



Ambac

AIFA CONFERENCE – MARCH 2024

**SPECIALTY P&C
INSURANCE
FRANCHISE**

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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.

Our Vision: Create the Premier Destination for MGAs

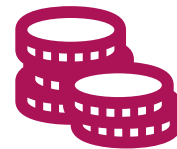
The Goal

Become the premier
pure-play MGA
platform specialist



The Opportunity

Pure-play investment
into the growing MGA
program market



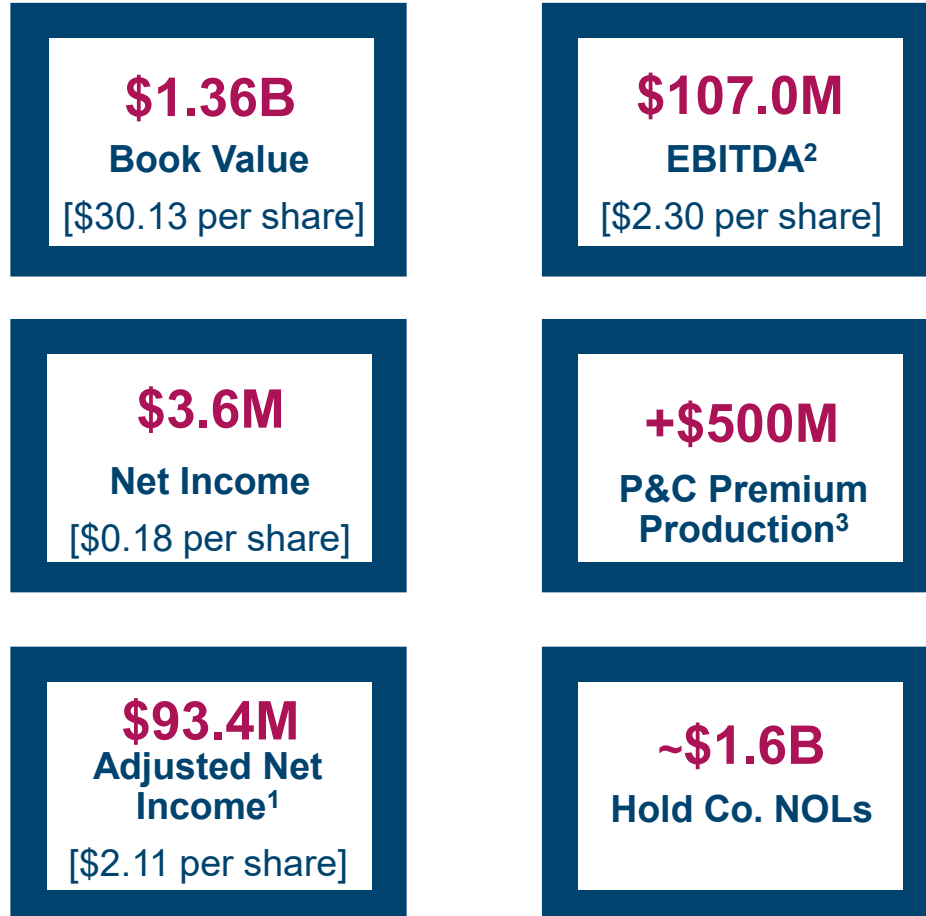
The Expectation

Superior return
profile compared
to general P&C



Ambac (AMBC) – Key Facts & Figures

2023 Financial Highlights



Key Investment Differentiators




1. See slide 28 for reconciliation to GAAP
2. See slide 26 for reconciliation to GAAP
3. P&C Premium Production includes Gross Premium Written at Everspan and Premium Placed at Cirrata





Successfully Navigating a Transformation to P&C

- **Our Mission** is to become the premier destination for MGAs and program partners to take advantage of the rapidly expanding program market in a capital efficient manner
- **Everspan** is Ambac's specialty P&C program insurer focused on providing MGAs access to risk capital and delivering strong underwriting results through proactive oversight and risk management
- **Cirrata** is Ambac's insurance distribution platform consisting of MGAs, MGUs, and brokers focused on generating attractive growth and EBITDA margins





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+\$900 million of LFG Book Value to redeploy into P&C	\$1.6B in NOLs available in U.S.	Risk management and oversight	Enterprise systems and business services platform	Business agility and creativity in structuring solutions	Opportunity for significant expense and revenue synergies

EVERSPAN – RISK RETAINING

			
AM Best A-Rating, Financial Size Category VIII	Alignment of interest via risk retention (up to 30%)	Admitted and E&S capabilities	Robust underwriting, claims, actuarial and regulatory resources

CIRRATA - DISTRIBUTION

			
Alignment of interest via partnership model	Preferred access to Everspan capacity	Four MGAs & active pipeline growth targets	MGA incubator platform

Select Program Partnerships and Strategic Investments

Everspan

Cover Whale

3Q21

AMWINS

1Q22

BRANCH

1Q22

LONGLEAF
SUSTAINABLE FORESTRY INSURANCE

1Q22

theguarantors

2Q22

CENTREX
UNDERWRITERS INC.

3Q22

brokkrr

4Q22

HIBX
by SUI in SPQ Company

4Q22

battleface

4Q22

MISSION
UNDERWRITERS

4Q21

wkfc
underwriting managers

4Q22

aurenty

1Q23

Ledgebrook

1Q23

PLATINUM
SPECIALTY UNDERWRITERS

2Q23

Cirrata

XB **Xchange Benefits**
EST. MMX

4Q20

ALL TRANS
RISK SOLUTIONS LLC

4Q22

Riverton

3Q23

penpoint
SPECIALTY

3Q22

Capacity Marine
Corporation

4Q22

Strategic Investments

Cover Whale

4Q21

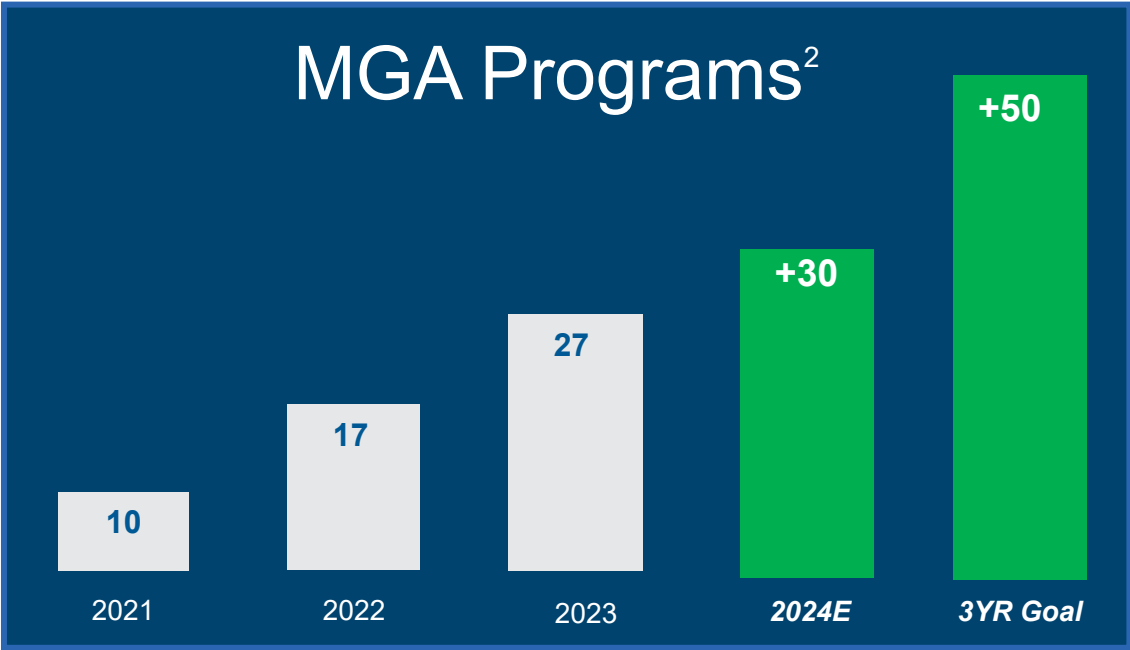
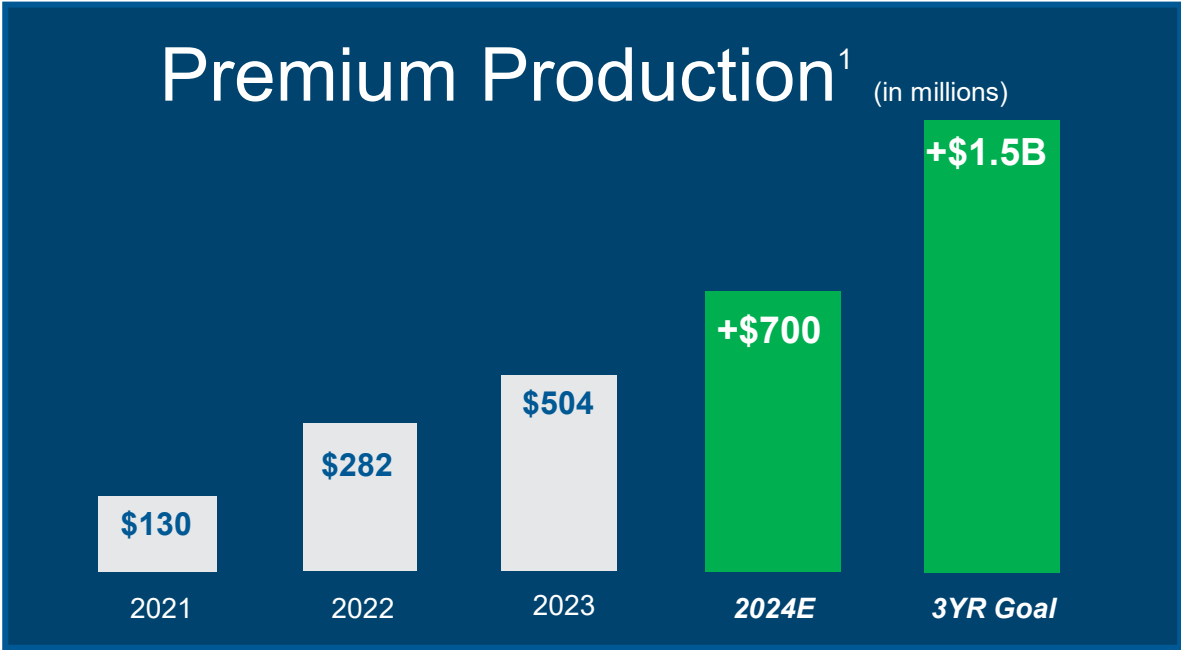
Confidential
MGA

3Q22

EMBRACE
PARTNERS

3Q22

Differentiated MGA Strategy Drives Long-Term Growth



2023 P&C EDITDA

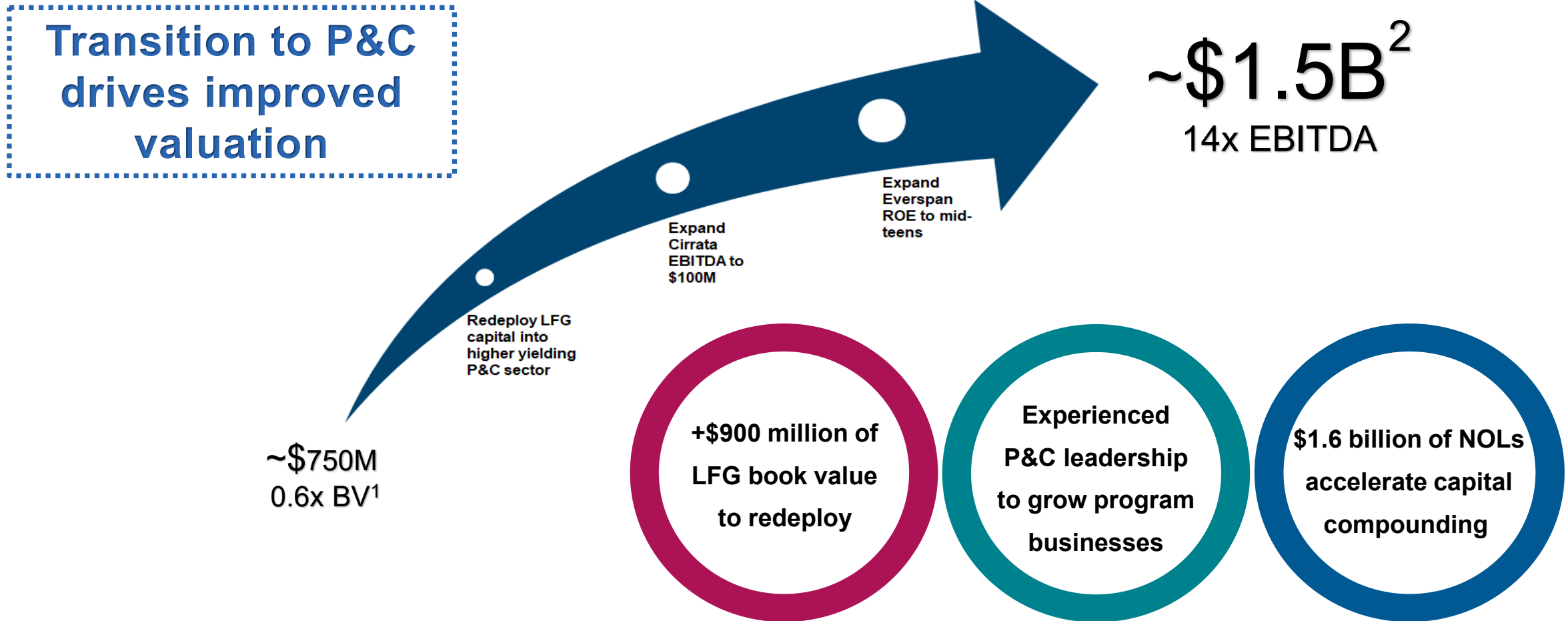
\$12 MILLION

3YR EBITDA Goal³

+\$100 MILLION

6
 1. Premium production includes Gross Premiums Written at Everspan and Premiums Placed at Cirrata
 2. MGA Programs count includes owned MGAs at Cirrata and Everspan's MGA programs
 3. Target Goals and estimates are subject to change

Value Creation - Doubling Enterprise Value in 3 Years



1. Price to Book Value multiple based on Ambac's 12/31/23 Shareholder Equity and share price as of 2/26/24
2. Estimate based on target EBITDA plus Everspan Book Value

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**MGA/PROGRAM
UNDERWRITER**

Everspan: Specialty P&C Program Insurer Overview

- Rigorous risk management and oversight of program partners
- Up to 30% risk retention
- Pathway to mid-teen ROEs at scale
- Highly selective ~5% submission acceptance
- Management team with a long and successful P&C track record
- Statutory surplus of \$108 million
- Achieved consecutive quarters of profitability and annual profitability in 2023



2023A

\$273m
GPW

\$80m
NPW

23 MGA
Programs

2024E

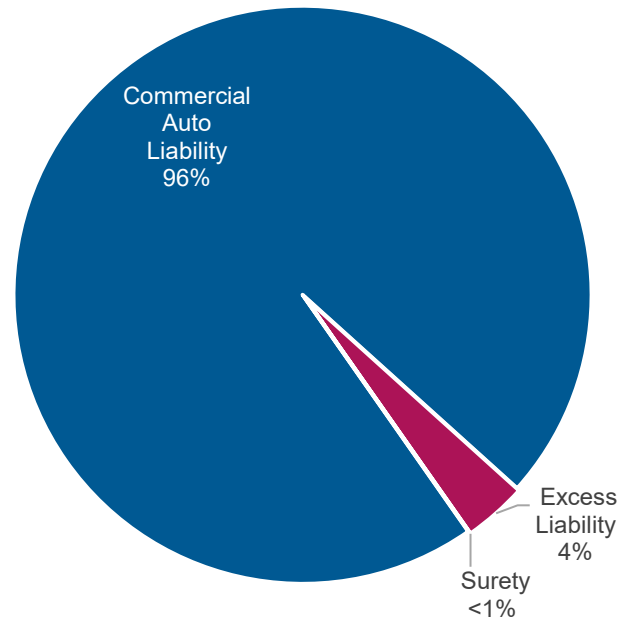
+\$400m
GPW

+\$125m
NPW

+25 MGA
Programs

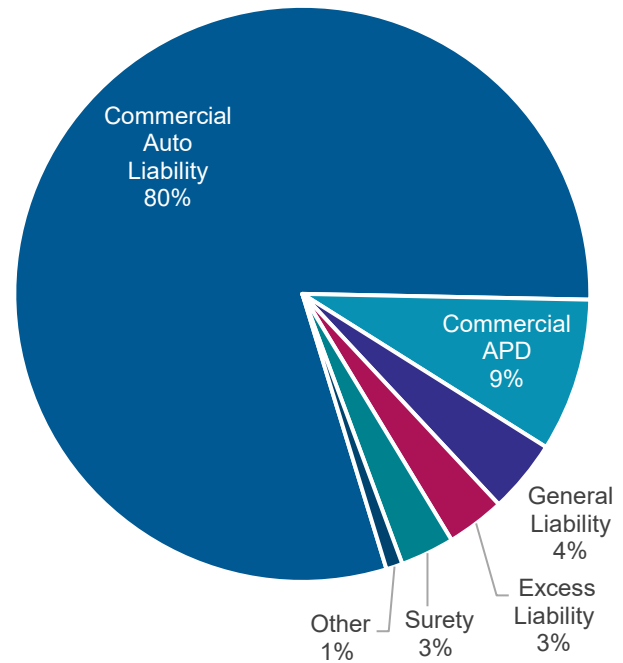
Everspan: Diversification Drives Underwriting Stability

2021



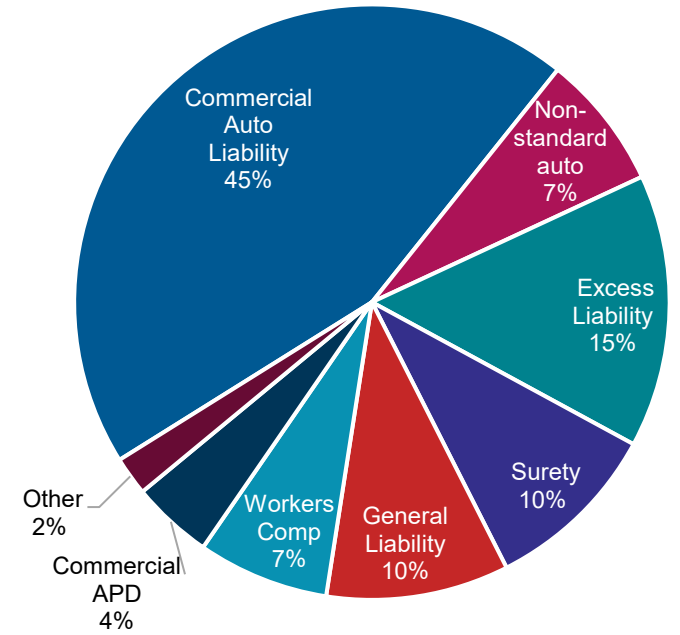
\$13m GPW

2022



\$146m GPW

2023

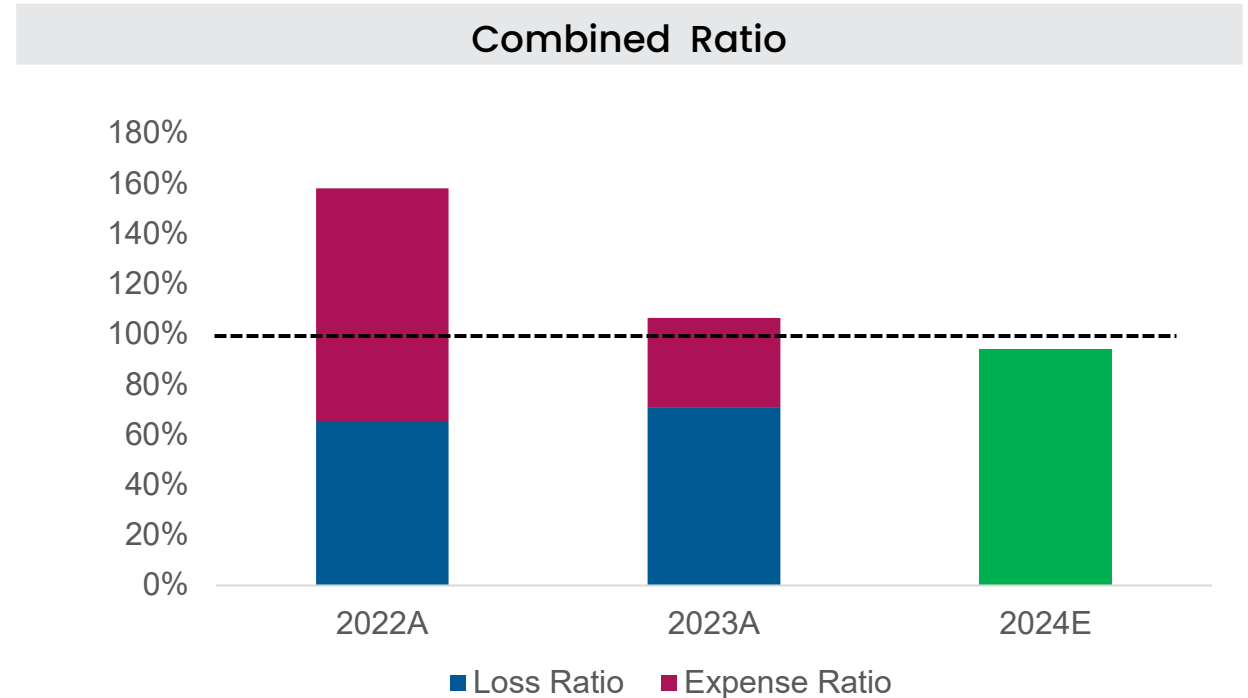


\$273m GPW

Everspan: Underwriting Results Improving with Scale

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

- Underwriting philosophy focuses on careful selection of program partners through robust diligence process
- “Gross Line” underwriting strategy means Everspan evaluates all MGAs the same — regardless of whether it retains 30% or 0% of risk
- May use sliding scale commissions to help manage underwriting results and align interests
- Expenses continue to normalize with scale



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

Everspan: High-Touch Engagement Model Aligns Interests

Everspan takes a comprehensive approach to program management, which helps align interests with reinsurance partners

Actuarial Team

- ✓ Monthly actuarial call with MGA
- ✓ Review of all MGA filings
- ✓ Track rate/factor changes by state on monthly basis
- ✓ Biannual third-party actuarial studies

Claims Team

- ✓ Monthly claims call with MGA
- ✓ Bi-annual claim audits with Reinsurer participation
- ✓ Monthly KPI reports
- ✓ Monthly large loss notices and flash reports
- ✓ Review all FNOLs
- ✓ Review claims pending via client portal

Underwriting Team

- ✓ Monthly underwriting call with MGA & reinsurer
- ✓ Weekly underwriting call with MGA
- ✓ Biannual audits
- ✓ Post-loss reviews with MGA
- ✓ 24/7 platform access available between audits for policy reviews

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**MGA/PROGRAM
OPERATOR**

Cirrata: Insurance Distribution Overview

- Insurance Distribution platform operates four MGAs built through acquisitions and by sponsoring new (de novo) startups.
- Focused on building a portfolio of specialty distribution businesses, initially targeting specialty underwriting companies (MGAs/MGUs)
- Partnering with top-tier management teams and underwriters, we provide the tools, resources and investment needed to grow, achieve superior returns and create long-term value

2023A

\$231m
Premium

\$52m
Revenue

22%
EBITDA
Margin





2024E

+\$300m
Premium

+\$60m
Revenue

Mid-20s
EBITDA
Margin

Cirrata: Unlocking Value at Portfolio Companies









					Unlocking Additional Value & Enabling Growth
Specialty Segment	A&H and Benefits	Specialty Auto	Commercial Marine	Professional Liability	
Specialty Focus	<ul style="list-style-type: none"> Employer Stop Loss Short Term Medical Supplementary A&H Travel Accident Reinsurance 	<ul style="list-style-type: none"> School Buses Coach Non-Medical Transport and Livery 	Distribution platform focused on Marine GL, Ports/Terminals and cargo	Professional Liability: <ul style="list-style-type: none"> Architects & Engineers Real Estate 	
Acquired / Launch	4Q 2020	4Q 2022	4Q 2022	3Q 2023	
Post-Acquisition Developments	<ul style="list-style-type: none"> Acquired ESL Renewal Rights Launched Captive Management Operation Launched Xchange RE – facultative reinsurance 	<ul style="list-style-type: none"> Launched additional new charter bus program Developing renewal rights opportunities 	<ul style="list-style-type: none"> Developing capacity for Marine General Liability lines – Coverholder and domestic capacity Developing new logistics segment 	<ul style="list-style-type: none"> Negotiated improved carrier terms Developing new E&S programs on Everspan paper Streamlining operations and developing new adjacent segments 	

Existing portfolio companies expected to produce \$300+ million of GWP in 2024

Cirrata: Shared Services Draws MGAs & Supports Margin Expansion

We provide a comprehensive and customizable suite of services to help build and manage infrastructure needs, ensuring a smooth implementation with minimal disruption, while driving efficiencies and controlling costs.

Select Service Offerings

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

Examples

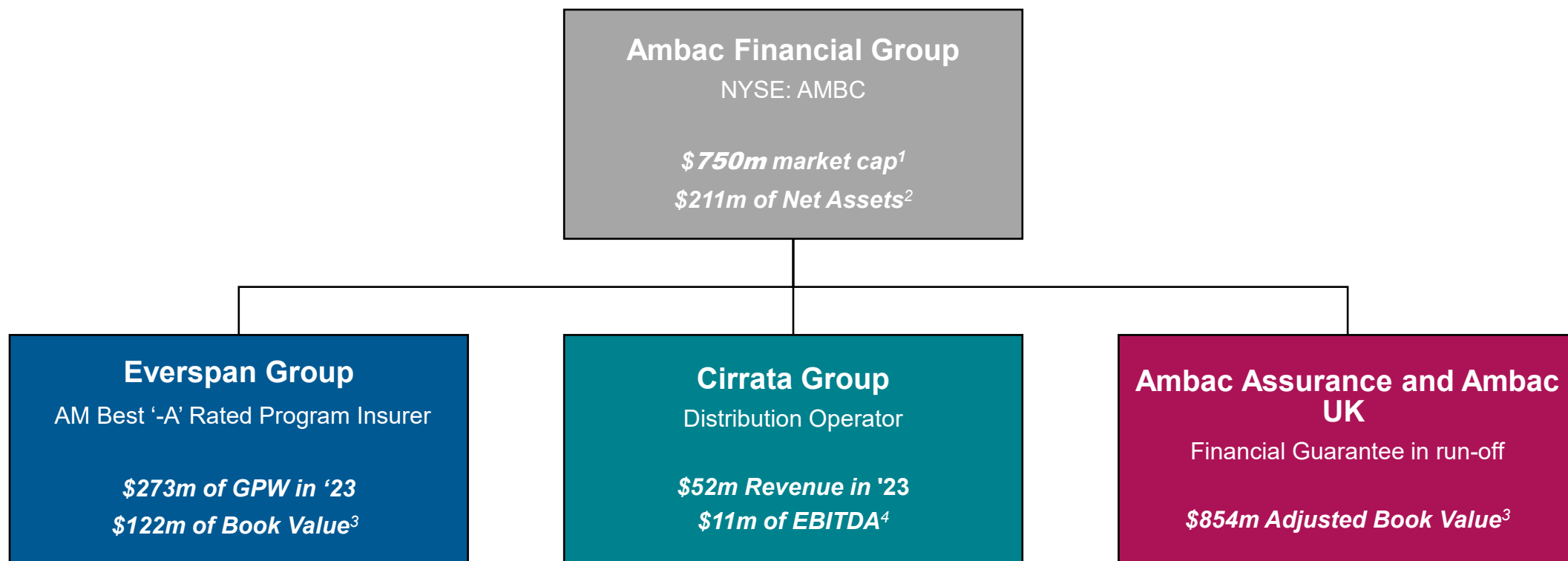
- Technology support to enhance operations and provide a suite of data and management tools
- Real-time portfolio insights to aid management and optimization of business
- Actuarial support for pricing, filings and portfolio development
- Reinsurance submission and renewal negotiations to optimize terms and conditions
- Program Management Agreement negotiations
- Marketing and digital distribution support
- Product and distribution analysis
- Sophisticated pricing methodologies and techniques
- Selection, ingestion and analysis of claims and TPAs
- Carrier and reinsurer reporting

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ORGANIZATIONAL OVERVIEW

Ambac Financial Group – Overview

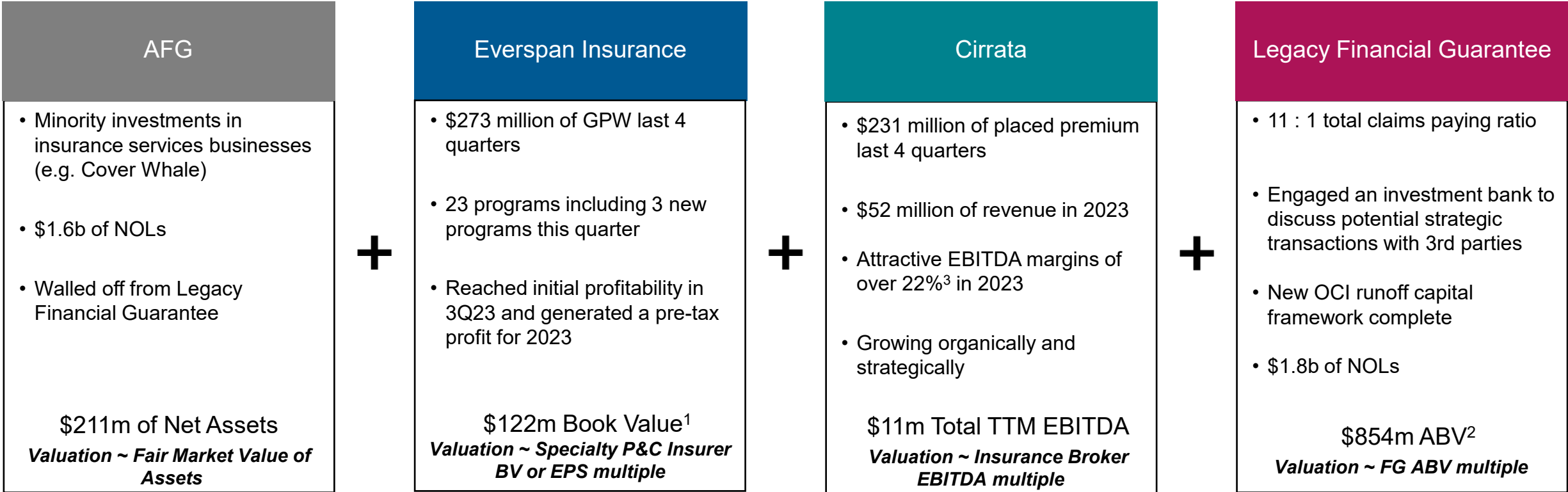
Ambac Financial Group, Inc. (NYSE: AMBC) is a financial services holding company headquartered in New York City with shareholders' equity of \$1.36 billion³. Ambac's core operating business is a growing specialty P&C distribution and program underwriting platform. Ambac also has a legacy financial guarantee business in run-off.



1. Common Stock Market Cap based on 45.7 million AMBC common shares outstanding at the closing stock price of \$16.67 on 02/26/24
2. Excludes the value of AFG's equity investments in subsidiaries
3. Book Value and Adjusted Book Value represents Ambac's Stockholders' interest as of 12/31/23
4. Represents 100% interest in the last 12 months of EBITDA as of 12/31/23

Ambac's Key Components of Value

Growing Fee & Underwriting Businesses



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 23
 2. Represents the Legacy Financial Guarantee portion of Ambac's adjusted book value. See page 30 for a reconciliation to GAAP book value
 3. EBITDA Margin calculated as EBITDA/Total (Segment) Revenue

Ambac

**SELECT
FINANCIALS**

Consolidated Quarterly Comprehensive Income Data

(in millions, except per share data)	Three Months Ended					Year Ended	
	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Summary GAAP Financial Data:							
Net premiums earned	\$ 30.5	\$ 18.3	\$ 15.3	\$ 13.9	\$ 17.0	\$ 78.0	\$ 56.3
Commission income	12.2	14.6	10.0	14.5	8.8	51.3	30.7
Program fees	2.5	2.4	2.1	1.5	1.4	8.4	3.1
Net investment income (loss)	40.5	30.4	35.2	34.1	22.6	140.1	16.8
Net gains (losses) on derivative contracts	(2.2)	4.4	0.5	(3.6)	5.0	(1.0)	128.6
Net realized gains on extinguishment of debt	—	—	—	—	24.3	—	81.3
Income (loss) on variable interest entities	3.8	0.9	0.1	(1.4)	6.9	3.5	21.0
Other income	3.8	2.0	2.4	3.0	7.0	11.2	9.8
Litigation recoveries	—	—	—	—	125.9	—	125.9
Losses and loss adjustment expenses (benefit)	18.7	(76.3)	7.4	17.7	(55.1)	(32.6)	(396.5)
Commission expense	7.4	8.5	6.0	7.6	5.1	29.5	17.6
General and administrative expenses	34.7	49.2	36.0	36.4	51.4	156.3	141.2
Intangible amortization	8.3	7.2	6.5	6.9	13.2	28.9	46.8
Interest expense	15.9	15.8	16.0	16.4	30.4	64.0	168.2
Pretax income (loss)	(15.3)	67.5	(11.1)	(28.8)	172.9	12.4	524.6
Net income (loss)	\$ (15.6)	\$ 66.3	\$ (13.0)	\$ (32.7)	\$ 174.3	\$ 5.0	\$ 522.1
Net income (loss) attributable to common stockholders	\$ (15.7)	\$ 65.9	\$ (13.1)	\$ (33.4)	\$ 175.2	\$ 3.6	\$ 522.4
Net income (loss) per diluted share attributable to common stockholders	\$ (0.24)	\$ 1.41	\$ (0.29)	\$ (0.73)	\$ 3.86	\$ 0.18	\$ 11.31
Weighted average number of diluted shares outstanding	45.589	46.811	45.757	45.564	46.079	46.541	46.415
Non-GAAP Measurements:							
EBITDA ⁽¹⁾	\$ 9.3	\$ 90.8	\$ 11.8	\$ (5.1)	\$ 217.1	\$ 107.0	\$ 741.5
Adjusted net income (loss)	10.2	93.6	3.4	(13.8)	182.7	93.4	495.0
Adjusted net income (loss) per diluted share	\$ 0.32	\$ 2.00	\$ 0.07	\$ (0.30)	\$ 4.03	\$ 2.11	\$ 10.72

1. EBITDA is prior to the impact of noncontrolling interests and relates to subsidiaries where Ambac does not own 100% in the amounts of \$0.3, \$0.6, \$0.3, \$0.9 and \$0.4 for the three months ended December 31, 2023, September 30, 2023, June 30, 2023, March 31, 2023 and December 31, 2022, respectively, and \$2.1 and \$1.5 for the years ended December 31, 2023 and December 31, 2022, respectively. Noncontrolling interests are primarily in the Insurance Distribution segment.

Consolidated Quarterly Balance Sheet Data

(in millions, except per share data)	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	December 31,	
						2021	2020
Summary GAAP Financial Data:							
Total non-VIE investments	\$ 2,664.0	\$ 2,492.4	\$ 2,510.4	\$ 2,508.7	\$ 2,593.1	\$ 2,954.9	\$ 3,544.1
Premium receivables	289.6	277.8	276.1	272.3	269.3	322.6	370.3
Intangible assets	306.5	311.6	317.0	321.3	326.4	361.5	408.9
Goodwill	69.7	69.7	61.4	61.4	60.9	46.1	46.2
Subrogation recoverable	137.2	179.5	138.5	146.0	271.3	2,091.9	2,155.8
Unearned premiums	421.6	407.2	393.8	388.8	371.8	394.5	455.7
Loss and loss expense reserves	892.9	849.8	862.7	851.5	805.4	1,569.9	1,758.6
Long-term debt ⁽¹⁾	508.3	504.8	501.3	497.2	638.8	2,229.9	2,738.7
Accrued interest payable	474.7	462.4	450.1	438.2	426.5	575.9	516.6
Ambac stockholders' equity	1,361.7	1,265.2	1,249.9	1,253.6	1,252.3	1,038.1	1,079.8
Number of shares outstanding (net of treasury shares)	45.195	45.187	45.304	45.322	44.974	46.304	45.809
Ambac Financial Group, Inc. book value per share	\$ 30.13	\$ 28.00	\$ 27.59	\$ 27.66	\$ 27.85	\$ 22.42	\$ 23.57
Non-GAAP Measurements:							
Adjusted book value	\$ 1,298.9	\$ 1,260.5	\$ 1,222.0	\$ 1,264.2	\$ 1,272.1	\$ 874.0	\$ 918.5
Adjusted book value per share	\$ 28.74	\$ 27.90	\$ 26.97	\$ 27.89	\$ 28.29	\$ 18.88	\$ 20.05

1. Long-term debt for all periods excludes the portion of long-term debt associated with VIEs consolidated as a result of Ambac's variable interest

Ambac's Operating Segment Highlights

(\$ in millions)	Legacy Financial Guarantee Insurance	Specialty Property & Casualty Insurance	Insurance Distribution	Corporate & Other	Consolidated
Three Months Ended December 31, 2023					
Gross premiums written	\$ 2.3	\$ 90.7			\$ 93.1
Net premiums written	7.3	36.7			44.1
Total revenues	32.2	28.6	\$ 12.3	\$ 2.4	75.5
Total expenses	44.4	27.5	11.7	7.2	90.8
Pretax income (loss)	(12.2)	1.1	0.6	(4.9)	(15.3)
EBITDA ⁽¹⁾	11.1	1.1	1.8	(4.7)	9.3
Ambac Stockholders' Equity ⁽²⁾	923.2	121.7	105.4	211.5	1,361.7
Non-redeemable noncontrolling interest	50.9	2.0			53.0
GAAP equity	\$ 974.1	\$ 123.7	\$ 105.4	\$ 211.5	\$ 1,414.6
Three Months Ended December 31, 2022					
Gross premiums written	\$ (8.0)	\$ 51.7			\$ 43.7
Net premiums written	(7.9)	10.0			2.1
Total revenues	201.3	7.5	\$ 9.1	\$ 1.2	219.1
Total expenses	23.2	8.4	7.9	6.7	46.2
Pretax income (loss)	178.0	(0.9)	1.2	(5.4)	172.9
EBITDA ⁽¹⁾	221.2	(0.9)	2.1	(5.4)	217.1
Ambac Stockholders' Equity ⁽²⁾	825.9	110.4	92.8	223.2	1,252.3
Non-redeemable noncontrolling interest	50.9	2.0			52.9
GAAP equity	\$ 876.8	\$ 112.4	\$ 92.8	\$ 223.2	\$ 1,305.3

1. See slide [26](#) for EBITDA reconciliation to Net income (loss)

2. Represents the consolidated share of Ambac stockholders equity for each Segment and includes intercompany eliminations

Earnings Measures by Reporting Segment (Fourth Quarter 2023)

The Company reports its results of operations in three segments: Legacy Financial Guarantee Insurance, Specialty Property and Casualty Insurance and Insurance Distribution, separate from Corporate and Other, which is consistent with the manner in which the Company's chief operating decision maker ("CODM") reviews the business to assess performance and allocate resources. See Note 1. Background and Business Description of Ambac's Annual Report on Form 10-K for a description of each of the Company's business segments.

Three Months Ended December 31, 2023											
(\$ in millions)	LFG	SPC	ID	CORP	CONS	(\$ in millions)	LFG	SPC	ID	CORP	CONS
Gross premiums written	\$ 2.3	\$ 90.7			\$ 93.1	Expenses:					
Net premiums written	7.3	36.7			44.1	Losses and loss adjustment expenses	\$ 1.9	\$ 16.8			\$ 18.7
Premiums placed			\$ 50.2		50.2	Amortization of deferred acquisition costs, net	—	5.9			5.8
Revenues:						General and administrative expenses ⁽¹⁾	19.2	4.8	\$ 3.2	\$ 7.0	34.3
Net premiums earned	5.6	24.9			30.5	Commission expense			7.4		7.4
Commission income			12.2		12.2	Total expenses included for EBITDA	21.1	27.5	10.6	7.0	66.2
Program fees		2.5			2.5	EBITDA ⁽²⁾	11.1	1.1	1.8	(4.7)	9.3
Net investment income	36.9	1.2	0.1	\$ 2.3	40.5	Less: Interest expense	15.9				15.9
Net investment gains (losses), including impairments	(15.5)	—		—	(15.5)	Less: Depreciation expense ⁽¹⁾	0.3	—	—	0.2	0.5
Net gains (losses) on derivative contracts	(2.3)			0.1	(2.2)	Less: Intangible amortization	7.1		1.1		8.3
Other income	7.5	—	0.1	—	7.6	Pretax income (loss)	(12.2)	1.1	0.6	(4.9)	(15.3)
Total revenues and other income	\$ 32.2	\$ 28.6	\$ 12.3	\$ 2.4	\$ 75.5	Income tax expense (benefit)	—	—	—	0.2	0.3
						Less: Net (gain) attributable to noncontrolling interest			(0.1)		(0.1)
						Plus: gain on purchase of auction market preferred shares	—	—	—	—	—
						Net income (loss) attributable to common stockholders	\$ (12.2)	\$ 1.1	\$ 0.5	\$ (5.0)	\$ (15.7)

LFG = Legacy Financial Guarantee Insurance, SPC = Specialty Property & Casualty Insurance, ID = Insurance Distribution, CORP = Corporate & Other and CONS = Consolidated

1. The Consolidated Statements of Comprehensive Income presents the sum of these items as General and Administrative Expenses.
2. EBITDA is prior to the impact of noncontrolling interests and relates to subsidiaries where Ambac does not own 100% in the amount of \$0.3 for the three months ended December 31, 2023. Noncontrolling interests are primarily in the Insurance Distribution segment.

Earnings Measures by Reporting Segment (Fourth Quarter 2022)

Three Months Ended December 31, 2022											
(\$ in millions)	LFG	SPC	ID	CORP	CONS	(\$ in millions)	LFG	SPC	ID	CORP	CONS
Gross premiums written	\$ (8.0)	\$ 51.7			\$ 43.7	Expenses:					
Net premiums written	(7.9)	10.0			2.1	Losses and loss adjustment expenses	\$ (58.7)	\$ 3.7			\$ (55.1)
Premiums placed			\$ 38.3		38.3	Amortization of deferred acquisition costs, net	—	1.1			1.2
Revenues:						General and administrative expenses ⁽¹⁾	38.7	3.6	\$ 1.9	\$ 6.6	50.9
Net premiums earned	11.4	5.7			17.0	Commission expense			5.1		5.1
Commission income			8.8		8.8	Total expenses included for EBITDA	(20.0)	8.4	7.0	6.6	2.1
Program fees		1.4			1.4	EBITDA ⁽²⁾	221.2	(0.9)	2.1	(5.4)	217.1
Net investment income	20.8	0.5		\$ 1.2	22.6	Less: Interest expense	30.4				30.4
Net investment gains (losses), including impairments	0.3	—		—	0.3	Less: Depreciation expense ⁽¹⁾	0.4	—	—	—	0.5
Net gains (losses) on derivative contracts	5.0			—	5.0	Less: Intangible amortization	12.4		0.9		13.2
Net realized gains on extinguishment of debt	24.3				24.3	Pretax income (loss)	178.0	(0.9)	1.2	(5.4)	172.9
Other income	13.7	—	0.2	—	13.9	Provision (benefit) for income taxes	(0.9)	(0.1)	—	(0.4)	(1.3)
Litigation recoveries	125.9				125.9	Net income (loss)	178.9	(0.8)	1.2	(5.0)	174.3
Total revenues and other income	\$ 201.3	\$ 7.5	\$ 9.1	\$ 1.2	\$ 219.1	Less: net (gain) loss attributable to noncontrolling interest		—	(0.2)		(0.2)
						Plus: gain on purchase of auction market preferred shares	1.1				1.1
						Net income (loss) attributable to common stockholders	\$ 180.0	\$ (0.8)	\$ 1.0	\$ (5.0)	\$ 175.2

LFG = Legacy Financial Guarantee Insurance, SPC = Specialty Property & Casualty Insurance, ID = Insurance Distribution, CORP = Corporate & Other and CONS = Consolidated

1. The Consolidated Statements of Comprehensive Income presents the sum of these items as General and Administrative Expenses.
2. EBITDA is prior to the impact of noncontrolling interests and relates to subsidiaries where Ambac does not own 100% in the amount of \$0.4 for the three months ended December 31, 2022. Noncontrolling interests are primarily in the Insurance Distribution segment.

Earnings Measures by Reporting Segment (2023)

Year Ended December 31, 2023											
(\$ in millions)	LFG	SPC	ID	CORP	CONS	(\$ in millions)	LFG	SPC	ID	CORP	CONS
Gross premiums written	\$ 14.8	\$ 273.3			\$ 288.1	Expenses:					
Net premiums written	(35.5)	79.8			44.4	Losses and loss adjustment expenses	\$ (69.3)	\$ 36.7			\$ (32.6)
Net premiums placed			\$ 230.6		230.6	Amortization of deferred acquisition costs, net	—	10.6			10.6
Revenues:						General and administrative expenses ⁽¹⁾	106.3	16.5	\$ 10.6	\$ 21.3	154.6
Net premiums earned	26.0	51.9			78.0	Commission expense			29.5		29.5
Commission income			51.3		51.3	Total expenses included for EBITDA	37.0	63.7	40.1	21.3	162.1
Program fees		8.4			8.4	EBITDA ⁽²⁾	107.3	0.4	11.5	(12.2)	107.0
Net investment income	127.0	3.8	0.1	\$ 9.3	140.1	Less: Interest expense	64.0				64.0
Net investment gains (losses), including impairments	(22.5)	—		0.1	(22.5)	Less: Depreciation expense ⁽¹⁾	1.3	—	—	0.3	1.7
Net gains (losses) on derivative contracts	(0.7)			(0.3)	(1.0)	Less: Intangible amortization	24.7		4.2		28.9
Other income	14.5	—	0.2	—	14.7	Pretax income (loss)	17.2	0.4	7.3	(12.5)	12.4
Total revenues and other income	\$ 144.3	\$ 64.1	\$ 51.5	\$ 9.1	\$ 269.1	Provision (benefit) for income taxes	8.4	—	0.2	(1.2)	7.4
						Less: net (gain) loss attributable to noncontrolling interest		—	(1.3)		(1.3)
						Plus: gain on purchase of auction market preferred shares	—				—
						Net income (loss) attributable to common stockholders	\$ 8.8	\$ 0.3	\$ 5.8	\$ (11.3)	\$ 3.6

LFG = Legacy Financial Guarantee Insurance, SPC = Specialty Property & Casualty Insurance, ID = Insurance Distribution, CORP = Corporate & Other and CONS = Consolidated

1. The Consolidated Statements of Comprehensive Income presents the sum of these items as General and Administrative Expenses.
2. EBITDA is prior to the impact of noncontrolling interests and relates to subsidiaries where Ambac does not own 100% in the amount of \$2.1 for the year ended December 31, 2023. Noncontrolling interests are primarily in the Insurance Distribution segment.

Earnings Measures by Reporting Segment (2022)

Year Ended December 31, 2022											
(\$ in millions)	LFG	SPC	ID	CORP	CONS	(\$ in millions)	LFG	SPC	ID	CORP	CONS
Gross premiums written	\$ (19.5)	\$ 146.4			\$ 126.9	Expenses:					
Net premiums written	(5.9)	28.6			22.6	Losses and loss adjustment expenses	\$ (405.5)	\$ 9.1			\$ (396.5)
Net premiums placed			\$ 135.5		135.5	Amortization of deferred acquisition costs, net	0.4	2.5			3.0
Revenues:						General and administrative expenses ⁽¹⁾	102.4	13.2	\$ 6.3	\$ 17.3	139.2
Net premiums earned	42.4	13.9			56.3	Commission expense			17.6		17.6
Commission income			30.7		30.7	Total expenses included for EBITDA	(302.7)	24.8	23.9	17.3	(236.7)
Program fees		3.1			3.1	EBITDA ⁽²⁾	754.0	(6.3)	7.5	(13.6)	741.5
Net investment income	12.3	1.6	—	\$ 2.9	16.8	Less: Interest expense	168.2				168.2
Net investment gains (losses), including impairments	31.5	—		—	31.5	Less: Depreciation expense ⁽¹⁾	1.8	—	—	0.1	2.0
Net gains (losses) on derivative contracts	127.6			0.9	128.6	Less: Intangible amortization	43.9		2.9		46.8
Net realized gains on extinguishment of debt	81.3				81.3	Pretax income	540.1	(6.3)	4.5	(13.7)	524.6
Other income	30.3	(0.1)	0.7	(0.1)	30.8	Provision (benefit) for income taxes	2.9	—	—	(0.5)	2.5
Litigation recoveries	125.9				125.9	Net income (loss)	537.2	(6.3)	4.5	(13.2)	522.1
Total revenues and other income	\$ 451.3	\$ 18.5	\$ 31.4	\$ 3.7	\$ 504.9	Less: net (gain) loss attributable to noncontrolling interest		—	(0.9)		(0.9)
						Plus: gain on purchase of auction market preferred shares	1.1				1.1
						Net income (loss) attributable to common stockholders	\$ 538.3	\$ (6.3)	\$ 3.6	\$ (13.2)	\$ 522.4

LFG = Legacy Financial Guarantee Insurance, SPC = Specialty Property & Casualty Insurance, ID = Insurance Distribution, CORP = Corporate & Other, Elim = Eliminations and CONS = Consolidated

1. The Consolidated Statements of Comprehensive Income presents the sum of these items as General and Administrative Expenses.
2. EBITDA is prior to the impact of noncontrolling interests and relates to subsidiaries where Ambac does not own 100% in the amount of \$1.5 for the year ended December 31, 2022. Noncontrolling interests are primarily in the Insurance Distribution segment.

Other Consolidated Non-GAAP Financial Measures⁽¹⁾

Adjusted Net Income (Loss):	4Q2023		3Q2023		2Q2023		1Q2023		4Q2022		Full Year 2023		Full Year 2022	
	\$ Amount	P.D.S. ^{(2) (3)}	\$ Amount	P.D.S. ^{(2) (3)}	\$ Amount	P.D.S. ^{(2) (3)}	\$ Amount	P.D.S. ^{(2) (3)}	\$ Amount	P.D.S. ^{(2) (3)}	\$ Amount	P.D.S. ^{(2) (3)}	\$ Amount	P.D.S. ^{(2) (3)}
Net income (loss) attributable to common stockholders	\$ (15.7)	\$ (0.24)	\$ 65.9	\$ 1.41	\$ (13.1)	\$ (0.29)	\$ (33.4)	\$ (0.73)	\$ 175.2	\$ 3.86	\$ 3.6	\$ 0.18	\$ 522.4	\$ 11.31
Adjustments:														
Net investment (gains) losses, including impairments	15.5	0.34	(0.8)	(0.02)	3.4	0.07	4.4	0.10	(0.3)	(0.01)	22.5	0.49	(31.5)	(0.68)
Intangible amortization	8.3	0.18	7.2	0.15	6.5	0.14	6.9	0.15	13.2	0.29	28.9	0.62	46.8	1.01
Litigation costs	3.5	0.07	20.6	0.44	7.6	0.17	8.8	0.19	22.5	0.49	40.6	0.87	33.1	0.71
Foreign exchange (gains) losses	(0.9)	(0.02)	0.5	0.01	(0.1)	—	(0.3)	(0.01)	(3.4)	(0.07)	(0.8)	(0.02)	2.7	0.06
Workforce change costs	0.2	—	0.2	—	(0.1)	—	0.8	0.02	0.5	0.01	1.1	0.02	1.3	0.03
Net (gain) loss on extinguishment of debt	—	—	—	—	—	—	—	—	(24.3)	(0.53)	—	—	(81.3)	(1.75)
Pretax adjusted net income (loss)	\$ 10.8	\$ 0.33	\$ 93.6	\$ 1.99	\$ 4.3	\$ 0.09	\$ (12.8)	\$ (0.28)	\$ 183.5	\$ 4.04	\$ 95.8	\$ 2.16	\$ 493.6	\$ 10.69
Income tax effects	(0.4)	(0.01)	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)	—	(0.2)	—	(0.8)	(0.02)	(0.6)	(0.01)
Adjusted Net Income (Loss)	\$ 10.2	\$ 0.32	\$ 93.6	\$ 2.00	\$ 3.4	\$ 0.07	\$ (13.8)	\$ (0.30)	\$ 182.7	\$ 4.03	\$ 93.4	\$ 2.11	\$ 495.0	\$ 10.72

- 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..
- Per diluted share ("P.D.S.").
- Per Diluted Share includes the impact of adjusting redeemable noncontrolling interest to its redemption value.

Other Consolidated Non-GAAP Financial Measures⁽¹⁾ (Continued)

Adjusted Book Value:	December 31, 2023		September 30, 2023		June 30, 2023		March 31, 2023		December 31, 2022	
	\$	P.S. ⁽²⁾	\$	P.S. ⁽²⁾	\$	P.S. ⁽²⁾	\$	P.S. ⁽²⁾	\$	P.S. ⁽²⁾
Total Ambac Financial Group, Inc. stockholders' equity	\$ 1,361.7	\$ 30.13	\$ 1,265.2	\$ 28.00	\$ 1,249.9	\$ 27.59	\$ 1,253.6	\$ 27.66	\$ 1,252.3	\$ 27.85
Adjustments:										
Insurance intangible asset	(245.1)	(5.43)	(249.1)	(5.51)	(258.2)	(5.70)	(261.5)	(5.77)	(265.7)	(5.91)
Net unearned premiums and fees in excess of expected losses	162.1	3.59	154.5	3.42	163.6	3.61	218.2	4.81	214.1	4.76
Net unrealized investment (gains) losses in Accumulated Other Comprehensive Income	20.2	0.45	89.9	1.99	66.6	1.47	54.0	1.19	71.4	1.59
Adjusted book value	\$ 1,298.9	\$ 28.74	\$ 1,260.5	\$ 27.90	\$ 1,222.0	\$ 26.97	\$ 1,264.2	\$ 27.89	\$ 1,272.1	\$ 28.29

Adjusted Book Value:	December 31, 2021		December 31, 2020		December 31, 2019	
	\$	P.S. ^{(2) (3)}	\$	P.S. ^{(2) (3)}	\$	P.S. ^{(2) (3)}
Total Ambac Financial Group, Inc. stockholders' equity	\$ 1,038.1	\$ 22.42	\$ 1,079.8	\$ 23.57	\$ 1,476.5	\$ 32.41
Adjustments:						
Non-credit impairment fair value losses on credit derivatives	0.4	0.01	0.4	0.01	0.3	0.01
Insurance intangible asset	(320.0)	(6.91)	(373.2)	(8.14)	(426.6)	(9.37)
Net unearned premiums and fees in excess of expected losses	309.5	6.68	377.7	8.24	414.2	9.09
Net unrealized investment (gains) losses in Accumulated Other Comprehensive Income	(154.0)	(3.32)	(166.1)	(3.63)	(151.0)	(3.31)
Adjusted book value	\$ 874.0	\$ 18.88	\$ 918.5	\$ 20.05	\$ 1,313.3	\$ 28.83

1. 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.

2. Per share outstanding at balance sheet date ("P.S.").

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:

(\$ in millions)	4Q2023	3Q2023	2Q2023	1Q2023
Ambac's Shareholders' Equity (Legacy Financial Guarantee Insurance Segment) ¹	\$ 923.2	\$ 835.9	\$ 823.4	\$ 824.2
Adjustments:				
Insurance intangible asset	(245.1)	(249.1)	(258.2)	(261.5)
Net unearned premiums and fees in excess of expected losses	162.1	154.5	163.6	218.2
Net unrealized investment (gains) losses in Accumulated Other Comprehensive Income	14.0	80.0	57.1	45.2
Adjusted book value (Legacy Financial Guarantee Insurance Segment)	\$ 854.2	\$ 821.2	\$ 786.0	\$ 826.1

1. See slide [22](#) for a reconciliation to GAAP equity

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

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HEAD OF INVESTOR RELATIONS

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Ambac

