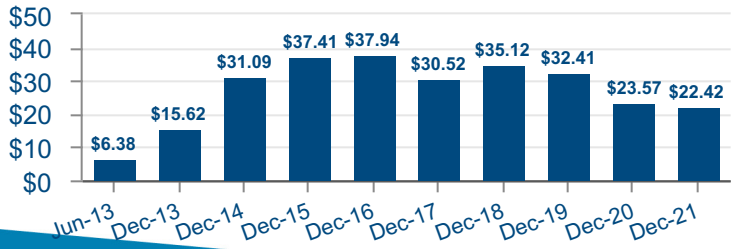


Adversely Classified Credits - Net Par (definitions in Appendix)

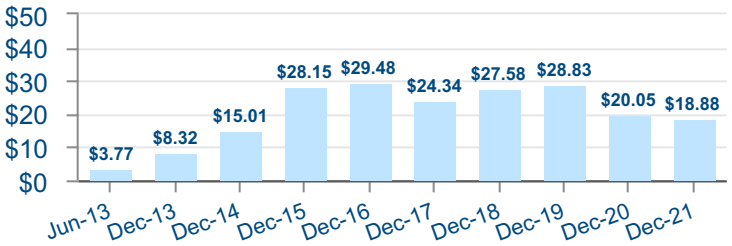


…while book value and adjusted book value have improved
(see slide 18 for explanation of Non-GAAP financial data)

Book Value Per Share
Increased $16.04 since June 2013



Adjusted Book Value Per Share
Increased $15.11 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 December 31, 2021
- **Countrywide**
  - Preparing to go to trial on breach of contract claim
  - New judge assigned and trial date is scheduled for September 7, 2022
  - 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

4Q21 FINANCIAL REVIEW

Ambac

4Q2021 FINANCIAL OVERVIEW

- **Net loss attributable to common stockholders for 4Q2021 was $22 million compared to net income of $17 million in 3Q2021**
- **Adjusted loss for 4Q2021 of $10 million and adjusted earnings for 3Q2021 of $25 million excludes insurance intangible asset amortization of $11 million and $10 million, respectively**

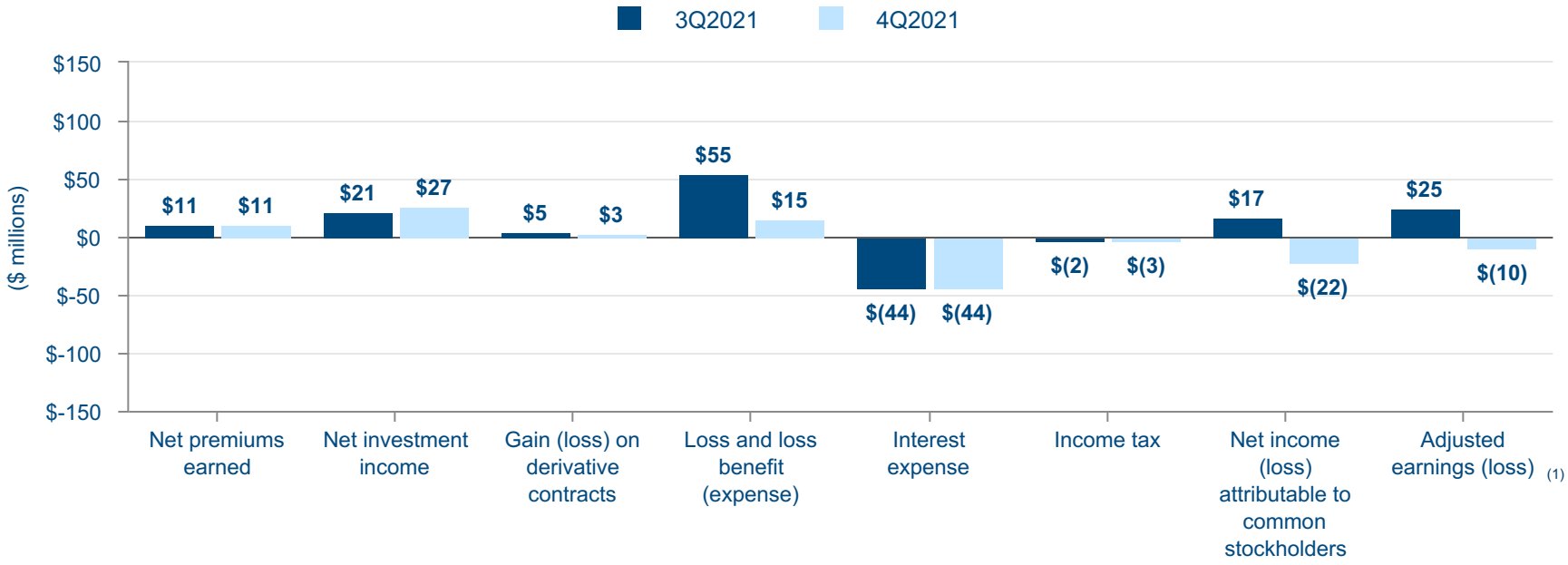
($ in millions, except per share amounts)	4Q2021	3Q2021
Net income (loss) attributable to common stockholders	$ (22)	$ 17
Net income (loss) per diluted share	$ (0.42)	$ 0.35
Adjusted earnings (loss) [1]	$ (10)	$ 25
Adjusted earnings (loss) per diluted share [2]	$ (0.16)	$ 0.53
Total Ambac Financial Group Inc. stockholders' equity (Book value)	$ 1,038	$ 1,061
Book value per share	$ 22.42	$ 22.91
Adjusted book value [1]	$ 874	$ 882
Adjusted book value per share	$ 18.88	$ 19.05

(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 4Q2021 Earnings Release included in Ambac's Current Report on Form 8-K filed with the SEC on February 24, 2022 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

4Q2021 vs 3Q2021 - KEY FINANCIAL RESULTS

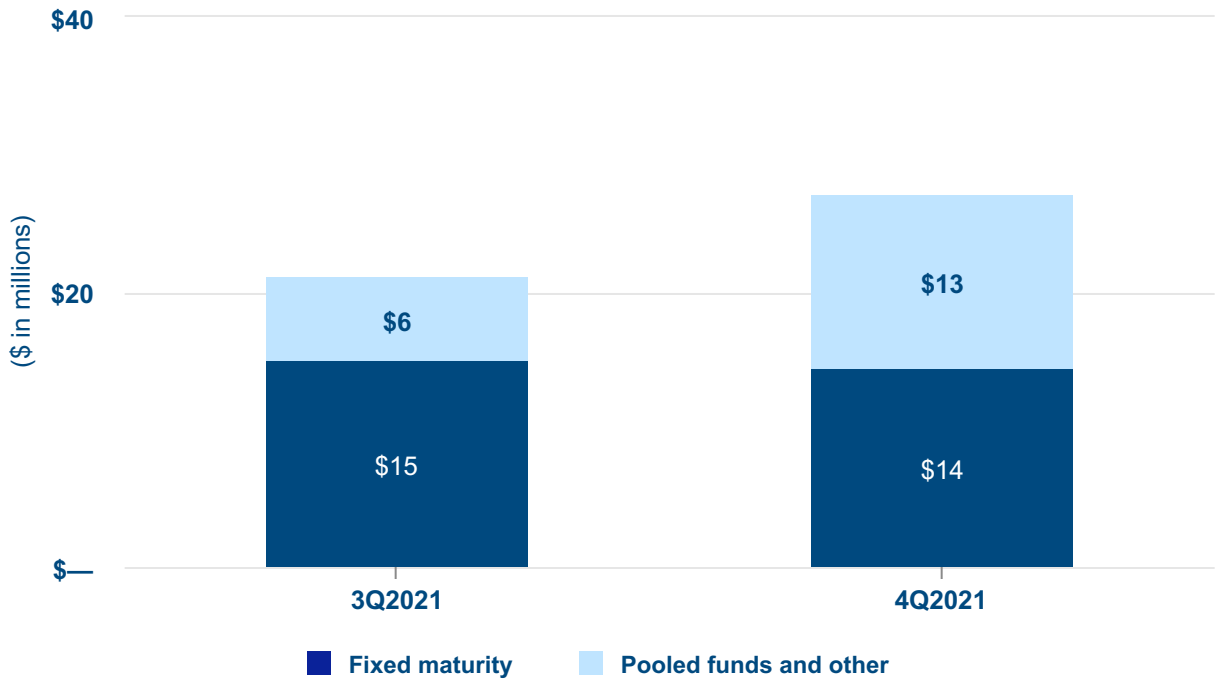
Results for 4Q21 were primarily driven by lower benefit from loss and loss expense



(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 4Q2021 Earnings Release, included in Ambac's Current Report on Form 8-K filed with the SEC on February 24, 2022 and at the end of this document

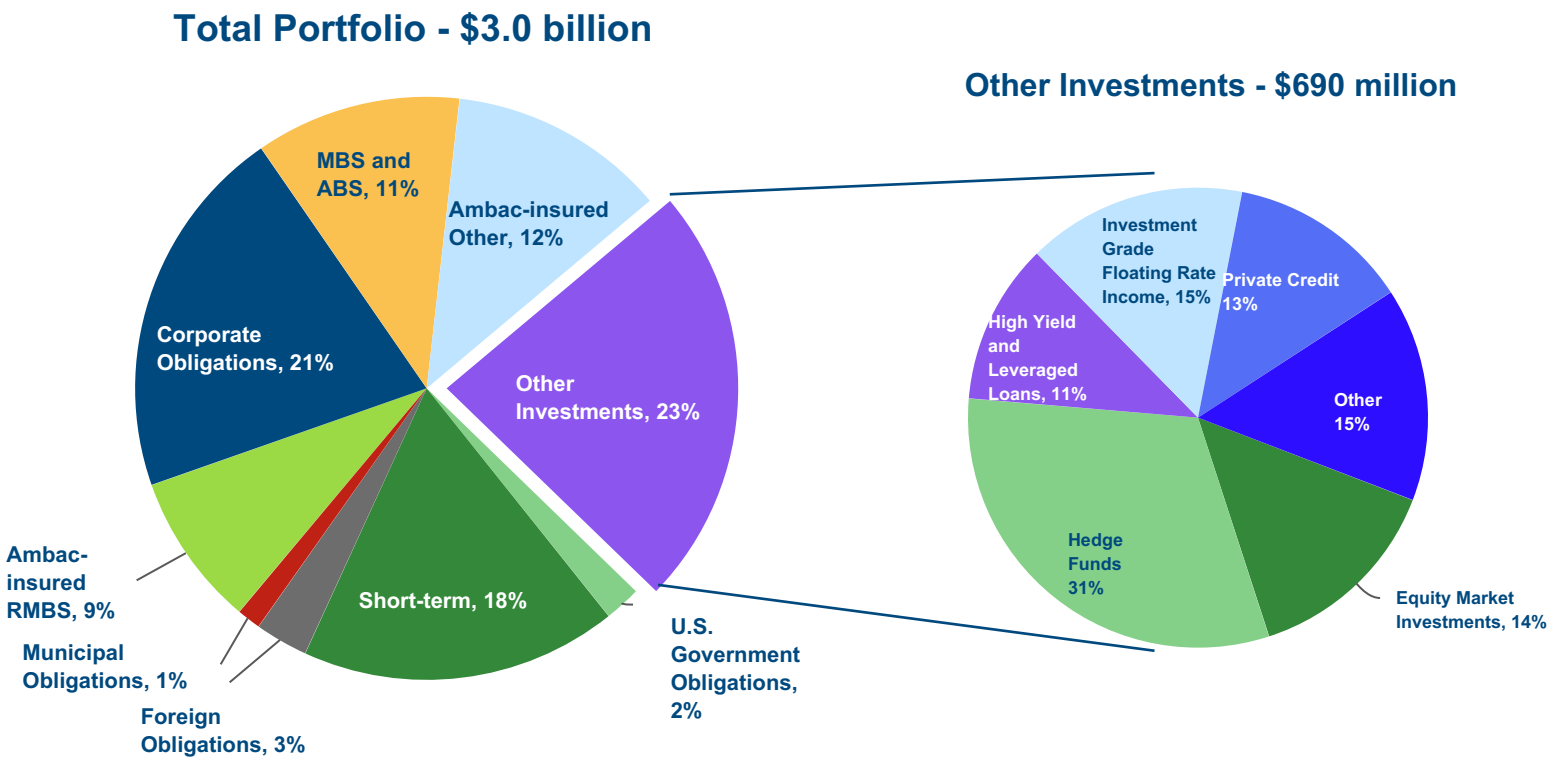
NET INVESTMENT INCOME

Net investment income in 4Q2021 was $27 million, compared to $21 million for 3Q2021 primarily driven higher income from pooled funds investments



INVESTMENT PORTFOLIO COMPONENTS AS OF DECEMBER 31, 2021

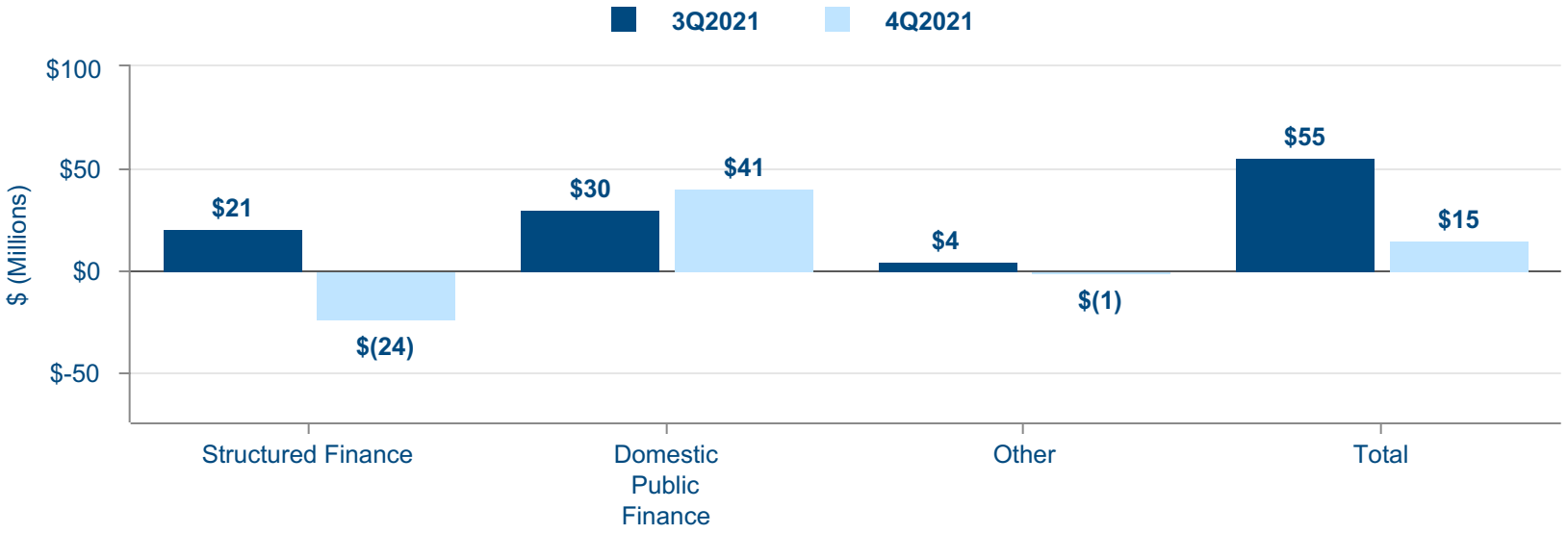
Gains on pooled and other equity investments were $13 million for 4Q2021 compared to $6 million in 3Q2021 driven by higher gains from equities, real estate and private credit, partially offset by lower returns on hedge funds



INCURRED (LOSSES) BENEFIT BY CATEGORY [1] - 4Q2021 vs 3Q2021

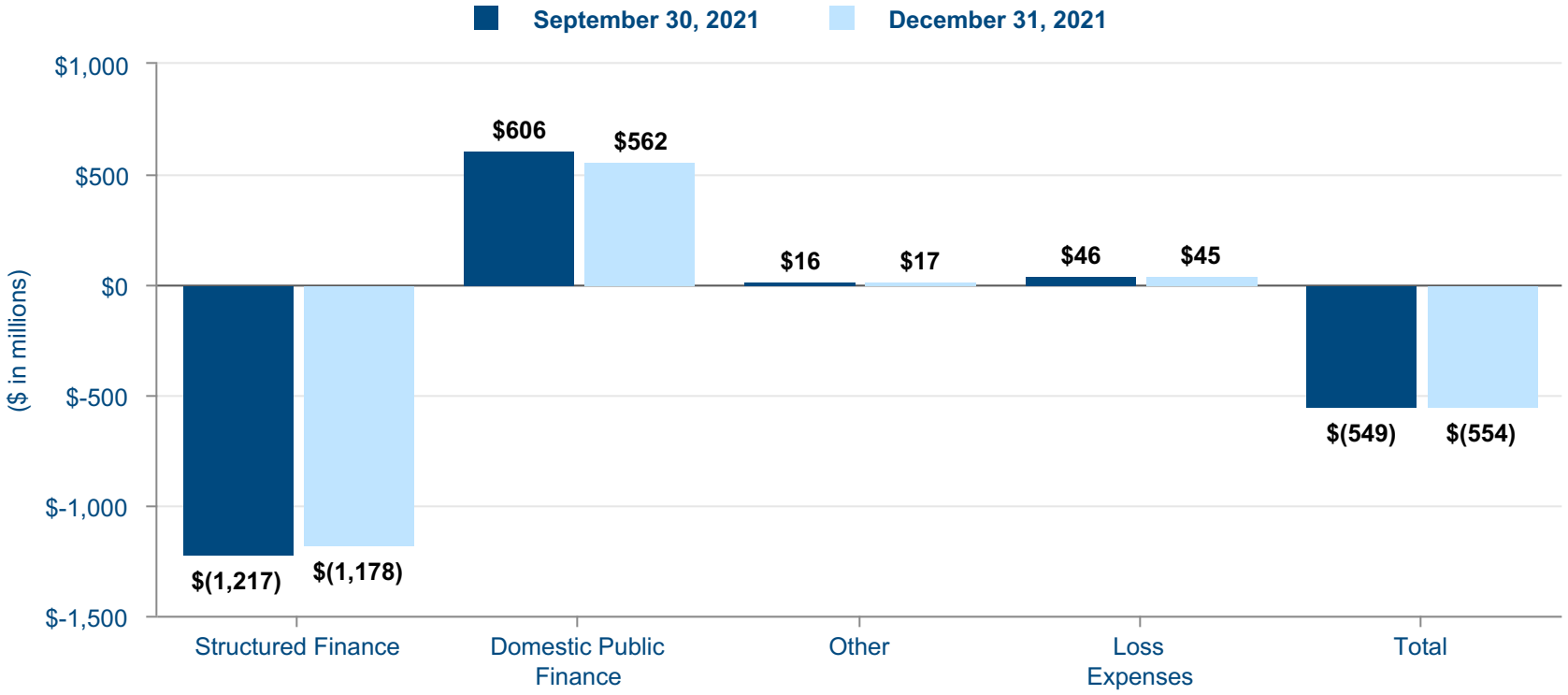
Structured Finance losses of $24 million in 4Q2021 was primarily driven by incremental litigation costs and lower estimated recoveries related to a single RMBS transaction

Domestic Public Finance benefit of $41 million in 4Q2021 was primarily driven by refinements to AAC's Puerto Rico reserves and certain other public finance credits



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

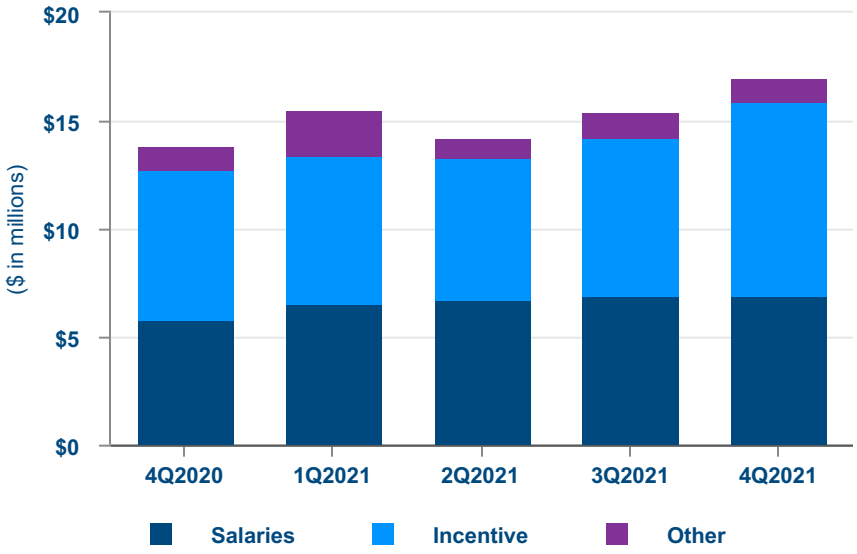
FINANCIAL GUARANTEE GROSS LOSS RESERVES BY CATEGORY (1)



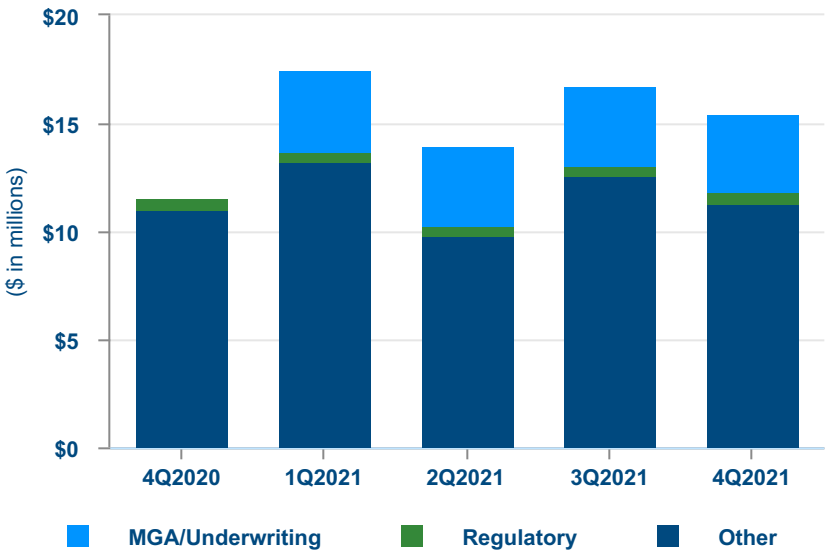
(1) Gross loss reserves are net of estimated R&W subrogation of $1.730 billion and $1.731 billion as of December 31, 2021 and September 30, 2021, respectively, and other subrogation of $605 million and $624 million as of December 31, 2021 and September 30, 2021, respectively

EXPENSE MANAGEMENT

Compensation Expense



Non-Compensation Expenses



- **Operating expenses were $33 million in 4Q2021 compared to $32 million in 3Q21**
- **Xchange and Everspan Group collectively accounted for 26% and 22% of consolidated operating expenses in 4Q2021 and 3Q2021, respectively**

AMBAC CONSOLIDATED LIABILITY AND CAPITAL SUMMARY

Category	($ in millions) 12/31/21	Comments
Claim Liabilities	$1,869	• 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	$1,361	• Includes $576 million of accrued and unpaid interest
Tier 2 Notes	$333	• Includes paid-in-kind interest of $93 million
Ambac UK Debt	$15	• Zero coupon note payable at maturity on May 2, 2036
Auction Market Preferred Shares (AMPS)	$138	• Liquidation Preference
Common Stock Market Cap [(2)]	$671	• 46,337,006 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 February 22, 2022 at the closing stock price of $14.48 on February 22, 2022

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:

	4Q2021		3Q2021		2Q2021		1Q2021	
($ 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	**$ (22)**	**$ (0.42)**	**$ 17**	**$ 0.35**	**$ (29)**	**$ (0.63)**	**$ 17**	**$ 0.08**
Adjustments:								
Non-credit impairment fair value (gain) loss on credit derivatives	—	—	—	—	—	—	—	—
Insurance intangible amortization	11	0.23	10	0.22	13	0.28	19	0.40
Foreign exchange (gains) losses	2	0.03	(2)	(0.04)	2	0.05	5	0.11
Adjusted earnings (loss)	**$ (10)**	**$ (0.16)**	**$ 25**	**$ 0.53**	**$ (13)**	**$ (0.30)**	**$ 41**	**$ 0.59**

(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:

	December 31, 2021		September 30, 2021	
($ in millions, except per share data)	**$ Amount**	**Per Share**	**$ Amount**	**Per Share**
Total Ambac Financial Group, Inc. Shareholders' Equity	**$ 1,038**	**$ 22.42**	**$ 1,061**	**$ 22.91**
Adjustments:				
Non-credit impairment fair value losses on credit derivatives	—	0.01	—	0.01
Insurance intangible asset	(320)	(6.91)	(330)	(7.14)
Net unearned premiums and fees in excess of expected losses	310	6.68	315	6.81
Net unrealized investment (gains) losses in Accumulated Other Comprehensive Income	(154)	(3.32)	(164)	(3.54)
Adjusted book value	**$ 874**	**$ 18.88**	**$ 882**	**$ 19.05**
Shares outstanding (in millions)		46.3		46.3

(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 Financial Group’s (“AFG”) and its subsidiaries’ (collectively, “Ambac” or the “Company”) 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 (“AAC”) and its subsidiaries or from the specialty property and casualty program insurance business, the managing general agency/underwriting business, or related businesses; (3) the inability of AAC to realize the expected recoveries, including RMBS litigation recoveries, included in its financial statements, or changes in estimated RMBS litigation recoveries over time; (4) failure to recover claims paid on Puerto Rico exposures or realization of losses in amounts higher than expected; (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) potential for rehabilitation proceedings or other regulatory intervention against AAC; (7) credit risk throughout Ambac’s business, including but not limited to credit risk related to insured residential mortgage-backed securities, student loan and other asset securitizations, public finance obligations (including risks associated with Chapter 9 and other restructuring proceedings), issuers of securities in our investment portfolios, and exposures to reinsurers; (8) our inability to effectively reduce insured financial guarantee exposures or achieve recoveries or investment objectives; (9) our inability to generate the significant amount of cash needed to service our debt and financial obligations, including through litigation recoveries or disposition of assets, and our inability to refinance our indebtedness; (10) Ambac’s substantial indebtedness could adversely affect its financial condition and operating flexibility; (11) 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; (12) the impact of catastrophic public health, environmental or natural events, including events like the COVID-19 pandemic, on significant portions of our insured portfolio; (13) credit risks related to large single risks, risk concentrations and correlated risks; (14) risks associated with adverse selection as Ambac’s financial guarantee insurance portfolio runs off; (15) the risk that Ambac’s risk management policies and practices do not anticipate certain risks and/or the magnitude of potential for loss; (16) restrictive covenants in agreements and instruments that impair Ambac’s ability to pursue or achieve its business strategies; (17) adverse effects on operating results or the Company’s financial position resulting from measures taken to reduce financial guarantee risks in its insured portfolio; (18) disagreements or disputes with Ambac's insurance regulators; (19) loss of control rights in transactions for which we provide financial guarantee insurance; (20) adverse tax consequences or other costs resulting from the characterization of the AAC’s surplus notes or other obligations as equity; (21) risks attendant to the change in composition of securities in the Ambac’s investment portfolio; (22) adverse impacts from changes in prevailing interest rates; (23) 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 Benefits, LLC and Xchange Affinity Underwriting Agency, LLC; (24) risks associated with the expected discontinuance of the London Inter-Bank Offered Rate; (25) factors that may negatively influence the amount of installment premiums paid to Ambac; (26) risks relating to determinations of amounts of impairments taken on investments; (27) the risk of litigation and regulatory inquiries or investigations, and the risk of adverse outcomes in connection therewith; (28) actions of stakeholders whose interests are not aligned with broader interests of the Ambac's stockholders; (29) system security risks, data protection breaches and cyber attacks; (30) 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; (31) failures in services or products provided by third parties; (32) our inability to attract and retain qualified executives, senior managers and other employees, or the loss of such personnel; (33) fluctuations in foreign currency exchange rates; (34) failure to realize our business expansion plans or failure of such plans to create value; (35) greater competition for our specialty property & casualty program insurance business; (36) loss or lowering of the AM Best rating for our property and casualty insurance company subsidiaries; (37) disintermediation within the insurance industry or greater competition that negatively impacts our managing general agency/underwriting business; (38) changes in law or in the functioning of the healthcare market that impair the business model of our accident and health managing general underwriter; and (39) other risks and uncertainties that have not been identified at this time.

ABOUT AMBAC

Ambac Financial Group, Inc. ("Ambac" or "AFG") is a financial services holding company headquartered in New York City. Ambac's core business is a growing specialty P&C distribution and underwriting platform with a legacy financial guaranty business in run off. Ambac's common stock trades on the New York Stock Exchange under the symbol "AMBC". 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.

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. .

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Ambac