



Investor Presentation

November 2021

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Ambac Simplified Organizational Structure



(1) Common Stock Market Cap based on 46 million AMBC common shares outstanding at the closing stock price of \$17.03 on 11/05/2021

(2) December 31, 2020, acquisition of Xchange was the first transaction as part of a broader MGA/MGU strategy

Specialty P&C Program Platform

Ambac's specialty P&C strategy is focused on creating a portfolio of capital light, synergistic, recurring fee-based businesses that will allow for utilization of Ambac's sizeable Net Operating Loss carryforwards

Pillar I

Specialty Program
Property & Casualty
Insurance



Pillar II

Managing General
Agency / Managing
General Underwriting



Pillar III

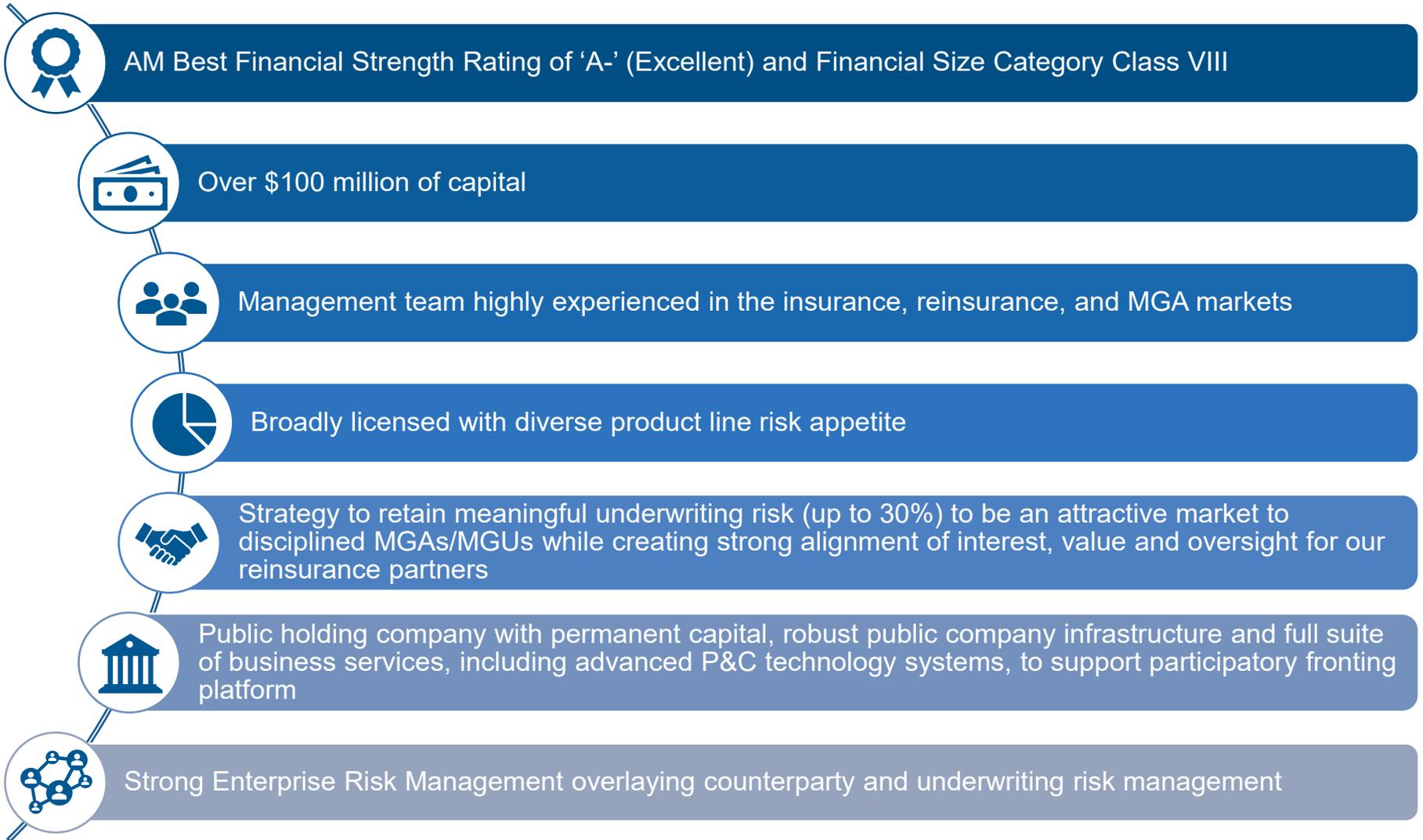
Strategic Investment
and Insurance
Services



Pillar I – Specialty Program Property & Casualty Insurance

Type of Business	<ul style="list-style-type: none">• Specialty program participatory fronting insurance
Revenues	<ul style="list-style-type: none">• Net Commissions/Fronting Fees• Premiums on insurance risk retained• Investment Income
Platforms	<ul style="list-style-type: none">• Everspan Indemnity Insurance Company (<i>Excess and surplus lines carrier</i>)• Everspan Insurance Company and Providence Washington Insurance Company (<i>Admitted carriers</i>)• Three additional P&C admitted carriers (under regulatory review)
Investment Thesis	<ul style="list-style-type: none">• Capital light with attractive margins
Strategy	<ul style="list-style-type: none">• Pursuing a differentiated specialty P&C program strategy through disciplined participatory fronting underwriting across diverse classes of risk• Sourcing business from MGAs/MGUs, reinsurance brokers, aggregators, reinsurers and other producers
Timing	<ul style="list-style-type: none">• Launched February 2021• 4 programs onboarded YTD 2021

Everspan Group's Competitive Advantage



Pillar II – Managing General Agency/Underwriting Businesses

Type of Business

- Managing General Agent/Underwriter

Revenues

- Base and profit commissions

Platforms

- Currently, Xchange Benefits, LLC and Xchange Affinity Underwriting Agency, LLC

Investment Thesis

- Partner model targeting MGA/MGU acquisitions (51-80%) with significant medium to long-term management ownership (20-49%)
- High margin businesses that generate fee-based income

Strategy

- Acquisition and organic growth model
- Ambac business services unit providing best-in-class technology and operational services to enhance MGA/MGU infrastructure, data management, underwriting and risk management activities
- Expanding insurance and reinsurance market relationships, including Everspan, to broaden MGA/MGU market access
- Permanent capital platform with broad infrastructure network to support growth and expansion

Timing

- Xchange has been operating for 10 years with an organic growth strategy while also actively exploring strategic transactions
- Ambac is actively assessing additional acquisitions and de novo opportunities

Xchange Transaction

Ambac acquired an 80% membership interest in Xchange on December 31, 2020

Xchange is a niche, property and casualty Managing General Underwriter, with a history of strong underwriting results, focused on accident and health ("A&H") products

-  Employer Stop Loss
-  Limited Medical
-  Short-term Medical

Xchange provides various services to customers including underwriting, placement, claims and finance servicing, reinsurance brokerage and consulting

Additional growth is expected from organic sources, carrier and geographic expansion and product diversification

Pillar III – Strategic Investments and Insurance Services

Type of Business

- Various, including Insurtech platforms and third-party administrators

Revenues

- Commissions and fees

Platforms

- Completed 3 investments, including Cover Whale an insurtech MGU
- Actively exploring additional opportunities

Investment Thesis

- Fee-based, capital light businesses that are synergistic with Pillar I and Pillar II

Strategy

- Acquire and/or partner with platforms that will add synergies and efficiencies to Pillar I and Pillar II

Timing

- Dependent on market opportunity and price

Specialty P&C Platform Progress

Criteria

Capital light

Complimentary
and/or
Synergistic

Recurring fee-
based revenue
stream

NOL utilization

Pillar I

Specialty Program
Property &
Casualty Insurance



- 4 specialty programs onboarded YTD
- Admitted carrier, Providence Washington Insurance Company, acquired October 2021
- Regulatory approvals expected for acquisition of additional carriers during the fourth quarter of 2021
- Everspan Insurance Company expanded admitted licenses with full P&C authority in 46 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



- 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 distributions to AFG of \$6 million

Pillar III

Strategic
Investment and
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

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

Our Vision: A Differentiated P&C Platform



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

Forward Looking Statement

In this presentation, we have included statements that may constitute “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as “estimate,” “project,” “plan,” “believe,” “anticipate,” “intend,” “planned,” “potential” and similar expressions, or future or conditional verbs such as “will,” “should,” “would,” “could,” and “may,” or the negative of those expressions or verbs, identify forward-looking statements. We caution readers that these statements are not guarantees of future performance. Forward-looking statements are not historical facts but instead represent only our beliefs regarding future events, which may by their nature be inherently uncertain and some of which may be outside our control. These statements may relate to plans and objectives with respect to the future, among other things which may change. We are alerting you to the possibility that our actual results may differ, possibly materially, from the expected objectives or anticipated results that may be suggested, expressed or implied by these forward-looking statements. Important factors that could cause our results to differ, possibly materially, from those indicated in the forward-looking statements include, among others, those discussed under “Risk Factors” in our most recent SEC filed quarterly or annual report.

Any or all of management’s forward-looking statements here or in other publications may turn out to be incorrect and are based on management’s current belief or opinions. AFG’s and its subsidiaries’ (“Ambac”) actual results may vary materially, and there are no guarantees about the performance of Ambac’s securities. Among events, risks, uncertainties or factors that could cause actual results to differ materially are: (1) the highly speculative nature of AFG’s common stock and volatility in the price of AFG’s common stock; (2) Ambac’s inability to realize the expected recoveries, including RMBS litigation recoveries, included in its financial statements which would have a materially adverse effect on AAC’s financial condition and may lead to regulatory intervention; (3) failure to recover claims paid on Puerto Rico exposures or realization of losses in amounts higher than expected; (4) increases to loss and loss expense reserves; (5) inadequacy of reserves established for losses and loss expenses and possibility that changes in loss reserves may result in further volatility of earnings or financial results; (6) uncertainty concerning the Company’s ability to achieve value for holders of its securities, whether from AAC and its subsidiaries or from transactions or opportunities apart from AAC and its subsidiaries, including new business initiatives relating to the specialty property and casualty program insurance business, the managing general agency/underwriting business, or related businesses; (7) potential of rehabilitation proceedings against AAC; (8) increased fiscal stress experienced by issuers of public finance obligations or an increased incidence of Chapter 9 filings or other restructuring proceedings by public finance issuers, including an increased risk of loss on revenue bonds of distressed public finance issuers due to judicial decisions adverse to revenue bond holders; (9) our inability to mitigate or remediate losses, commute or reduce insured exposures or achieve recoveries or investment objectives, or the failure of any transaction intended to accomplish one or more of these objectives to deliver anticipated results; (10) insufficiency or unavailability of collateral to pay secured obligations; (11) credit risk throughout Ambac’s business, including but not limited to credit risk related to residential mortgage-backed securities, student loan and other asset securitizations, public finance obligations and exposures to reinsurers; (12) the impact of catastrophic environmental or natural events, including catastrophic public health events like the COVID-19 pandemic, on significant portions of our insured and investment portfolios; (13) credit risks related to large single risks, risk concentrations and correlated risks; (14) the risk that Ambac’s risk management policies and practices do not anticipate certain risks and/or the magnitude of potential for loss; (15) risks associated with adverse selection as Ambac’s insured portfolio runs off; (16) Ambac’s substantial indebtedness could adversely affect its financial condition and operating flexibility; (17) Ambac may not be able to obtain financing or raise capital on acceptable terms or at all due to its substantial indebtedness and financial condition; (18) Ambac may not be able to generate the significant amount of cash needed to service its debt and financial obligations, and may not be able to refinance its indebtedness; (19) restrictive covenants in agreements and instruments may impair Ambac’s ability to pursue or achieve its business strategies; (20) adverse effects on operating results or the Company’s financial position resulting from measures taken to reduce risks in its insured portfolio; (21) disagreements or disputes with Ambac’s insurance regulators; (22) default by one or more of Ambac’s portfolio investments, insured issuers or counterparties; (23) loss of control rights in transactions for which we provide insurance due to a finding that Ambac has defaulted; (24) adverse tax consequences or other costs resulting from the characterization of the AAC’s surplus notes or other obligations as equity; (25) risks attendant to the change in composition of securities in the Ambac’s investment portfolio; (26) adverse impacts from changes in prevailing interest rates; (27) our results of operation may be adversely affected by events or circumstances that result in the impairment of our intangible assets and/or goodwill that was recorded in connection with Ambac’s acquisition of 80% of the membership interests of Xchange; (28) risks associated with the expected discontinuance of the London Inter-Bank Offered Rate; (29) factors that may negatively influence the amount of installment premiums paid to the Ambac; (30) market risks impacting assets in the Ambac’s investment portfolio or the value of our assets posted as collateral in respect of interest rate swap transactions; (31) risks relating to determinations of amounts of impairments taken on investments; (32) the risk of litigation and regulatory inquiries or investigations, and the risk of adverse outcomes in connection therewith, which could have a material adverse effect on Ambac’s business, operations, financial position, profitability or cash flows; (33) actions of stakeholders whose interests are not aligned with broader interests of the Ambac’s stockholders; (34) system security risks, data protection breaches and cyber attacks; (35) changes in accounting principles or practices that may impact Ambac’s reported financial results; (36) regulatory oversight of Ambac Assurance UK Limited (“Ambac UK”) and applicable regulatory restrictions may adversely affect our ability to realize value from Ambac UK or the amount of value we ultimately realize; (37) operational risks, including with respect to internal processes, risk and investment models, systems and employees, and failures in services or products provided by third parties; (38) Ambac’s financial position that may prompt departures of key employees and may impact the its ability to attract qualified executives and employees; (39) fluctuations in foreign currency exchange rates could adversely impact the insured portfolio in the event of loss reserves or claim payments denominated in a currency other than US dollars and the value of non-US dollar denominated securities in our investment portfolio; (40) disintermediation within the insurance industry or greater competition that negatively impacts our managing general agency/underwriting business; (41) changes in law or in the functioning of the healthcare market that impair the business model of our accident and health managing general underwriter; (42) greater competition for our specialty property & casualty program insurance business; and (43) other risks and uncertainties that have not been identified at this time.

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.

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