Ambac

Third Quarter 2023

Investor Presentation

Quarterly Highlights

One World Trade Center, 41st Floor, New York, NY 10007
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Forward Looking Statement

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

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 high degree of 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 insurance business, the insurance distribution business, or related businesses; (3) inadequacy of reserves established for losses and loss expenses and the possibility that changes in loss reserves may result in further volatility of earnings or financial results; (4) potential for rehabilitation proceedings or other regulatory intervention or restrictions against AAC; (5) 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; (6) our inability to effectively reduce insured financial guarantee exposures or achieve recoveries or investment objectives; (7) our inability to generate the significant amount of cash needed to service our debt and financial obligations, and our inability to refinance our indebtedness; (8) Ambac’s substantial indebtedness could adversely affect its financial condition and operating flexibility; (9) 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; (10) greater than expected underwriting losses in the Company’s specialty property and casualty insurance business; (11) failure of specialty insurance program partners to properly market, underwrite or administer policies; (12) inability to obtain reinsurance coverage on expected terms; (13) loss of key relationships for production of business in specialty property and casualty and insurance distribution businesses or the inability to secure such additional relationships to produce expected results; (14) the impact of catastrophic public health, environmental or natural events, or global or regional conflicts, on significant portions of our insured portfolio; (15) credit risks related to large single risks, risk concentrations and correlated risks; (16) risks associated with adverse selection as Ambac’s financial guarantee insurance portfolio runs off; (17) the risk that Ambac’s risk management policies and practices do not anticipate certain risks and/or the magnitude of potential for loss; (18) restrictive covenants in agreements and instruments that impair Ambac’s ability to pursue or achieve its business strategies; (19) adverse effects on operating results or the Company’s financial position resulting from measures taken to reduce financial guarantee risks in its insured portfolio; (20) disagreements or disputes with Ambac's insurance regulators; (21) loss of control rights in transactions for which we provide financial guarantee insurance; (22) inability to realize expected recoveries of financial guarantee losses; (23) risks attendant to the change in composition of securities in Ambac’s investment portfolio; (24) adverse impacts from changes in prevailing interest rates; (25) events or circumstances that result in the impairment of our intangible assets and/or goodwill that was recorded in connection with Ambac’s acquisitions; (26) risks associated with the discontinuance of the London Inter-Bank Offered Rate; (27) factors that may negatively influence the amount of installment premiums paid to Ambac; (28) the risk of litigation and regulatory inquiries or investigations, and the risk of adverse outcomes in connection therewith; (29) the Company’s ability to adapt to the rapid pace of regulatory change; (30) actions of stakeholders whose interests are not aligned with broader interests of Ambac's stockholders; (31) system security risks, data protection breaches and cyber attacks; (32) 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; (33) failures in services or products provided by third parties; (34) political developments that disrupt the economies where the Company has insured exposures; (35) our inability to attract and retain qualified executives, senior managers and other employees, or the loss of such personnel; (36) fluctuations in foreign currency exchange rates; (37) failure to realize our business expansion plans or failure of such plans to create value; (38) greater competition for our specialty property and casualty insurance business and/or our insurance distribution business; (39) loss or lowering of the AM Best rating for our property and casualty insurance company subsidiaries; (40) disintermediation within the insurance industry or greater competition from technology-based insurance solutions; (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; and (42) other risks and uncertainties that have not been identified at this time.

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Overview

Ambac Financial Group, Inc. (NYSE: AMBC) is a financial services holding company headquartered in New York City with shareholders' equity of $1.27 billion[1]. Ambac's core operating business is a growing specialty P&C distribution and program underwriting platform. Ambac also has a legacy financial guarantee business in run-off.

Ambac's Specialty P&C Platform

Everspan

Specialty Property & Casualty Insurance

Specialty Property & Casualty Insurance Segment[2]

Cirrata

Insurance Distribution

Insurance Distribution Segment[2]

Redgrove

Strategic Investments in Insurtech & Insurance Services

Corporate and Other[2]

Ambac Assurance and Ambac UK

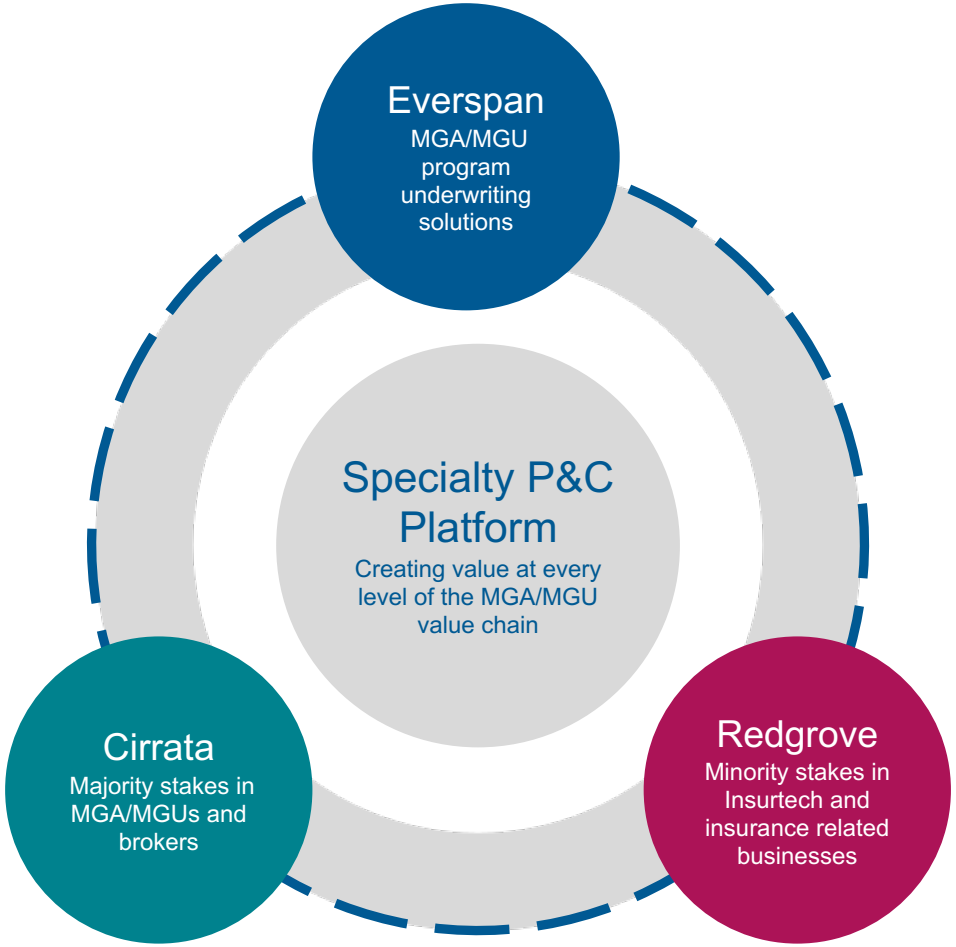
Legacy Financial Guarantee Insurance

Legacy Financial Guarantee Insurance Segment[2]

1. Ambac common stockholders' equity as of September 30, 2023
2. As reported in most recent Form 10-Q

Specialty P&C: A Diversified, Capital Light Specialty Platform

- Ambac's growing Specialty P&C Platform includes its program insurer ("Everspan"), specialty program insurance distribution business ("Cirrata") and strategic investments ("Redgrove")
- The growth strategy for the Specialty P&C Business is to take advantage of the rapidly expanding U.S. program market in a capital efficient manner
- Everspan's program solutions utilize Managing General Agents ("MGAs") and Managing General Underwriters ("MGUs") as its primary distribution channel
- Cirrata acquires majority stakes in MGA/MGUs and brokers, and incubates de novo MGA/MGUs
- Ambac made strategic investments in several tech-enabled and other insurance distribution businesses which are complimentary and/or synergistic with our Specialty P&C operations. These investments are also expected to provide attractive returns on investment



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2024 Strategic Priorities

AFG

- Grow and maximize shareholder value over medium and long term
- Strategically deploy capital to support and expand the Specialty P&C Platform
- Optimize the strategic value of corporate investments

Increasing Enterprise Value

Everspan Insurance

- GPW +$400 million forecast in 2024[1,2]
- Target Underwriting profitability
- Target mid-teens ROE at scale and over the cycle[1,2]
- Mid-single digit ROE in 2024[1,2]

Compounding Book Value

Cirrata

- Premiums placed +$300 million forecast in 2024[1,2]
- Target +$60 million revenue in 2024[1,2]
- Strive for double-digit organic growth
- Target +20% EBITDA margins[1]

Accelerating EBITDA Growth

Legacy Financial Guarantee

- Moelis & Company engaged to discuss potential transactions with interested 3rd parties
- Continue to de-risk and de-lever the balance sheet
- Source of future growth capital

Maximizing Economic Value

Delivering Long-Term Value Through Re-deployment of Capital and Profitable Growth

1. Forward looking targets and projections subject to change. Targets and projections may not be realized and are not meant to provide guarantees of performance. Please refer to Ambac's most recent quarterly and annual reports on forms 10-Q and 10-K for more information about Ambac's business and related risk factors
2. Subject to market conditions

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Select Partnerships and Strategic Investments

Everspan

Cover Whale	AMWINS	BRANCH	LONGLEAF	theguarantors	CENTREX UNDERWRITERS INC.	brokkrr
3Q21	1Q22	1Q22	1Q22	2Q22	3Q22	4Q22
HUBX	battleface	MISSION UNDERWRITERS	wkfc	aurenity	Ledgebrook	PLATINUM SPECIALTY UNDERWRITERS
4Q22	4Q22	4Q21	4Q22	1Q23	1Q23	2Q23

Cirrata

Xchange Benefits	ALL TRANS RISK SOLUTIONS LLC		Riverton
4Q20	4Q22		3Q23
penpoint SPECIALTY		Capacity Marine Corporation	
3Q22		4Q22	

Strategic Investments

Cover Whale	Confidential MGA	EMBRACE PARTNERS
4Q21	3Q22	3Q22

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Projected MGA/U Growth Provides Compelling Opportunity

Ambac's Specialty P&C Platform is poised to benefit from growth in the MGA/U market

U.S. MGA Market[1]

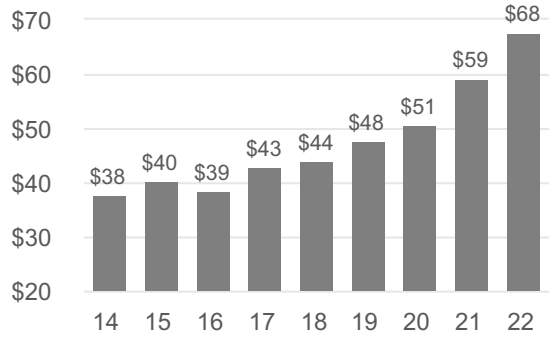
$68 bn
2022 DPW

14%
YoY Growth

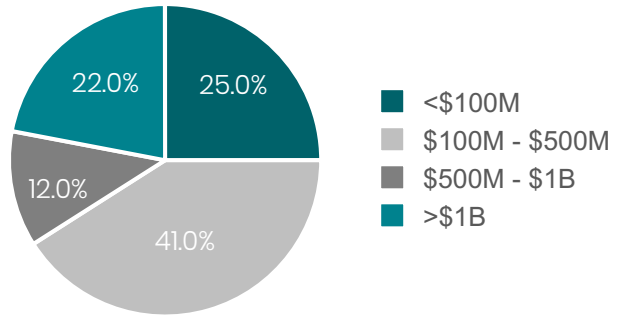
Historical Trends[1,2,3]

- The MGA market nearly doubled in size between 2014-2022
- Loss ratios for MGAs are consistently lower than P&C insurance carriers
- A quarter of the premium placed by MGAs comes from small firms (those with under $100 million in premium)
- In 2021, the U.S. market was estimated to have over 1,000 MGAs with 700 identified in statutory filings and another 350 estimated to fall below the filing threshold

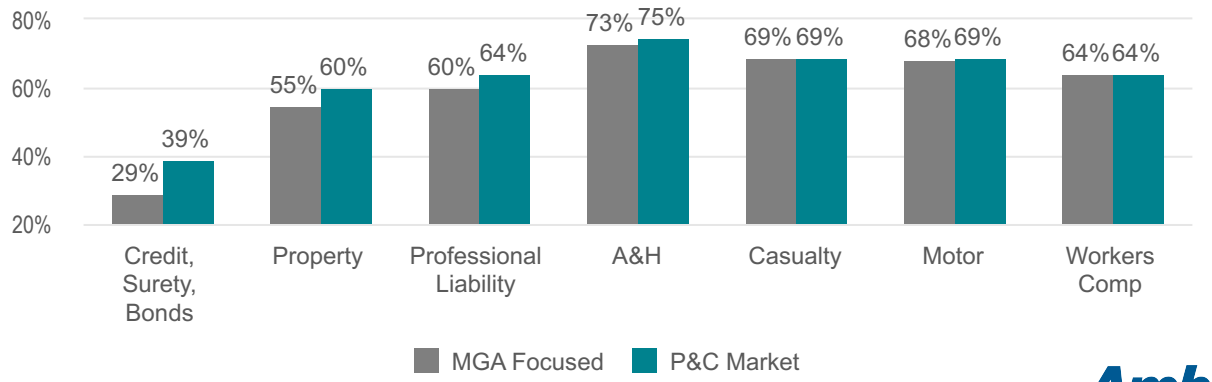
U.S. MGA Direct Premium Written ($bn)[1]



U.S. MGA Premium Distribution by MGA Size[2]



MGA Focused and P&C Loss Ratios by Business Line (2010-2020)[2]



1. AM Best, *Delegated Underwriting Authority Enterprise Market Review,* Apr 27, 2023
2. AON, *MGAs: a Market on the Move*, https://mga.aon.com/2022-mgas-on-the-move/
3. Conning, *Managing General Agents: Firing on All Cylinders*, www.tinyurl.com/2cnbbs8p

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Rising Demand for Specialty Risk Coverage

The specialty insurance market continues to be underpinned by macroeconomic factors as alternative risks continue to grow and change

E&S Industry[1]

$99 bn	17%
2022 DPW	5-year CAGR

The Excess & Surplus (E&S) specialty market insures difficult or high-risk exposures that traditional carriers do not cover. E&S carriers specialize in a wide range of coverages, each requiring in-depth knowledge of the line of exposure.

The evolution of the U.S. economy across sectors should continue to fuel the need for specialized insurance coverages often best addressed in the E&S market.



Sweeping technological disruption

Innovation brings unforeseen challenges and risks which offer E&S specialists opportunity to develop new product lines



Continued economic investment

Infrastructure and economic stimulus is favorable for the E&S market, as large construction projects are insured by E&S providers



Heightened social inflation

Legislative and litigation developments are impacting insurers' legal liabilities and claims costs resulting in taking higher rates



Increased cyber threats

Prevalence of ransomware creates need for cyber insurance and enhances pricing power



Large, complex and high-hazard risks

CAT weather activity above long-term averages across the United States and the globe

1. AM Best, *U.S. Surplus Lines Report*, September 13, 2023

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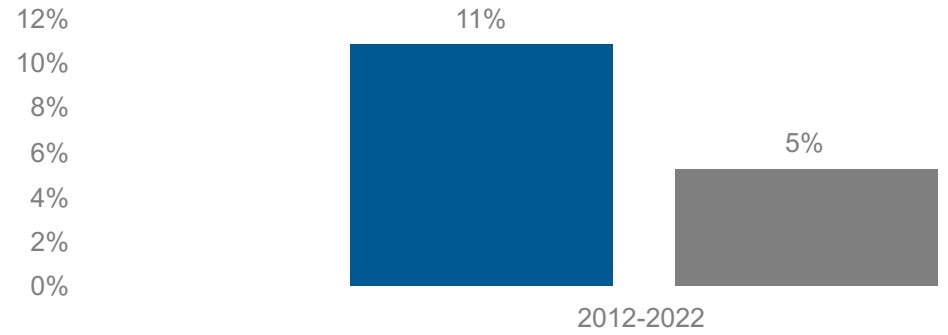
Specialty Insurance Poised for Continued Growth

Ambac's Specialty P&C Platform is well positioned to capitalize on the fast-growing specialty P&C insurance market

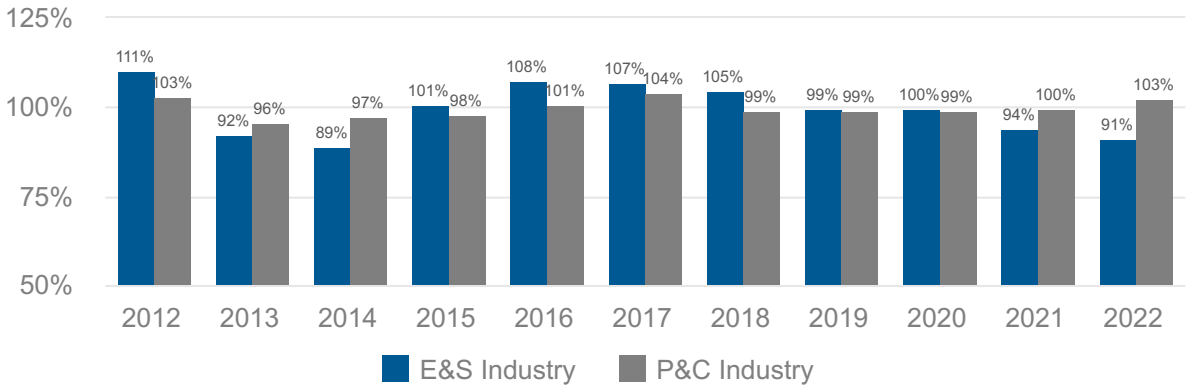
Historical E&S Trends[1]

- 2022 E&S direct premiums written were $99 billion implying a CAGR of 11% since 2012 and 17% since 2017[1]
- 2022 E&S market grew 19% vs 10% for overall P&C[1]
- E&S market has experienced faster growth than the standard P&C market over the last 20 years
- E&S market has been more profitable than the overall P&C market since 2012

E&S Industry vs. P&C Industry DPW CAGRs[1]



E&S Industry vs. P&C Industry Combined Ratio[1]



1. AM Best, *U.S. Surplus Lines Report*, September 13, 2023

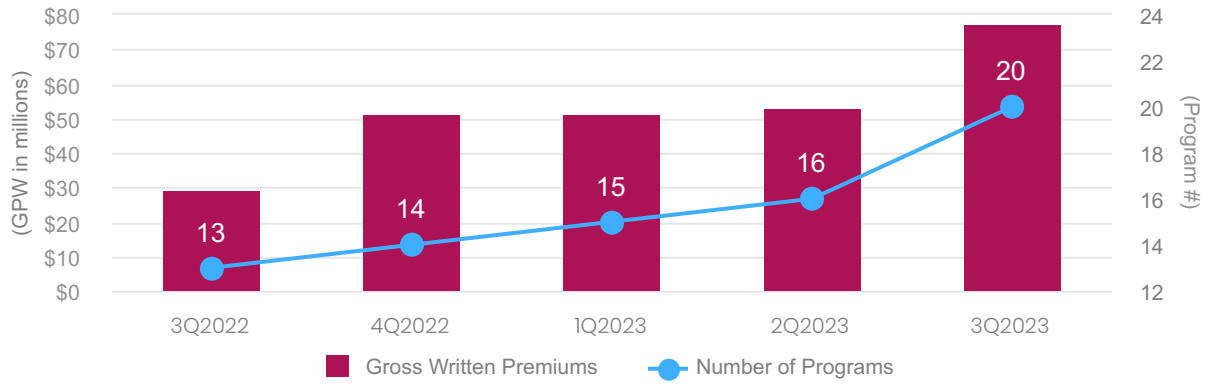
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Everspan: Specialty P&C Program Insurer

Everspan has assembled a ‘Best-in-Class’ team of Specialty P&C program insurance executives with deep experience scaling businesses

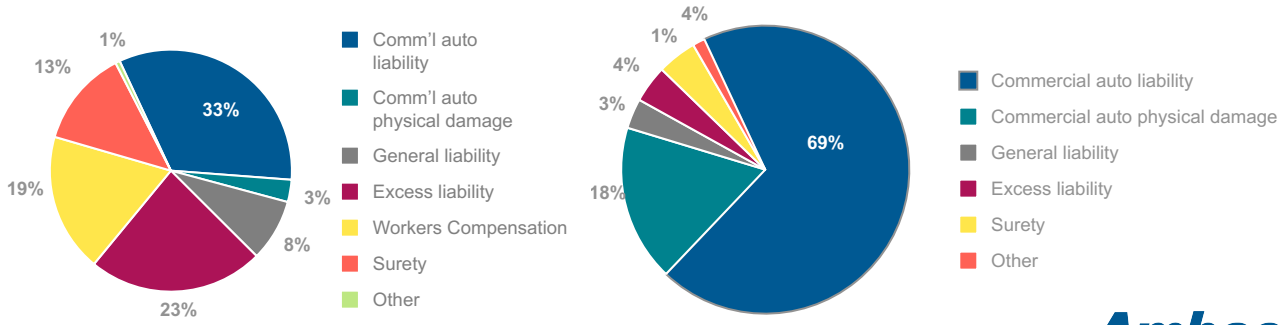
- $77 million of GPW in 3Q23 up 160% vs. 3Q22
- First quarterly pre-tax profit, $140 thousand compared to a $(1.48) million loss in 3Q22
- GPW split in 3Q23: 60% E&S vs 40% Admitted
- Entered the Workers’ Compensation line of business via assumed reinsurance on a new program
- 20 MGA programs including 4 programs signed during 3Q23
- Shareholders’ Equity: $116 million[1]
- Statutory Surplus: $109 million

Gross Premium Written (GPW) and Number of Programs



GPW by Line of Business

3Q2023	3Q2022



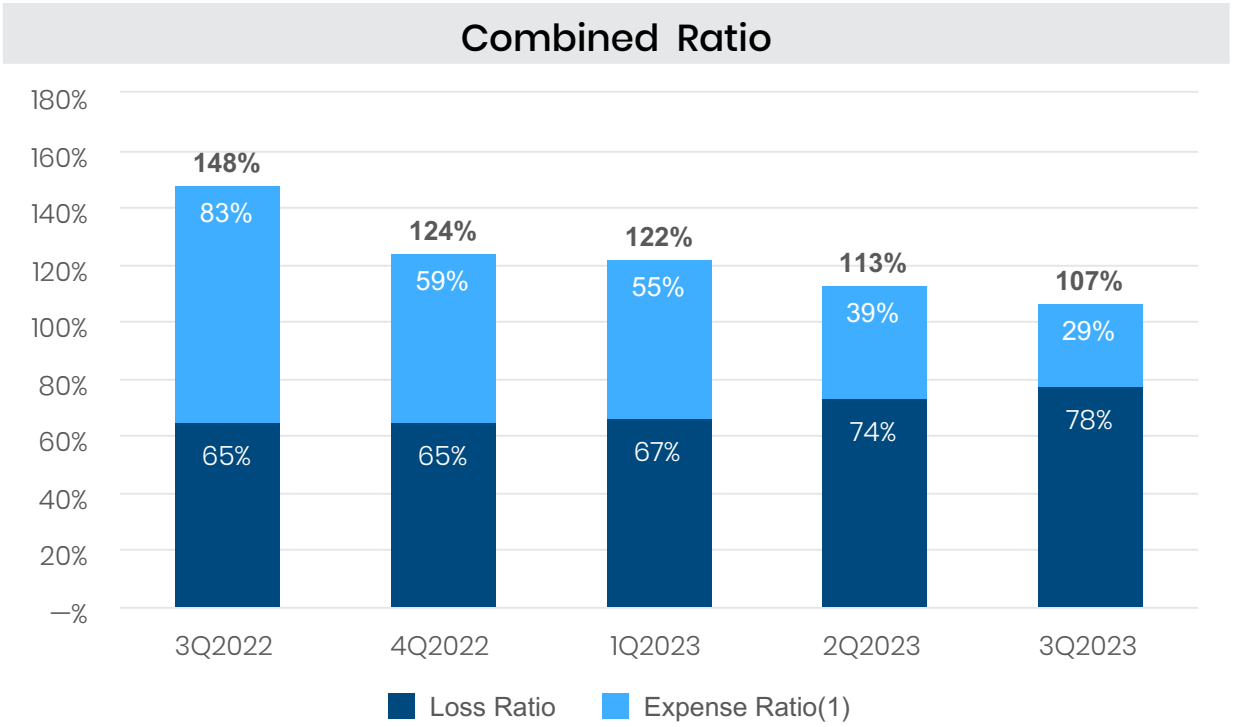
1. Ambac Stockholders’ Equity as shown on slide 22

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Everspan: Underwriting Strategy

Everspan's disciplined underwriting strategy begins with its rigorous program partner selection process

- Combined Ratio of 106.5% improved from 147.8% in 3Q22 driven mainly by the scale benefit and sliding scale impacts on the expense ratio
- Loss Ratio of 78.0% in 3Q23 vs. 65.2% in 3Q22
  - Increase driven by prior period development and an increase in the accident year loss pick largely related to increased frequency in commercial auto
- Everspan's underwriting philosophy is focused on careful selection of program partners through robust diligence process
- Rigorous review process, combined with the ability to retain meaningful risk being underwritten, creates an alignment of interests across the value chain



1. Expense Ratio is defined as acquisition costs and general and administrative expenses, reduced by program fees divided by net premiums earned

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Everspan: Diverse Product Line & Risk Appetite

Active risk management

Continuity, consistency and stability are critical to an active risk management program; Everspan underwrites each opportunity as if it were taking the risk gross, regardless of its risk retention position

Disciplined underwriting approach

Led by a well-seasoned underwriting team, Everspan is disciplined and prudent in its underwriting, capitalizing on the continued market need of specialty coverages, providing the basis for attractive returns

Strategic partners focused on value creation

Everspan takes an active role in overseeing MGAs, ensuring close alignment of interests for its reinsurance partners are closely aligned. Everspan's risk participation also helps create an alignment of interests with reinsurance partners

Targeted Lines of Business

Residential and Commercial Contractors	Professional Liability	Primary small and medium enterprises (SME)	PERSONAL LINES – HOMEOWNERS AND AUTO*
HOSPITALITY BUSINESS INCLUDING LIQUOR LIABILITY*	DIRECTORS & OFFICERS INSURANCE*	COMMERCIAL MULTI-PERIL*	Marine
Products Liability	Environmental Risks	COMMERCIAL AUTO & TRUCKING*	Accident & Health
EXCESS LIABILITY*	WORKERS COMPENSATION*	SURETY*	*ACTIVE PROGRAMS

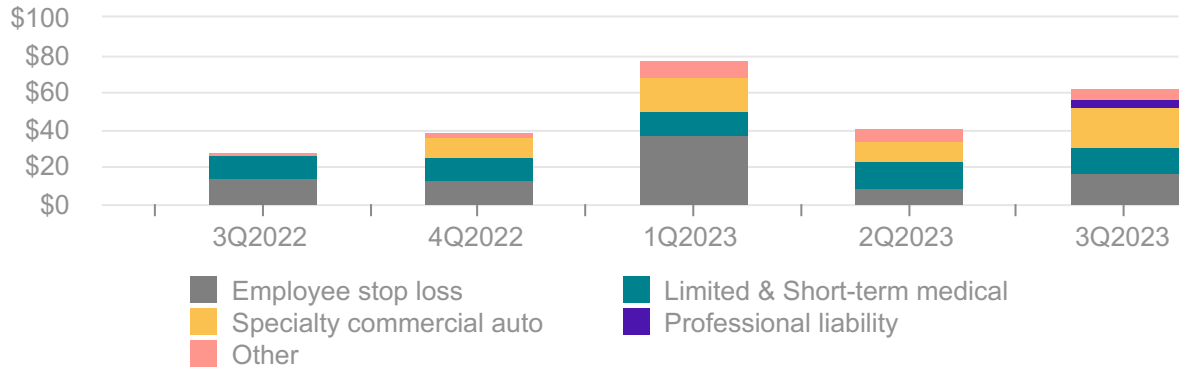
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Cirrata: Insurance Distribution via Majority Owned MGAs

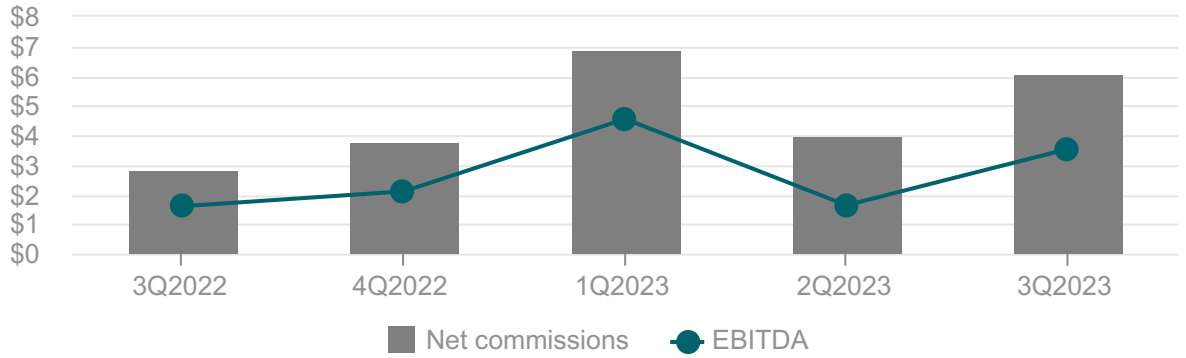
High margin businesses that generate predictable recurring fee-based income

- $62 million of premium placed in 3Q23, up 119% from 3Q22 on organic growth and acquisitions
- $15 million of total revenue in 3Q23, an increase of $7 million over 3Q22
- Acquired Riverton Insurance Agency, a professional services firm with approximately $40 million of premium placed
- Pre-tax income of $2.4 million at a 16.7% margin in 3Q23, up from $0.9 million and 12.3% the prior year
- EBITDA of $3.5 million[2] (EBITDA Margin[1] of 24.1% vs. 22.0% the prior year) in 3Q23, an increase of 120% from $1.6 million in 3Q22

Premium Placed by Line ($ in millions)



Net Commissions & EBITDA[1] ($ in millions)



1. EBITDA Margin calculated as EBITDA/Total (Segment) Revenue
2. EBITDA is prior to the impact of noncontrolling interests, relating to subsidiaries where Ambac does not own 100%, of $0.6 and $0.3 for the three months ended September 30, 2023 and 2022, respectively.

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Cirrata: MGA/U Distribution and Product Development

Cirrata's growth roadmap will be achieved through strategic acquisitions and organic expansion

Two Key Growth Drivers

Opportunistic Acquisitions

- Provide immediate scale, diversification and potential operating synergies
- Attractive returns on capital deployed
- Target majority ownership stake (between 51-90%)
- Create alignment of interest focused on profitable growth

De Novo Startups & Organic Expansion

- Partner with 'Best-in-class' underwriting teams in high margin specialty classes
- Leverage Cirrata's 22° Business Services platform to accelerate growth and maximize synergies
- Promote alignment of interest with management's ownership in the business
- Lower upfront capital commitment

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Building an MGU with Cirrata

AFG's Business Services Business Model

Cirrata's 22° Business Services unit offers distribution partners a comprehensive suite of business services, led by a differentiated technology solution to support their growth, operations, and risk management

Value Drivers

- Technology and data platform designed to enhance operations and provide meaningful cost savings to MGU partners
- Comprehensive technology platform centrally positioned to provide customization, implementation, and on-going support
- Material time and cost savings to onboard, customize and launch programs
- Centralized business services infrastructure to build and support quality businesses, while controlling costs

Select Service Offerings

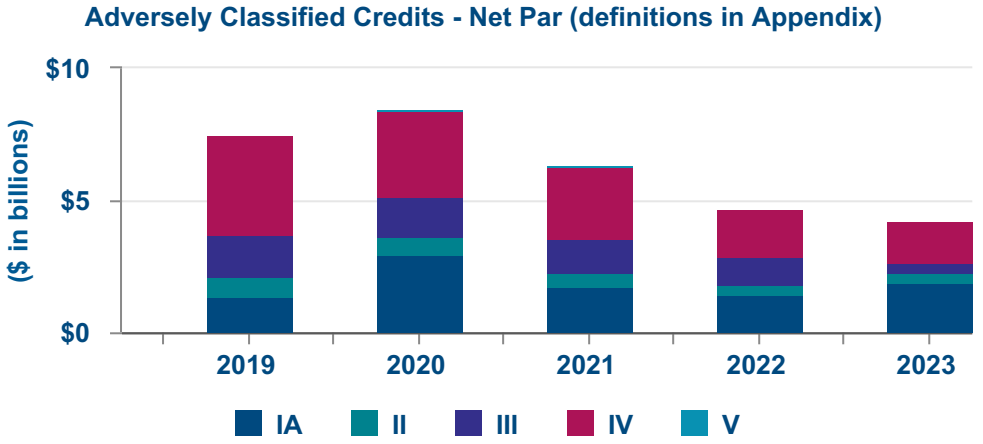
Technology & Operations	Human Resources	Administration	Legal
Accounting & Reporting	Treasury	Tax	Corporate Services

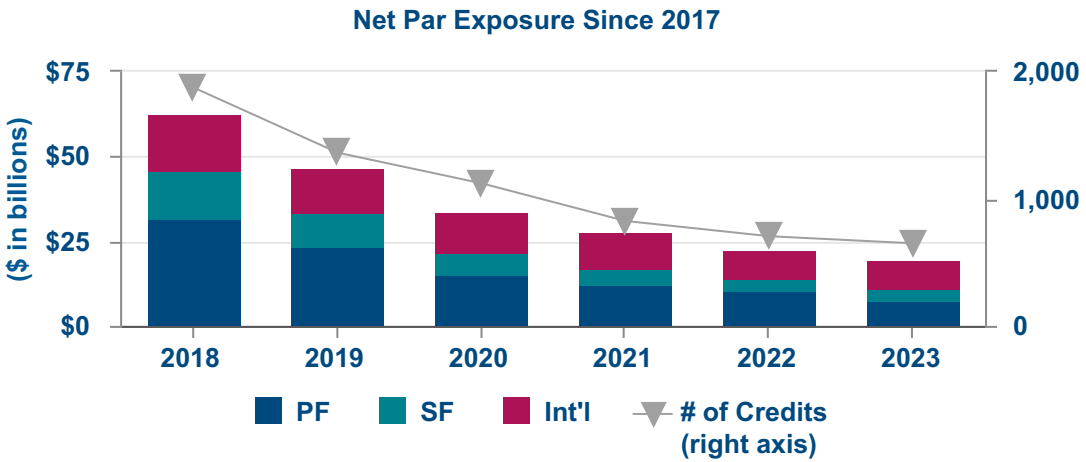
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Legacy FG Run-Off Subsidiaries: Ambac Assurance & Ambac UK

Segment Overview

- Moelis & Company appointed to explore potential transactions with interested 3rd parties for Legacy Financial Guarantee
- New OCI Runoff Capital Framework substantially completed for AAC
- Actively de-risking legacy financial guarantee insured portfolios in stable run-off
- Book Value of $836 million; Adjusted Book Value of $821 million[1]; both up slightly from prior quarter as a result of net income in the quarter
- Insured Net Par of $19.5 billion declined 4.0% from the prior quarter; excluding the impact of FX, NPO decreased 2.5%
- Watch List and Adversely Classified credits decreased 4.6% in 3Q23 and 25.3% since year-end 2022; excluding the impact of FX, WLACC credits decreased 3.7% in 3Q23



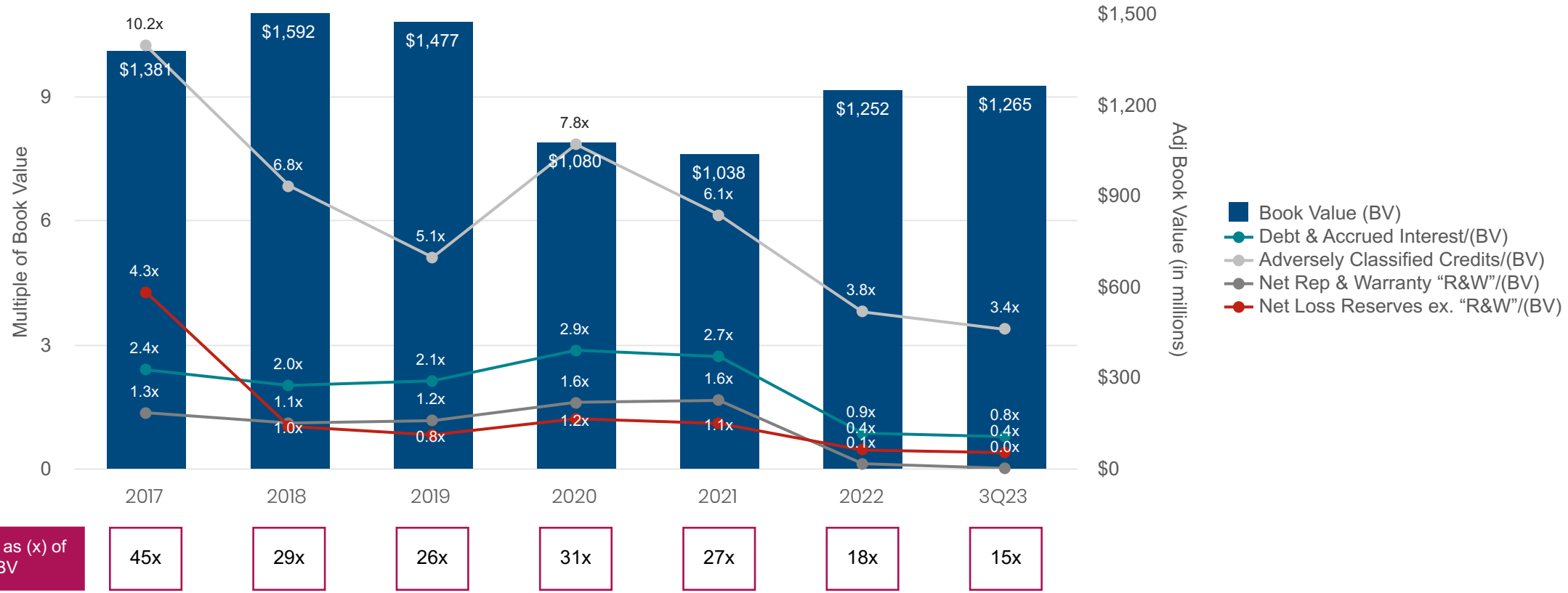


1. Represents the Legacy Financial Guarantee portion of Ambac's adjusted book value. See page 31 for a reconciliation to GAAP book value

Ambac's Balance Sheet (BV) Quality has Improved Materially

De-Leverage of BV Since 2017

• R&W Recoverable/BV	↓ 100%	• Debt Leverage/BV	↓ 67%
• Puerto Rico Exposure/BV	↓ 93%	• Adverse Credit Exposure/BV	↓ 67%
• Net Loss Reserves/BV	↓ 91%	• Net Par "NPO" Exposure/BV	↓ 66%



Net Par Outstanding as (x) of Consolidated BV	45x	29x	26x	31x	27x	18x	15x

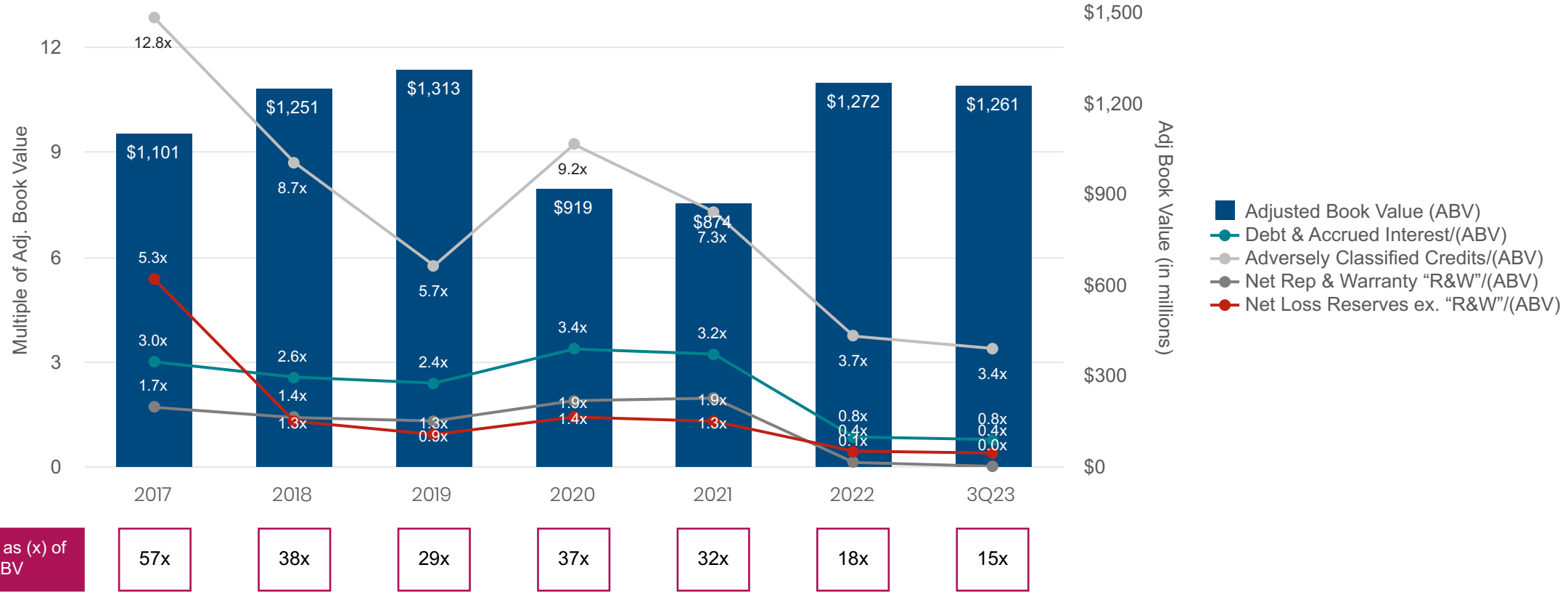
1. 2017 Debt includes $1.95b of deferred claims
2. 2018 the segregated account exited rehabilitation

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Ambac's Balance Sheet (ABV) Quality has Improved Materially

De-Leverage of ABV Since 2017

• R&W Recoverable/ABV	↓ 100%	• Debt Leverage/ABV	↓ 74%
• Puerto Rico Exposure/ABV	↓ 94%	• Adverse Credit Exposure/ABV	↓ 73%
• Net Loss Reserves/ABV	↓ 92%	• Net Par "NPO" Exposure/ABV	↓ 73%



Net Par Outstanding as (x) of Consolidated ABV	57x	38x	29x	37x	32x	18x	15x

1. 2017 Debt includes $1.95b of deferred claims
2. 2018 the segregated account exited rehabilitation

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Ambac's Key Components of Value

Growing Fee & Underwriting Businesses

AFG

- Minority investments in insurance services businesses (e.g. Cover Whale)
- $1.6b of NOLs
- Walled off from Legacy Financial Guarantee

$209m of Net Assets

Valuation ~ Fair Market Value of Assets

+

Everspan Insurance

- $234 million of GPW last 4 quarters
- 20 programs including 4 new programs this quarter
- Reached initial profitability in line with plan in 3Q23

$116m Book Value[1]

Valuation ~ Specialty P&C Insurer BV or EPS multiple

+

Cirrata

- $219 million of placed premium last 4 quarters
- Attractive EBITDA margins of over 20%[3]
- Growing organically and strategically

$12m Total TTM EBITDA

Valuation ~ Insurance Broker EBITDA multiple

+

Legacy Financial Guarantee

- 11 : 1 total claims paying ratio
- Engaged an investment bank to discuss potential strategic transactions with 3rd parties
- New OCI runoff capital framework substantially complete
- $1.8b of NOLs

$821m ABV[2]

Valuation ~ FG ABV multiple

Ambac's Business at Various Stages of Evolution Support a Sum-of-the-Parts Valuation

1. Book value is Ambac Stockholders' Equity as shown on slide 22
2. Represents the Legacy Financial Guarantee portion of Ambac's adjusted book value. See page 31 for a reconciliation to GAAP book value
3. EBITDA Margin calculated as EBITDA/Total (Segment) Revenue

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Financial Review

3Q23

3Q23 Consolidated Financial Overview

Net income attributable to common stockholders for 3Q23 was $65.9 million driven by RMBS recoveries and the impact of higher discount rates at the Legacy Financial Guarantee business compared to net income of $340.0 million in 3Q22 mainly from the litigation settlement with Bank of America.

Adjusted net income for 3Q23 of $93.6 million compared to an adjusted net income for 3Q22 of $339.4 million; driven by the changes in net income less the effects of defensive litigation costs.

($ in millions, except per share amounts)	3Q2023	3Q2022
Net income (loss) attributable to common stockholders	$ 65.9	$ 340.0
Net income (loss) per diluted share [1]	1.41	7.41
Adjusted net income (loss) attributable to common stockholders [2]	93.6	339.4
Adjusted net income (loss) per diluted share [1, 2]	$ 2.00	$ 7.40

($ in millions, except per share amounts)	3Q2023	2Q2023
Ambac Financial Group Inc. stockholders' equity (book value)	$ 1,265.2	$ 1,249.9
Book value per share	28.00	27.59
Adjusted book value [2]	1,260.5	1,222.0
Adjusted book value per share [2]	$ 27.90	$ 26.97

1. Per Diluted share includes the impact of adjusting redeemable noncontrolling interests to current redemption value
2. Adjusted net income (loss) 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 Net Income (Loss) and Total Ambac Financial Group, Inc. stockholders' equity for Adjusted Book Value. A reconciliation between both financial measures can be found in Ambac's 3Q23 Earnings Release included in Ambac's Current Report on Form 8-K filed with the SEC on November 7, 2023 and at the end of this document

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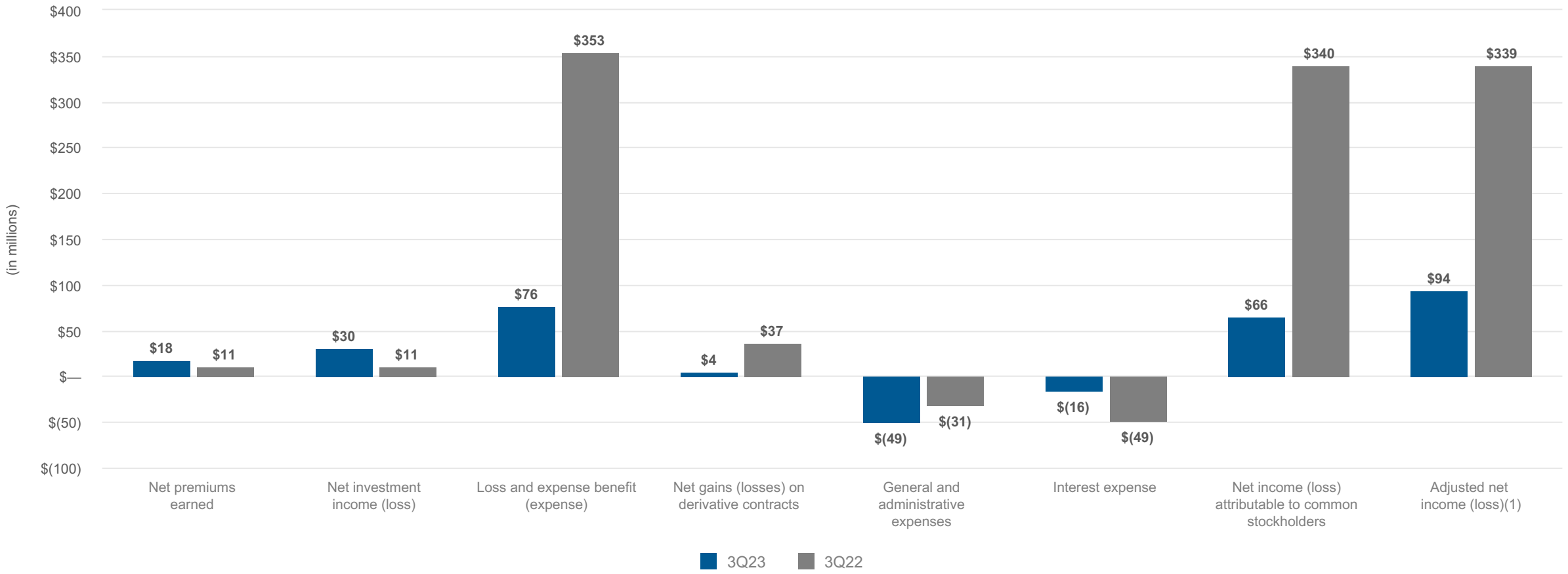
Ambac's Operating Segment Highlights

($ in millions)	Legacy Financial Guarantee Insurance	Specialty Property & Casualty Insurance	Insurance Distribution	Corporate & Other	Consolidated
Three Months Ended September 30, 2023					
Gross premiums written	$ 2.1	$ 77.5			$ 79.6
Net premiums written	2.5	24.8			27.2
Total revenues	40.9	15.5	$ 14.6	$ 2.6	73.8
Total expenses	(28.2)	15.4	12.2	6.9	6.2
Pretax income (loss)	69.2	0.1	2.4	(4.2)	67.5
EBITDA[1]	**91.3**	**0.1**	**3.5**	**(4.2)**	**90.8**
Ambac Stockholders' Equity [2]	835.9	116.1	102.8	210.5	1,265.2
Non-redeemable noncontrolling interest	50.9	2.0			52.9
GAAP equity	$ 886.8	$ 118.1	$ 102.8	$ 210.5	$ 1,318.2
Three Months Ended September 30, 2022					
Gross premiums written	$ (13.5)	$ 29.8			$ 16.3
Net premiums written	(6.1)	5.6			(0.4)
Total revenues	66.5	5.6	$ 7.3	$ 0.7	80.1
Total expenses	(282.2)	7.1	6.4	6.3	(262.4)
Pretax income (loss)	348.7	(1.5)	0.9	(5.6)	342.5
EBITDA[1]	**402.8**	**(1.5)**	**1.6**	**(5.6)**	**397.3**
Ambac Stockholders' Equity[2]	680.9	109.6	64.2	153.9	1,008.5
Non-redeemable noncontrolling interest	60.0	2.0			62.0
GAAP equity	$ 740.8	$ 111.6	$ 64.2	$ 153.9	$ 1,070.5

1. See slide 29 for EBITDA reconciliation to Net income (loss)
2. Represents the consolidated share of Ambac stockholders equity for each Segment and includes intercompany eliminations

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3Q23 vs 3Q22 - Key Consolidated Financial Metrics

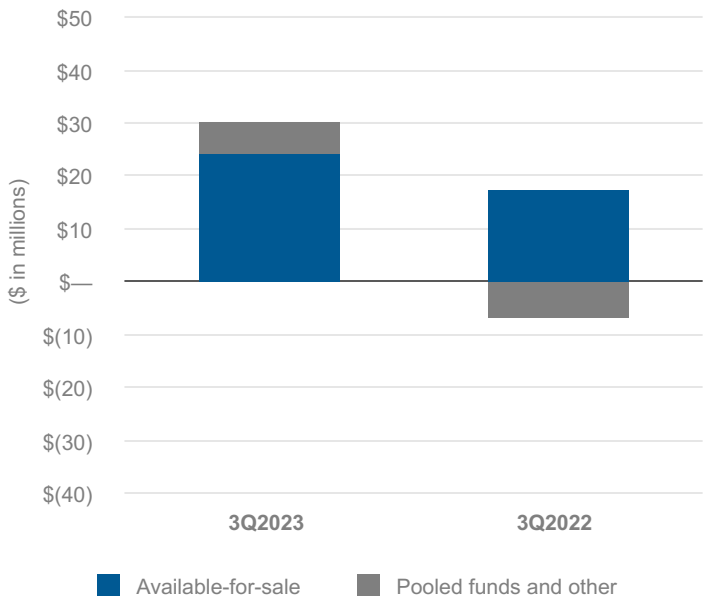


1. Adjusted net income is a non-GAAP financial measure of financial position that excludes (or includes) amounts that are included in (or excluded from) net income which is presented in accordance with GAAP. A reconciliation to Net income (loss) attributable to common shareholders can be found in Ambac's 3Q23 Earnings Release, included in Ambac's Current Report on Form 8-K filed with the SEC on November 7, 2023 and at the end of this document

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Net Investment Income & Invested Assets as of September 30, 2023

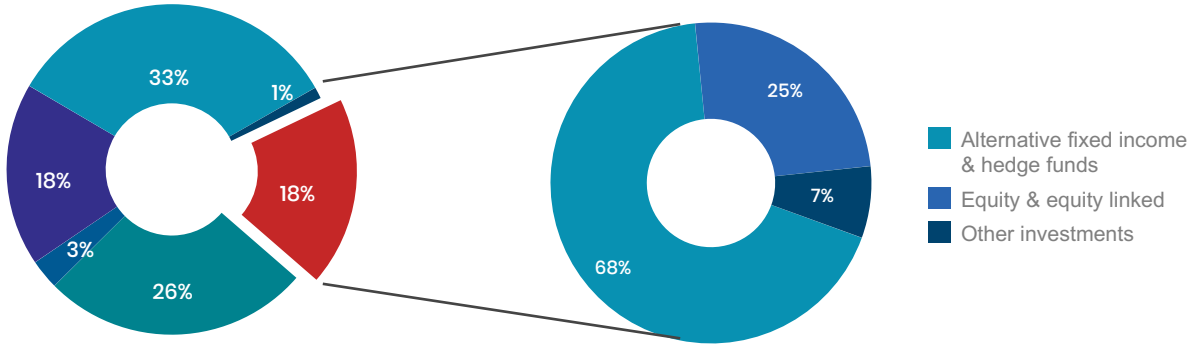
Net Investment Income (Loss)



Total Portfolio — $2.5 billion

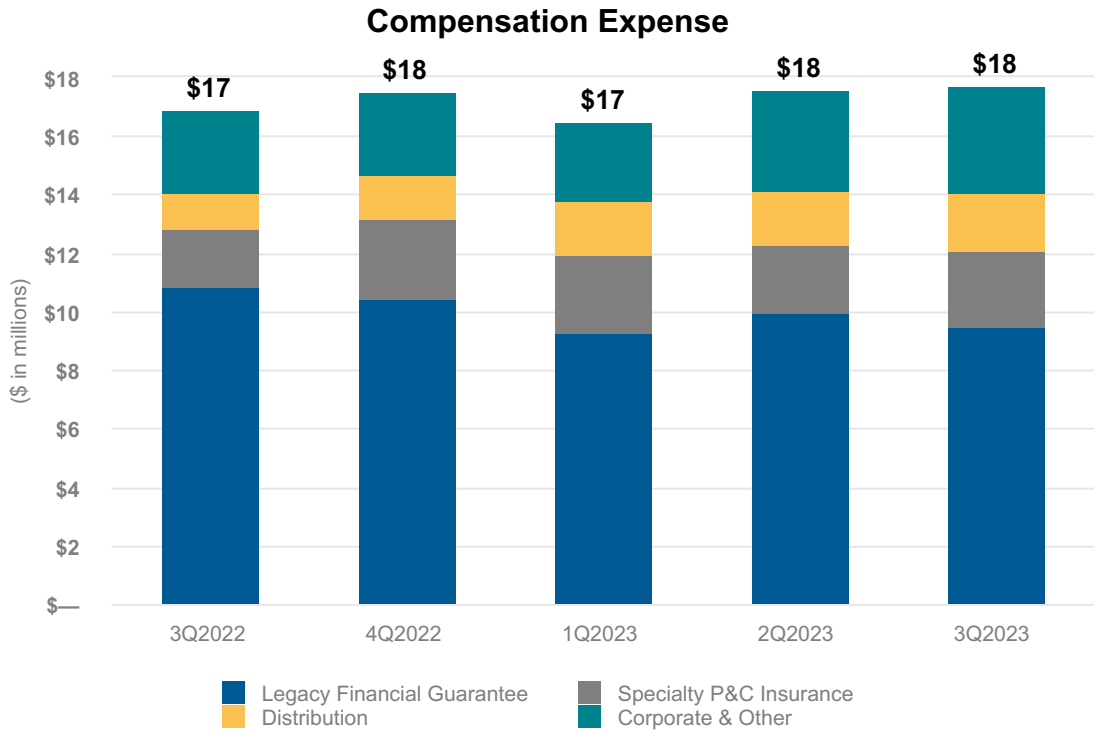


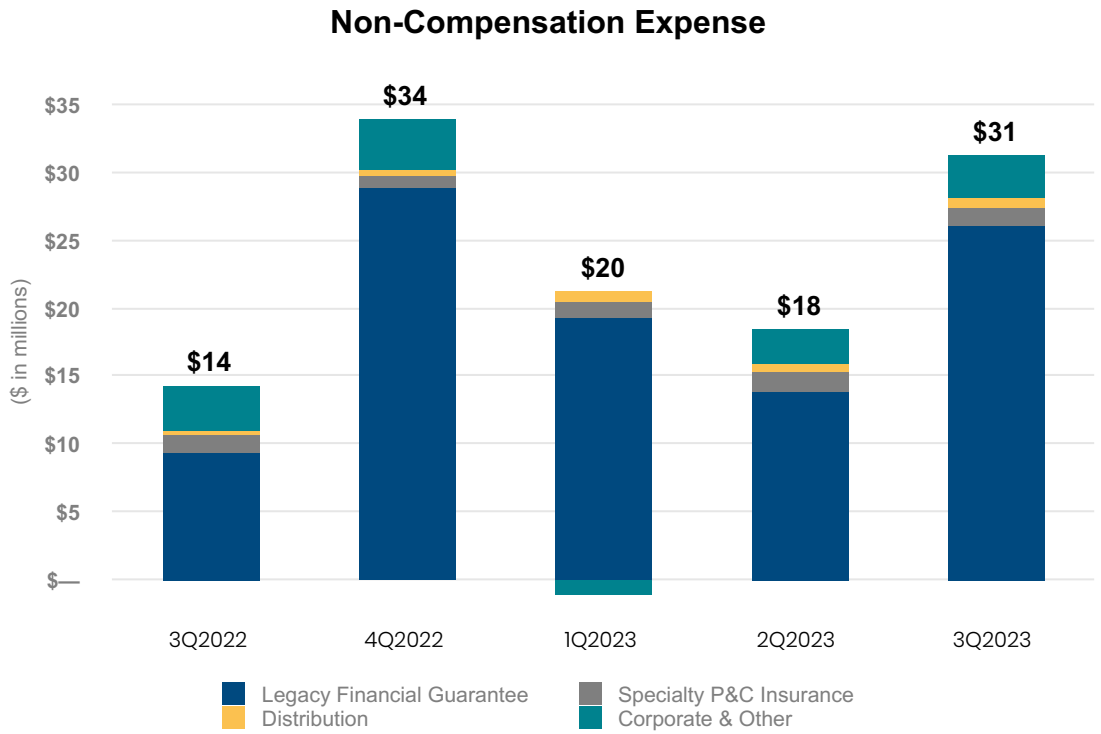
Other Investments — $461 million



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General And Administrative Expenses





3Q23 Compensation expense of $18 million, increased approximately $1 million from 3Q22, due to increased headcount at Everspan and Cirrata and higher incentive performance compensation, partially offset by a reduction of headcount at the legacy financial guarantee business.

Non-Compensation expenses were $31 million in 3Q23, an increase of $17 million from 3Q22, mostly due to Legacy FG defensive litigation expenses and expenses associated with Cirrata acquisitions.

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Non-GAAP Reconciliations

Ambac Non-GAAP Financial Data

Non-GAAP Financial Data

In addition to reporting the Company's quarterly financial results in accordance with GAAP, the Company is reporting non-GAAP financial measures: EBITDA, Adjusted Net Income and Adjusted Book Value. These amounts are derived from our consolidated financial information, but are not presented in our consolidated financial statements prepared in accordance with GAAP.

We present non-GAAP supplemental financial information because we believe such information is of interest to the investment community, and that it provides greater transparency and enhanced visibility into the underlying drivers and performance of our businesses on a basis that may not be otherwise apparent on a GAAP basis. We view these non-GAAP financial measures as important indicators when assessing and evaluating our performance on a segmented and consolidated basis and they are presented to improve the comparability of our results between periods by eliminating the impact of the items that may not be representative of our core operating performance. These non-GAAP financial measures 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 reconciliation see slide 28

EBITDA reconciliation see slide 29

Adjusted Book Value reconciliation see slide 30

Adjusted Book Value for AAC reconciliation see slide 31

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Ambac Non-GAAP Financial Data - Adjusted Net Income (Loss)

A New Key Performance Metric

Financial Objectives:

- Non-GAAP financial measure comparable to measures utilized by P&C peers
- Removes adjustments that may not be indicative of Ambac's underlying business trends, operating results or future outlook

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

($ in millions, except per share amounts)	3Q2023		2Q2023		1Q2023		4Q2022		3Q2022		FY2022	
	$ Amount	P.D.S	$ Amount	P.D.S	$ Amount	P.D.S	$ Amount	P.D.S	$ Amount	P.D.S	$ Amount	P.D.S
Net income (loss) attributable to common shareholders	**$ 65.9**	**1.41**	**$ (13.1)**	**(0.29)**	**$ (33.4)**	**(0.73)**	**$ 175.2**	**3.86**	**$ 340.0**	**7.41**	**$ 522.4**	**11.31**
Adjustments:												
Net investment (gains) losses, including impairments	(0.8)	**(0.02)**	3.4	**0.07**	4.4	**0.10**	(0.3)	**(0.01)**	(14.4)	**(0.31)**	(31.5)	**(0.68)**
Intangible amortization	7.2	**0.15**	6.5	**0.14**	6.9	**0.15**	13.2	**0.29**	5.8	**0.13**	46.8	**1.01**
Litigation costs	20.6	**0.44**	7.6	**0.17**	8.8	**0.19**	22.5	**0.49**	3.9	**0.08**	33.1	**0.71**
Foreign exchange (gains) losses	0.5	**0.01**	(0.1)	—	(0.3)	**(0.01)**	(3.4)	**(0.07)**	2.3	**0.05**	2.7	**0.06**
Workforce change costs	0.2	—	(0.1)	—	0.8	**0.02**	0.5	**0.01**	0.3	**0.01**	1.3	**0.03**
Net (gain) loss on extinguishment of debt	—	—	—	—	—	—	(24.3)	**(0.53)**	—	—	(81.3)	**(1.75)**
	93.6	**$ 1.99**	**4.3**	**$ 0.09**	**(12.8)**	**$ (0.28)**	**183.5**	**$ 4.04**	**337.9**	**$ 7.37**	**493.6**	**$ 10.69**
Income tax effects	**0.3**	**0.01**	**(0.7)**	**(0.02)**	**(0.8)**	**(0.02)**	**(0.7)**	**(0.01)**	**1.6**	**0.03**	**2.0**	**0.04**
Net (gains) attributable to noncontrolling interests	**(0.2)**	**—**	**(0.2)**	**—**	**(0.2)**	**—**	**(0.2)**	**—**	**(0.1)**	**—**	**(0.6)**	**(0.01)**
Adjusted net income (loss) [1]	**$ 93.6**	**$ 2.00**	**$ 3.4**	**$ 0.07**	**$ (13.8)**	**$ (0.30)**	**$ 182.7**	**$ 4.03**	**$ 339.4**	**$ 7.40**	**$ 495.0**	**$ 10.72**

1. Numbers may not add due to rounding

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EBITDA Reconciliation

The following table reconciles Net income (loss) to the non-GAAP measure EBITDA as of each date presented:

	Legacy Financial Guarantee Insurance	Specialty Property & Casualty Insurance	Insurance Distribution	Corporate & Other	Consolidated
Three Months Ended September 30, 2023					
Net income (loss) [1]	**$ 66.2**	**$ 0.1**	**$ 2.4**	**$ (2.5)**	**$ 66.3**
Adjustments:					
Interest expense	15.8	—	—	—	15.8
Income taxes	3.0	—	—	(1.8)	1.2
Depreciation	0.3	—	—	—	0.3
Amortization of intangible assets	6.1	—	1.1	—	7.2
EBITDA [2]	**$ 91.3**	**$ 0.1**	**$ 3.5**	**$ (4.2)**	**$ 90.8**
Three Months Ended September 30, 2022					
Net income (loss) [1]	**$ 346.4**	**$ (1.5)**	**$ 0.9**	**$ (5.6)**	**$ 340.2**
Adjustments:					
Interest expense	48.6	—	—	—	**48.6**
Income taxes	2.3	—	—	(0.1)	**2.3**
Depreciation	0.4	—	—	—	**0.5**
Amortization of intangible assets	5.1	—	0.7	—	**5.8**
EBITDA [2]	**$ 402.8**	**$ (1.5)**	**$ 1.6**	**$ (5.6)**	**$ 397.3**

1. Net income (loss) is prior to the impact of noncontrolling interests.
2. EBITDA is prior to the impact of noncontrolling interests and relates to subsidiaries where Ambac does not own 100% in the amounts of $0.6 and $0.3 for the three months ended September 30, 2023 and 2022, respectively. These noncontrolling interests are primarily in the Insurance Distribution segment.

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Ambac Non-GAAP Financial Data - Adjusted Book Value

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

($ in millions, except per share data)	September 30, 2023		June 30, 2023		March 31, 2023		December 31, 2022		September 30, 2022	
	$ Amount	Per Share	$ Amount	Per Share	$ Amount	Per Share	$ Amount	Per Share	$ Amount	Per Share
Total Ambac Financial Group, Inc. Shareholders' Equity	**$ 1,265.2**	**$ 28.00**	**$ 1,249.9**	**$ 27.59**	**$ 1,253.6**	**$ 27.66**	**$ 1,252.3**	**$ 27.85**	**$ 1,008.6**	**$ 22.43**
Adjustments:										
Insurance intangible asset	(249.1)	(5.51)	(258.2)	(5.70)	(261.5)	(5.77)	(265.7)	(5.91)	(271.9)	(6.04)
Net unearned premiums and fees in excess of expected losses	154.5	3.42	163.6	3.61	218.2	4.81	214.1	4.76	221.4	4.92
Net unrealized investment (gains) losses in Accumulated Other Comprehensive Income	89.9	1.99	66.6	1.47	54.0	1.19	71.4	1.59	81.9	1.82
Adjusted book value	**$ 1,260.5**	**$ 27.90**	**$ 1,222.0**	**$ 26.97**	**$ 1,264.2**	**$ 27.89**	**$ 1,272.1**	**$ 28.29**	**$ 1,040.0**	**$ 23.13**
Shares outstanding (in millions)		45.2		45.3		45.3		45.0		45.0

1. Numbers may not add due to rounding

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LFG Segment Non-GAAP Financial Data - Adjusted Book Value

The following table reconciles Stockholders' equity of the subsidiaries in the Financial Guarantee Insurance Segment to the non-GAAP measure adjusted book value. Financial Guarantee Insurance segment adjusted book value eliminates the shareholders' equity impact of Ambac Financial Group's, Inc.'s ownership of surplus notes issued by Ambac Assurance:

($ in millions)	3Q2023	2Q2023	1Q2023	4Q2022
Ambac's Shareholders' Equity (Legacy Financial Guarantee Insurance Segment) [1]	$ 835.9	$ 823.4	$ 824.2	$ 825.9
Adjustments:				
Insurance intangible asset	(249.1)	(258.2)	(261.5)	(265.7)
Net unearned premiums and fees in excess of expected losses	154.5	163.6	218.2	214.1
Net unrealized investment (gains) losses in Accumulated Other Comprehensive Income	80.0	57.1	45.2	60.9
Adjusted book value (Legacy Financial Guarantee Insurance Segment)	**$ 821.2**	**$ 786.0**	**$ 826.1**	**$ 835.3**

1. See slide 21 for a reconciliation to GAAP equity

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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

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. Ambac also has 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.

Contact

Charles J. Sebaski
Managing Director, Investor Relations

(212) 208-3222
ir@ambac.com

Ambac