

Quarterly Operating Supplement

4Q21

About Ambac

Ambac Financial Group, Inc. ("Ambac" or "AFG") is a financial services holding company headquartered in New York City. Ambac's core business is a growing specialty P&C distribution and underwriting platform with a legacy financial guaranty business in run off. Ambac's common stock trades on the New York Stock Exchange under the symbol "AMBC". Ambac is committed to providing timely and accurate information to the investing public, consistent with our legal and regulatory obligations. To that end, we use our website to convey information about our businesses, including the anticipated release of quarterly financial results, quarterly financial, statistical and business-related information. For more information, please go to www.ambac.com.

The Amended and Restated Certificate of Incorporation of Ambac contains substantial restrictions on the ability to transfer Ambac's common stock. Subject to limited exceptions, any attempted transfer of common stock shall be prohibited and void to the extent that, as a result of such transfer (or any series of transfers of which such transfer is a part), any person or group of persons shall become a holder of 5% or more of Ambac's common stock or a holder of 5% or more of Ambac's common stock increases its ownership interest. .

Company Information

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To obtain a copy of Ambac Financial Group, Inc.'s latest annual or quarterly report filed with the Securities and Exchange Commission or the most recent Annual Report to Stockholders, please visit our website at www.ambac.com.

Ambac Financial Group, Inc.
Quarterly Operating Supplement
Fourth Quarter 2021

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Notes:

1) Internal credit ratings contained in this Supplement are provided solely to indicate the underlying credit quality of guaranteed obligations based on the view of Ambac. Ambac credit ratings are subject to revision at any time and do not constitute investment advice.
2) Information contained in this report is unaudited.
3) Numbers may not add due to rounding.

Key Quarterly Financial Data

(in millions, except per share data)	4Q2021	3Q2021	2Q2021	1Q2021	4Q2020
Summary GAAP Financial Data:					
Net premiums earned	$ 11	$ 11	$ 11	$ 14	$ 18
Net investment income	27	21	42	49	53
Net gains (losses) on derivative contracts	3	5	(11)	25	12
Net realized gains (losses) on extinguishment of debt	—	—	—	33	—
Other income (expense) [1]	8	8	7	5	1
Losses and loss expenses (benefit)	(15)	(55)	(26)	8	9
Intangible amortization	11	11	14	19	16
Operating expenses	33	32	28	33	26
Interest expense	44	44	50	50	50
Net income (loss) attributable to common stockholders	(22)	17	(29)	17	(14)
Net income (loss) per diluted share attributable to common stockholders	$ (0.42)	$ 0.35	$ (0.63)	$ 0.08	$ (0.31)
Weighted average number of diluted shares outstanding	47	47	47	47	46
Balance Sheets:					
Total non-VIE investments	$ 2,955	$ 2,948	$ 3,447	$ 3,458	$ 3,544
Premium receivables	323	327	345	356	370
Intangible assets [2]	362	364	377	391	409
Subrogation recoverable	2,092	2,113	2,097	2,076	2,156
Unearned premiums	395	402	421	438	456
Loss and loss expense reserves	1,570	1,565	1,641	1,662	1,759
Long-term debt [3]	2,230	2,215	2,671	2,661	2,739
Accrued interest payable	576	555	532	516	517
Ambac stockholders' equity	$ 1,038	$ 1,061	$ 1,063	$ 1,063	$ 1,080
Number of shares outstanding (net of treasury shares)	46	46	46	46	46
Ambac Financial Group, Inc. book value per share	$ 22.42	$ 22.91	$ 23.01	$ 23.02	$ 23.57
Non-GAAP Measurements:					
Adjusted earnings (loss)	$ (10)	$ 25	$ (13)	$ 41	$ 4
Adjusted earnings (loss) per diluted share	$ (0.16)	$ 0.53	$ (0.30)	$ 0.59	$ 0.08
Adjusted book value	$ 874	$ 882	$ 889	$ 908	$ 919
Adjusted book value per share	$ 18.88	$ 19.05	$ 19.25	$ 19.66	$ 20.05
Summary Statutory Data of Ambac Assurance:					
Invested assets	$ 1,877	$ 1,861	$ 2,370	$ 2,418	$ 2,436
Loss and loss expense reserves [4]	1,086	1,091	1,149	1,081	1,139
Policyholders' Surplus	757	767	774	733	865
Qualified statutory capital	1,322	1,329	1,331	1,288	1,413
Total claims-paying resources, including Ambac UK [2]	$ 5,034	$ 5,033	$ 5,119	$ 5,003	$ 5,215

(1) Beginning in 2021, includes gross commission revenues from the Managing General Agency / Underwriting business.

(2) Includes intangible assets (net of accumulated amortization) established as part of the acquisition of Xchange of $33 and $36 at December 31, 2021 and December 31, 2020, respectively, and the acquisition of Providence Washington Insurance Company of $9 at December 31, 2021. Refer to Ambac's 2021 Form 10-K for further information relating to these acquisitions.

(3) Long-term debt includes surplus notes issued and outstanding to third parties, the Sitka AAC Note (LSNI Ambac Note in periods prior its refinancing on July 6, 2021), Tier 2 Notes issued on February 12, 2018, in connection with the Rehabilitation Exit Transactions and debt issued by Ambac UK on June 18, 2019, in connection with a commutation. Refer to Ambac's 2021 Form 10-K for further information on the refinancing of the LSNI Ambac Note. 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 arising from the financial guarantees of its subsidiaries.

(4) Loss and loss expense reserves and total claims-paying resources present loss and loss expense reserves gross of the recorded statutory benefit for expected subrogation receipts.

Key Yearly Financial Data

(in millions, except per share data)	2021	2020	2019	2018	2017
Summary GAAP Financial Data:					
Statement of Total Comprehensive Income:					
Net premiums earned	$ 47	$ 54	$ 66	$ 111	$ 175
Net investment income	139	122	227	273	361
Net gains (losses) on derivative contracts	22	(50)	(50)	7	76
Net realized gains (losses) on extinguishment of debt	33	—	—	3	5
Other income (expense) [1]	27	3	134	5	—
Income (loss) on variable interest entities (VIEs)	7	5	38	3	20
Losses and loss expenses (benefit) [2]	(88)	225	13	(224)	513
Intangible amortization	55	57	295	107	151
Operating expenses	126	92	103	112	122
Interest expense	187	222	269	242	120
Net income (loss)	(16)	(437)	(216)	267	(329)
Net income (loss) attributable to common stockholders	(17)	(437)	(216)	186	(329)
Net income (loss) per diluted share attributable to common stockholders	$ (0.61)	$ (9.47)	$ (4.69)	$ 3.99	$ (7.25)
Weighted average number of diluted shares outstanding	47	46	46	47	45
Balance Sheets:					
Total non-VIE investments	$ 2,955	$ 3,544	$ 3,792	$ 3,937	$ 5,741
Premium receivables	323	370	416	495	586
Intangible assets [3]	362	409	427	719	847
Subrogation recoverable	2,092	2,156	2,029	1,933	631
Unearned premiums	395	456	518	630	783
Loss and loss expense reserves	1,570	1,759	1,548	1,826	4,745
Long-term debt [4]	2,230	2,739	2,822	2,929	992
Accrued interest payable	576	517	441	376	437
Ambac stockholders' equity	$ 1,038	$ 1,080	$ 1,477	$ 1,592	$ 1,381
Number of shares outstanding (net of treasury shares)	46	46	46	45	45
Ambac Financial Group, Inc. book value per share	$ 22.42	$ 23.57	$ 32.41	$ 35.12	$ 30.52
Non-GAAP Measurements:					
Adjusted earnings (loss)	$ 43	$ (378)	$ 66	$ 301	$ (165)
Adjusted earnings (loss) per diluted share	$ 0.66	$ (8.19)	$ 1.44	6.47	(3.64)
Adjusted book value	$ 874	$ 919	$ 1,313	$ 1,251	$ 1,101
Adjusted book value per share	$ 18.88	$ 20.05	$ 28.83	$ 27.58	$ 24.34
Summary Statutory Data of Ambac Assurance:					
Invested assets	$ 1,877	$ 2,436	$ 2,757	$ 3,017	$ 5,427
Loss and loss expense reserves [5]	1,086	1,139	1,111	1,146	5,253
Policyholders' Surplus	757	865	1,088	1,152	700
Qualified statutory capital	1,322	1,413	1,618	1,648	1,157
Total claims-paying resources, including Ambac UK [4]	$ 5,034	$ 5,215	$ 5,435	$ 5,793	$ 8,868

(1) Other income includes proceeds in 2019, from an SEC action against Citigroup Global Markets Inc. in the amount of $142 and beginning in 2021, gross commission revenues from the Managing General Agency / Underwriting business.

(2) Includes interest expense on Deferred Amounts of $21 and $178, for the years ended December 31, 2018 and 2017, respectively. On February 12, 2018, the rehabilitation of the Segregated Account was concluded and all Deferred Amounts, including accrued interest, were settled. 2018 includes a benefit of $288 related to the discount on the Rehabilitation Exit Transactions. Refer to Ambac's 2018 Form 10-K for further details.

(3) Includes intangible assets (net of accumulated amortization) established as part of the acquisition of Xchange of $33 and $36 at December 31, 2021 and December 31, 2020, respectively, and the acquisition of Providence Washington Insurance Company of $9 at December 31, 2021. Refer to Ambac's 2021 Form 10-K for further information relating to these acquisitions.

(4) Long-term debt includes surplus notes issued and outstanding to third parties, notes issued under a secured borrowing transaction (which was fully repaid during the second quarter of 2018), the Sitka AAC Note (LSNI Ambac Note in periods prior its refinancing on July 6, 2021), Tier 2 Notes issued on February 12, 2018, in connection with the Rehabilitation Exit Transactions and debt issued by Ambac UK on June 18, 2019, in connection with the Ballantyne commutation. Refer to Ambac's 2021 Form 10-K for further information on the refinancing of the LSNI Ambac Note. 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 arising from the financial guarantees of its subsidiaries.

(5) Loss and loss expense reserves and total claims-paying resources present loss and loss expense reserves gross of the recorded statutory benefit for expected subrogation receipts.

Non-GAAP Financial Measures [1]

($ in millions, except share amounts)

Adjusted Earnings (Loss):	4Q2021 $	4Q2021 P.D.S. [2] [3]	3Q2021 $	3Q2021 P.D.S. [2] [3]	2Q2021 $	2Q2021 P.D.S. [2] [3]	1Q2021 $	1Q2021 P.D.S. [2] [3]	4Q2020 $	4Q2020 P.D.S. [2]
Net income (loss) attributable to common stockholders	**$ (22)**	**$ (0.42)**	**$ 17**	**$ 0.35**	**$ (29)**	**$ (0.63)**	**$ 17**	**$ 0.08**	**$ (14)**	**$ (0.31)**
Adjustments:										
Non-credit impairment fair value (gain) loss on credit derivatives	—	—	—	—	—	—	—	—	(1)	(0.01)
Insurance intangible amortization	11	0.23	10	0.22	13	0.28	19	0.40	16	0.34
Foreign exchange (gain) losses	2	0.03	(2)	(0.04)	2	0.05	5	0.11	3	0.06
Adjusted earnings (loss)	**$ (10)**	**$ (0.16)**	**$ 25**	**0.53**	**$ (13)**	**(0.30)**	**$ 41**	**0.59**	**$ 4**	**0.08**

Adjusted Book Value:	December 31, 2021 $	December 31, 2021 P.S. [2]	September 30, 2021 $	September 30, 2021 P.S. [2]	June 30, 2021 $	June 30, 2021 P.S. [2]	March 31, 2021 $	March 31, 2021 P.S. [2]	December 31, 2020 $	December 31, 2020 P.S. [2]
Total Ambac Financial Group, Inc. stockholders' equity	**1,038**	**22.42**	**$ 1,061**	**$ 22.91**	**$ 1,063**	**$ 23.01**	**$ 1,063**	**$ 23.02**	**$ 1,080**	**$ 23.57**
Adjustments:										
Non-credit impairment fair value losses on credit derivatives	**—**	**0.01**	—	0.01	—	0.01	—	0.01	—	0.01
Insurance intangible asset	**(320)**	**(6.91)**	(330)	(7.14)	(343)	(7.42)	(356)	(7.71)	(373)	(8.14)
Net unearned premiums and fees in excess of expected losses	**310**	**6.68**	315	6.81	337	7.29	343	7.42	378	8.24
Net unrealized investment (gains) losses in Accumulated Other Comprehensive Income	**(154)**	**(3.32)**	(164)	(3.54)	(168)	(3.64)	(142)	(3.08)	(166)	(3.63)
Adjusted book value	**874**	**18.88**	**$ 882**	**$ 19.05**	**$ 889**	**$ 19.25**	**$ 908**	**$ 19.66**	**$ 919**	**$ 20.05**

Adjusted Book Value:	December 31, 2021 $	December 31, 2021 P.S. [2]	December 31, 2020 $	December 31, 2020 P.S. [2]	December 31, 2019 $	December 31, 2019 P.S. [2]	December 31, 2018 $	December 31, 2018 P.S. [2]	December 31, 2017 $	December 31, 2017 P.S. [2]
Total Ambac Financial Group, Inc. stockholders' equity	**$ 1,038**	**$ 22.42**	**$ 1,080**	**$ 23.57**	**$ 1,477**	**$ 32.41**	**$ 1,592**	**$ 35.12**	**$ 1,381**	**$ 30.52**
Adjustments:										
Non-credit impairment fair value losses on credit derivatives	—	0.01	—	0.01	—	0.01	1	0.03	1	0.01
Insurance intangible asset	(320)	(6.91)	(373)	(8.14)	(427)	(9.37)	(719)	(15.87)	(847)	(18.71)
Net unearned premiums and fees in excess of expected losses	310	6.68	378	8.24	414	9.09	462	10.19	597	13.20
Net unrealized investment (gains) losses in Accumulated Other Comprehensive Income	(154)	(3.32)	(166)	(3.63)	(151)	(3.31)	(86)	(1.89)	(31)	(0.68)
Adjusted book value	**$ 874**	**$ 18.88**	**$ 919**	**$ 20.05**	**$ 1,313**	**$ 28.83**	**$ 1,251**	**$ 27.58**	**$ 1,101**	**$ 24.34**

(1) In addition to reporting Ambac's financial results in accordance with GAAP, Ambac reports two non-GAAP financial measures: Adjusted Earnings and Adjusted Book Value. A non-GAAP financial measure is a numerical measure of financial performance or financial position that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. We are presenting these non-GAAP financial measures because they provide greater transparency and enhanced visibility into the underlying drivers of our business. Adjusted Earnings and Adjusted Book Value are not substitutes for Ambac'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 diluted share ("P.D.S.") and per share outstanding at balance sheet date ("P.S.").

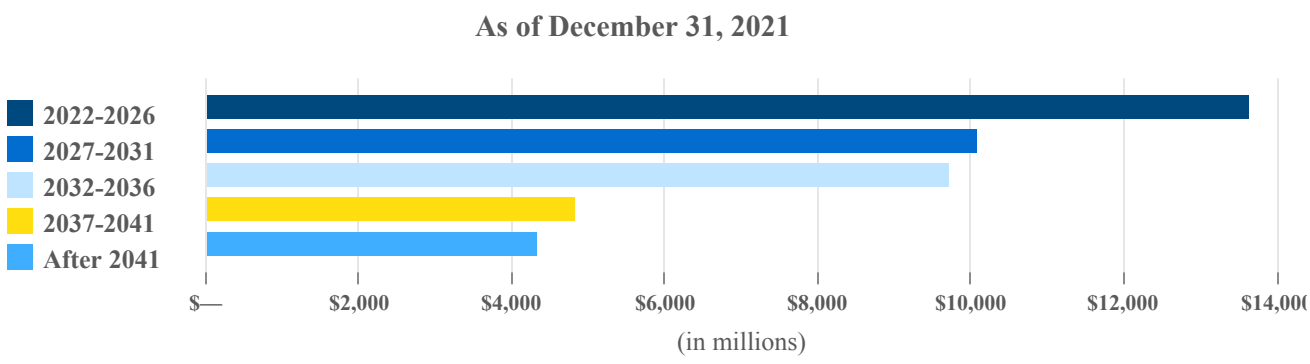
(3) Beginning in 1Q 2021, Per Diluted Share includes the impact of adjusting redeemable noncontrolling interest to it's redemption value.

Ambac Assurance — Claims-Paying Resources [1] and Statutory Financial Ratios

($ in millions, except ratios)	December 31, 2021	December 31, 2020
Policyholders' surplus [2]	$ 757	$ 865
Contingency reserve	565	548
Qualified statutory capital	1,322	1,413
Unearned premiums	116	154
Loss and loss adjustment expenses [3]	1,086	1,139
Estimated impairment losses on subsidiary guarantees	—	5
Ambac Note [4]	—	1,174
Sitka AAC Note [4]	1,164	—
Tier 2 Notes	333	306
Present value of future installment premiums [5]	144	171
Ambac Assurance claims-paying resources	**4,165**	**4,362**
Ambac UK claims-paying resources [6]	869	854
Total claims-paying resources	**$ 5,034**	**$ 5,215**
Net financial guarantees in force [7]		
Ambac Assurance	$ 29,062	$ 36,704
Ambac UK	13,591	14,899
Total net financial guarantees in force	**$ 42,653**	**$ 51,603**
Claims-paying ratio [8]		
Ambac Assurance	7 : 1	8 : 1
Ambac UK	16 : 1	17 : 1
Total claims-paying ratio	**8 : 1**	**10 : 1**

(1) Total claims-paying resources quantifies total resources available to pay claims, including guarantees of subsidiary obligations.
(2) Surplus notes with an aggregate par value of $853 and $938 as of December 31, 2021 and December 31, 2020, respectively, are included in policyholders' surplus.
(3) Loss and loss expense reserves are presented gross of the recorded statutory benefit for expected subrogation receipts of $2,205 (R&W subrogation receipts of $1,673 and other subrogation receipts of $532) and $2,279 (R&W subrogation receipts of $1,648 and other subrogation receipts of $631) at December 31, 2021, and December 31, 2020, respectively.
(4) Ambac Note presented as principal and interest outstanding of $0 and $1,641, net of Secured Note principal and interest outstanding of $0 and $468 held by Ambac Assurance at December 31, 2021, and December 31, 2020, respectively. On July 6, 2021, the Ambac Note was redeemed using the proceeds of a new secured debt offering and other temporary sources of liquidity. The new Sitka AAC Note has a par value of $1,175.
(5) Present value of future installment premiums includes premiums on installment financial guarantee insurance contracts (excluding Ambac UK) and credit derivatives. Present value calculations are discounted at 5.1%.
(6) Ambac UK's claims paying resources will become available to Ambac Assurance to the extent Ambac UK receives approval from its regulator to dividend monies to Ambac Assurance. Components of Ambac UK's claims paying resources are discounted at Ambac UK's projected investment rate of return. Ambac UK's claims-paying resources includes the present value of future installment premiums of approximately $197 at December 31, 2021.
(7) Financial guarantees in force represents the amount of principal and interest outstanding on a guaranteed obligation.
(8) Claims-paying ratio is net financial guarantees in force divided by claims-paying resources.

Future Amortization of Net Financial Guarantees in Force [1]



(1) Depicts amortization of existing guaranteed portfolio (principal and interest), assuming no advance refundings, as of December 31, 2021. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay guaranteed obligations.

Financial Guarantee Net Unearned Premium Amortization and Estimated Future Installment Premiums

($ in millions)	Net Unearned Premium Amortization (GAAP) [1]	Estimated Net Future Installments [2]	Consolidated VIE [3]
2022	$ 27	$ 30	$ 11
2023	25	29	11
2024	24	28	10
2025	23	27	9
2026	22	26	9
2022-2026	121	140	50
2027-2031	91	107	32
2032-2036	57	68	19
2037-2041	22	30	—
After 2041	12	18	—
Total	**$ 303**	**$ 363**	**$ 101**

Summary of Financial Guarantee Insured Exposures With US GAAP Loss and Loss Expense Reserves [4]

($ in millions)	Total Net Par Outstanding	Total Loss and Loss Expense Reserves
Public Finance:		
Lease & tax backed	$ 980	$ 585
Housing	370	20
General obligation	284	(87)
Transportation revenue	118	27
Other	284	9
Total Public Finance	2,036	554
Structured Finance:		
Mortgage-backed & home equity	1,992	(1,362)
Student loans	302	211
Other	137	1
Total Structured Finance	2,431	(1,150)
International Finance:	1,052	18
Total	**$ 5,519**	**$ (578)**

(1) Represents unearned premium amounts for both upfront and installment paying policies, net of deferred ceded premiums, which is reported separately as an asset on Ambac's Consolidated Balance Sheet. Depicts amortization of existing guaranteed portfolio, assuming no advance refunding as of December 31, 2021. The unearned premium amortization disclosed in the above table considers the use of contractual lives for many bond types that do not have homogeneous pools of underlying collateral, which may result in different unearned premium balances and earned premiums than if expected lives were considered. Actual future installments, and therefore earned premiums, may differ from estimated because borrowers may have the right to call or terminate a transaction or the guaranteed obligation may be subject to prepayment. If installment paying policies are retired early, premium earnings may be negative in the period of call or refinancing.

(2) Represents management's estimate of fees on credit derivative contracts and future installment premium collections, net of reinsurance. Actual premium collections may differ from estimated because borrowers may have the right to call or terminate a transaction or the guaranteed obligation may be subject to prepayment. Estimated net future installments exclude amounts eliminated as a result of consolidating variable interest entities ("Consolidated VIE") as required under the Consolidations Accounting Standard.

(3) Estimated net future installment amounts eliminated under the U.S. GAAP Consolidations Accounting Standard; not included in Estimated Net Future Installments.

(4) U.S. GAAP insurance loss and loss expense reserves, net of reinsurance. Mortgage-backed & home equity reserves include estimated representation and warranty subrogation recoverables of $1,704 ($1,730 gross of reinsurance) as of December 31, 2021.

Investment Portfolio

As of December 31, 2021

INCOME ANALYSIS BY TYPE OF SECURITY Investment category ($ in millions)	U.S. GAAP Carrying Value	U. S. GAAP Book Value	Pre-tax Yield to Maturity [1]
Ambac Assurance and Subsidiaries:			
Fixed maturity securities:			
U.S. government and agency obligation	$ 19	$ 19	0.52 %
Municipal obligations	331	306	5.42 %
Corporate obligations	459	456	1.97 %
Mortgage and asset-backed securities	645	543	5.78 %
Short-term investments	280	280	0.05 %
Total fixed maturity securities	1,734	1,605	3.57 %
Other investments:			
Hedge funds	216	216	
Private credit	33	33	
Equity market investments	16	16	
Private equity	20	20	
Total other investments	285	285	
Total Ambac Assurance and Subsidiaries investments excluding Ambac UK	**2,019**	**1,890**	**3.57 %**
Ambac UK:			
Fixed maturity securities:			
U.S. government and agency obligations	20	20	1.55 %
Corporate obligations	84	85	3.33 %
Foreign obligations	87	89	0.51 %
Short-term investments	83	83	(0.14) %
Total fixed maturity securities	275	278	1.26 %
Other investments:			
Investment grade floating rate income	107	107	
High yield and leveraged loans	78	78	
Equity market investments	82	82	
Private credit	55	55	
Emerging markets	24	24	
Real estate	33	33	
Private equity	13	13	
Insurance linked securities	2	2	
Total other investments	394	394	
Total Ambac UK investments	**669**	**672**	**1.26 %**
Total Ambac Assurance and Subsidiaries investments	**2,687**	**2,561**	**3.23 %**
Ambac Financial Group, Inc.:			
Total fixed maturity securities	152	152	
Total other investments	11	11	
Total Ambac Financial Group investments	**164**	**164**	
Everspan Indemnity Insurance Company and Subsidiaries:			
Fixed maturity securities:			
U.S. government and agency obligation	21	21	0.76 %
Municipal obligations	9	9	1.62 %
Corporate obligations	42	43	1.56 %
Short-term investments	32	32	0.02 %
Total Everspan Indemnity Insurance Company and Subsidiaries investments	**104**	**105**	**0.94 %**
Total Investments	**$ 2,955**	**$ 2,830**	

Duration of Ambac Assurance and Subsidiaries fixed maturity investment portfolio [2]	**3.4**
Duration of Everspan and Subsidiaries fixed maturity investment portfolio	**3.3**

(1) Yield to maturity refers to the rate of interest to be earned over the remaining life of the fixed maturity investments based on book value. For mortgage and other asset-backed securities remaining life is calculated using estimated future cash flows. For floating rate positions, yield to maturity is based on the current interest rate and not forward rates.

(2) Excluded from the measure of duration are Ambac insured bonds that have underlying Ambac internal ratings of BIG. These securities represent 30% of the fair value of Ambac Assurance and Subsidiaries' fixed maturity investment portfolio of $2,008 at December 31, 2021.

Expenses Analysis (GAAP) [1]

($ in millions)	1Q	2Q	3Q	4Q	Full Year
2021:					
Compensation					
Salaries	$ 7	$ 7	$ 7	$ 7	$ 27
Incentive Compensation [2]	7	7	7	9	30
Other [3]	2	1	1	1	5
Total Compensation	**16**	**14**	**15**	**17**	**62**
Non-Compensation					
Legal, Consulting & Advisory Services	8	5	7	6	26
Premises	1	1	1	1	5
Audit	1	1	1	1	4
Regulator Advisory Costs	—	1	—	—	2
Managing General Agency/Underwriting	4	4	4	4	16
Other	2	2	3	3	11
Total Non-Compensation	**17**	**14**	**17**	**15**	**64**
Total Gross Operating Expenses	**33**	**28**	**32**	**33**	**126**
Ceding Commissions and changes in Deferred Acquisition Costs	—	—	—	—	—
Total Operating Expenses	**$ 33**	**$ 28**	**$ 32**	**$ 33**	**$ 126**

($ in millions)	1Q	2Q	3Q	4Q	Full Year
2020:					
Compensation					
Salaries	$ 6	$ 6	$ 6	$ 6	$ 23
Incentive Compensation [2]	7	5	6	7	25
Other [3]	1	—	1	1	3
Total Compensation	**14**	**11**	**13**	**14**	**51**
Non-Compensation					
Legal, Consulting & Advisory Services	6	5	5	7	23
Premises	1	1	1	1	4
Audit	1	1	1	1	3
Regulator Advisory Costs	—	1	—	1	2
Other	1	2	3	3	9
Total Non-Compensation	**9**	**10**	**10**	**12**	**41**
Total Gross Operating Expenses	**24**	**20**	**23**	**25**	**92**
Ceding Commissions and changes in Deferred Acquisition Costs	—	—	—	—	—
Total Operating Expenses	**$ 24**	**$ 21**	**$ 23**	**$ 26**	**$ 92**

(1) Total expenses for the Managing General Agency / Underwriting business was $4.8, $4.9, $5.0 and $5.1 for 1Q 2021, 2Q 2021, 3Q 2021 and 4Q 2021, respectively

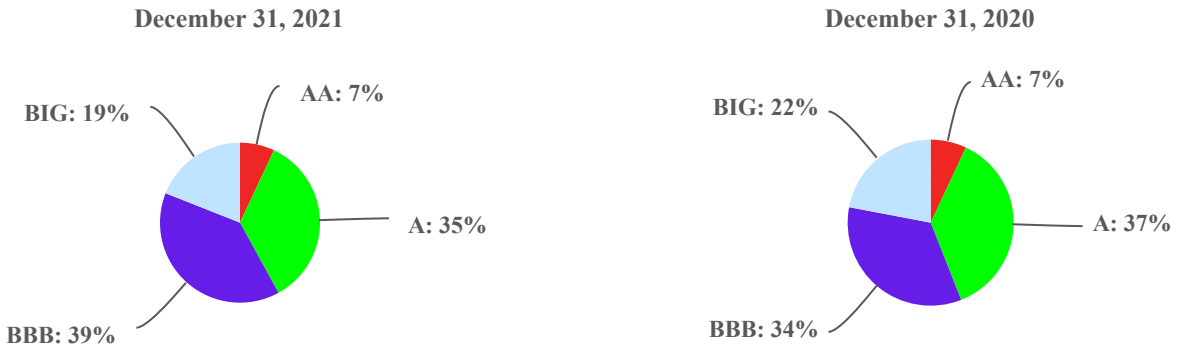
(2) Incentive compensation includes short-term and long-term incentive cash and equity awards

(3) Other compensation includes severance, payroll taxes, medical and other benefits

Historical Net Financial Guarantee Exposures Outstanding [1]

($ in millions net par value)	December 31, 2021	2020	2019	2018
Public Finance [2]:				
Housing revenue [2]	$ 5,610	$ 5,855	$ 5,991	$ 6,159
Lease and tax-backed revenue	3,196	4,179	5,102	7,565
General obligation	1,612	2,345	3,011	4,214
Utility revenue	583	675	768	1,178
Transportation revenue	555	771	855	1,754
Higher education	444	747	885	1,168
Other	360	925	1,041	1,404
Total Public Finance	12,360	15,497	17,653	23,442
Structured Finance:				
Mortgage-backed and home equity	2,724	3,635	4,423	5,510
Investor-owned utilities	1,556	1,617	1,675	1,754
Student loan	477	626	769	934
Structured Insurance	—	311	395	1,365
Asset-backed and other	147	148	246	384
Total Structured Finance	4,904	6,337	7,508	9,947
International Finance [3]:				
Sovereign/sub-sovereign	5,141	5,270	5,264	5,250
Investor-owned and public utilities	3,283	3,899	4,436	4,499
Asset-backed and other	1,276	1,374	1,625	2,176
Transportation	1,056	1,511	1,532	1,613
Total International Finance	10,756	12,054	12,857	13,538
Total	**$ 28,020**	**$ 33,888**	**$ 38,018**	**$ 46,927**
Percent of Total Net Par Outstanding				
Public Finance	44 %	45 %	46 %	50 %
Structured Finance	18 %	19 %	20 %	21 %
International Finance	38 %	36 %	34 %	29 %
Total Net Par Outstanding	100 %	100 %	100 %	100 %

Rating Distribution of Net Financial Guarantee Exposures Outstanding [4] [5]



(1) Includes net par exposures insured by Ambac UK of $10,292, $11,186, $11,862 and $13,193 at December 31, 2021, December 31, 2020, December 31, 2019 and December 31, 2018, respectively.

(2) Net par exposures within the U.S. public finance market include capital appreciation bonds which are reported at the par amount at the time of issuance of the insurance policy as opposed to the current accreted value of the bonds.

(3) International transactions include components of domestic exposure.

(4) Based upon internal Ambac ratings. See Note 1 on the Table of Contents page.

(5) AAA is less than 1% is both periods.

Adversely Classified Credit Exposures Outstanding [1][2]

As of December 31, 2021

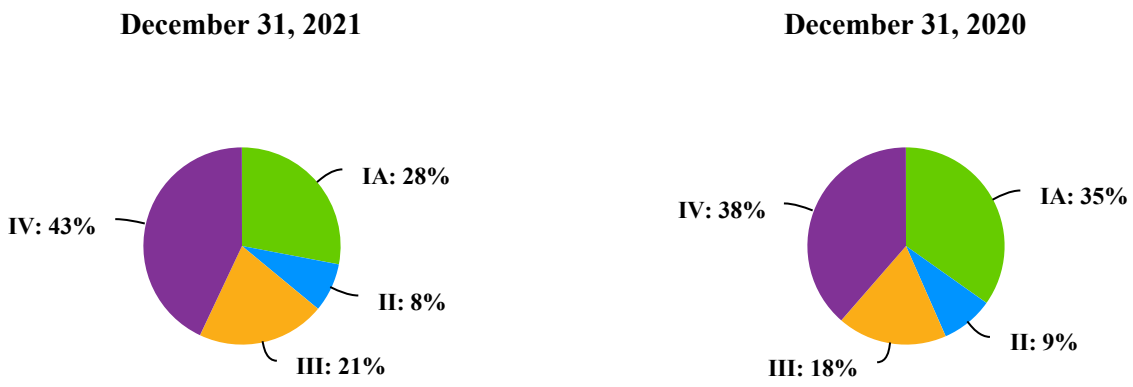
($ in millions)	Market Type	Net Par Outstanding	% of Total Net Par Outstanding
RMBS Exposures	Structured Finance	$ 2,182	7.8 %
Puerto Rico & Related Issuers	Public Finance	1,054	3.8 %
Mitchells & Butlers Finance plc-UK Pub Securitisation [3]	International Finance	892	3.2 %
Posillipo Finance II S.r.l [3]	International Finance	661	2.4 %
Student Loans Exposures	Structured Finance	394	1.4 %
International Infrastructure Exposures [3]	International Finance	394	1.4 %
Military Housing	Public Finance	370	1.3 %
Consort Healthcare (Tameside) [3]	International Finance	113	0.4 %
Chicago, IL Board of Education GO	Public Finance	75	0.3 %
Bridgeview IL GO	Public Finance	60	0.2 %
Other		166	0.6 %
Total		**$ 6,361**	**22.7 %**

(1) Adversely classified credits are assigned a rating of Class IA through Class V. Refer to Ambac's 2021 Form 10-K for descriptions of credit classifications.

(2) Net Par includes capital appreciation bonds, which are reported at the par amount at the time of issuance of the insurance policy as opposed to the current accreted value of the bonds.

(3) All or a portion of these exposures are guaranteed by Ambac UK.

Adversely Classified Distribution of Exposures Outstanding[1]



(1) Credit Class V is less than 1% in both periods.

25 Largest Exposures Outstanding [1]

As of December 31, 2021

	($ in millions)	Ambac Rating	Net Par Outstanding	% of Total Net Par Outstanding
IF	Capital Hospitals plc [2]	A-	925	3.3 %
IF	Anglian Water	A-	905	3.2 %
IF	Mitchells & Butlers Finance plc-UK Pub Securitisation	BBB	$ 892	3.2 %
IF	Aspire Defence Finance plc	A-	836	3.0 %
IF	National Grid Gas	BBB+	835	3.0 %
IF	Posillipo Finance II S.r.l	BIG	661	2.4 %
PF	New Jersey Transportation Trust Fund Authority - Transportation System	BBB-	623	2.2 %
IF	National Grid Electricity Transmission	BBB+	557	2.0 %
IF	RMPA Services plc	BBB+	550	2.0 %
IF	Catalyst Healthcare (Manchester) Financing plc [2]	BBB-	541	1.9 %
PF	Hickam Community Housing LLC	BBB-	455	1.6 %
SF	Progress Energy Carolinas, Inc.	A-	450	1.6 %
PF	Puerto Rico Infrastructure Financing Authority, Special Tax Revenue	BIG	403	1.4 %
PF	Puerto Rico Highways & Transportation Authority, Transportation Revenue	BIG	398	1.4 %
PF	Bragg Communities, LLC	A-	396	1.4 %
PF	Massachusetts Commonwealth - GO	AA	364	1.3 %
IF	International Infrastructure Exposure	BIG	343	1.2 %
PF	Monterey Bay, CA - Military Housing	BBB+	310	1.1 %
PF	Fort Bliss/White Sand Missile Range Housing LP	BBB+	299	1.1 %
PF	Northeast Housing LLC	BBB-	292	1.0 %
PF	Hampton Roads Navy Housing	A	277	1.0 %
IF	Sydney Airport Finance Company PTY Limited	BBB-	274	1.0 %
IF	Northern Powergrid (Yorkshire) plc	A-	271	1.0 %
IF	Northern Powergrid Holding Co.	BBB+	271	1.0 %
IF	Road Management Services (Finance) plc	BBB+	262	0.9 %
	Total		**$ 12,390**	**44.2 %**

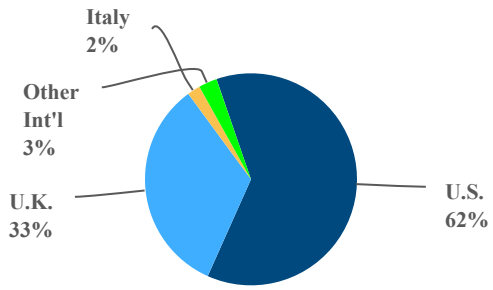
***PF** = Public Finance, **SF** = Structured Finance and **IF** = International Finance*

(1) Net par exposures within the U.S. public finance market include capital appreciation bonds which are reported at the par amount at the time of issuance of the insurance policy as opposed to the current accreted value of the bonds.

(2) A portion of this transaction is insured by an insurance policy issued by Ambac Assurance. Ambac Assurance has issued policies for these transactions that will only pay in the event that Ambac UK does not pay under its insurance policy.

Geographic Distribution of Net Financial Guarantee Exposures Outstanding

December 31, 2021



December 31,2020

