Ambac

Second Quarter 2022

Investor Presentation

Quarterly Highlights

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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 highly speculative nature of AFG's common stock and volatility in the price of AFG's common stock; (2) uncertainty concerning the Company's ability to achieve value for holders of its securities, whether from Ambac Assurance Corporation ("AAC") and its subsidiaries or from the specialty property and casualty program insurance business, the distribution business, or related businesses; (3) the inability of AAC to realize the expected recoveries, including RMBS litigation recoveries, included in its financial statements, or changes in estimated RMBS litigation recoveries over time; (4) failure to recover claims paid on Puerto Rico exposures or realization of losses in amounts higher than expected; (5) inadequacy of reserves established for losses and loss expenses and possibility that changes in loss reserves may result in further volatility of earnings or financial results; (6) potential for rehabilitation proceedings or other regulatory intervention against AAC; (7) credit risk throughout Ambac's business, including but not limited to credit risk related to insured residential mortgage-backed securities, student loan and other asset securitizations, public finance obligations (including risks associated with Chapter 9 and other restructuring proceedings), issuers of securities in our investment portfolios, and exposures to reinsurers; (8) our inability to effectively reduce insured financial guarantee exposures or achieve recoveries or investment objectives; (9) our inability to generate the significant amount of cash needed to service our debt and financial obligations, including through litigation recoveries or disposition of assets, and our inability to refinance our indebtedness; (10) Ambac's substantial indebtedness could adversely affect its financial condition and operating flexibility; (11) Ambac may not be able to obtain financing or raise capital on acceptable terms or at all due to its substantial indebtedness and financial condition; (12) the impact of catastrophic public health, environmental or natural events, including events like the COVID-19 pandemic, or global or regional conflicts, on significant portions of our insured portfolio; (13) credit risks related to large single risks, risk concentrations and correlated risks; (14) risks associated with adverse selection as Ambac's financial guarantee insurance portfolio runs off; (15) the risk that Ambac's risk management policies and practices do not anticipate certain risks and/or the magnitude of potential for loss; (16) restrictive covenants in agreements and instruments that impair Ambac's ability to pursue or achieve its business strategies; (17) adverse effects on operating results or the Company's financial position resulting from measures taken to reduce financial guarantee risks in its insured portfolio; (18) disagreements or disputes with Ambac's insurance regulators; (19) loss of control rights in transactions for which we provide financial guarantee insurance; (20) adverse tax consequences or other costs resulting from the characterization of the AAC's surplus notes or other obligations as equity; (21) risks attendant to the change in composition of securities in the Ambac's investment portfolio; (22) adverse impacts from changes in prevailing interest rates; (23) events or circumstances that result in the impairment of our intangible assets and/or goodwill that was recorded in connection with Ambac's acquisition of 80% of the membership interests of Xchange Benefits, LLC; (24) risks associated with the expected discontinuance of the London Inter-Bank Offered Rate; (25) factors that may negatively influence the amount of installment premiums paid to Ambac; (26) risks relating to determinations of amounts of impairments taken on investments; (27) the risk of litigation and regulatory inquiries or investigations, and the risk of adverse outcomes in connection therewith; (28) actions of stakeholders whose interests are not aligned with broader interests of Ambac's stockholders; (29) system security risks, data protection breaches and cyber attacks; (30) regulatory oversight of Ambac Assurance UK Limited ("Ambac UK") and applicable regulatory restrictions may adversely affect our ability to realize value from Ambac UK or the amount of value we ultimately realize; (31) failures in services or products provided by third parties; (32) our inability to attract and retain qualified executives, senior managers and other employees, or the loss of such personnel; (33) fluctuations in foreign currency exchange rates; (34) failure to realize our business expansion plans or failure of such plans to create value; (35) greater competition for our specialty property & casualty program insurance business; (36) loss or lowering of the AM Best rating for our property and casualty insurance company subsidiaries; (37) disintermediation within the insurance industry or greater competition that negatively impacts our managing general agency/underwriting business; (38) changes in law or in the functioning of the healthcare market that impair the business model of our accident and health managing general underwriter; and (39) other risks and uncertainties that have not been identified at this time.

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Overview

Ambac Financial Group, Inc. (NYSE: AMBC) 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 guarantee business in run-off.

Shareholders' Equity: $784 million[1]

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

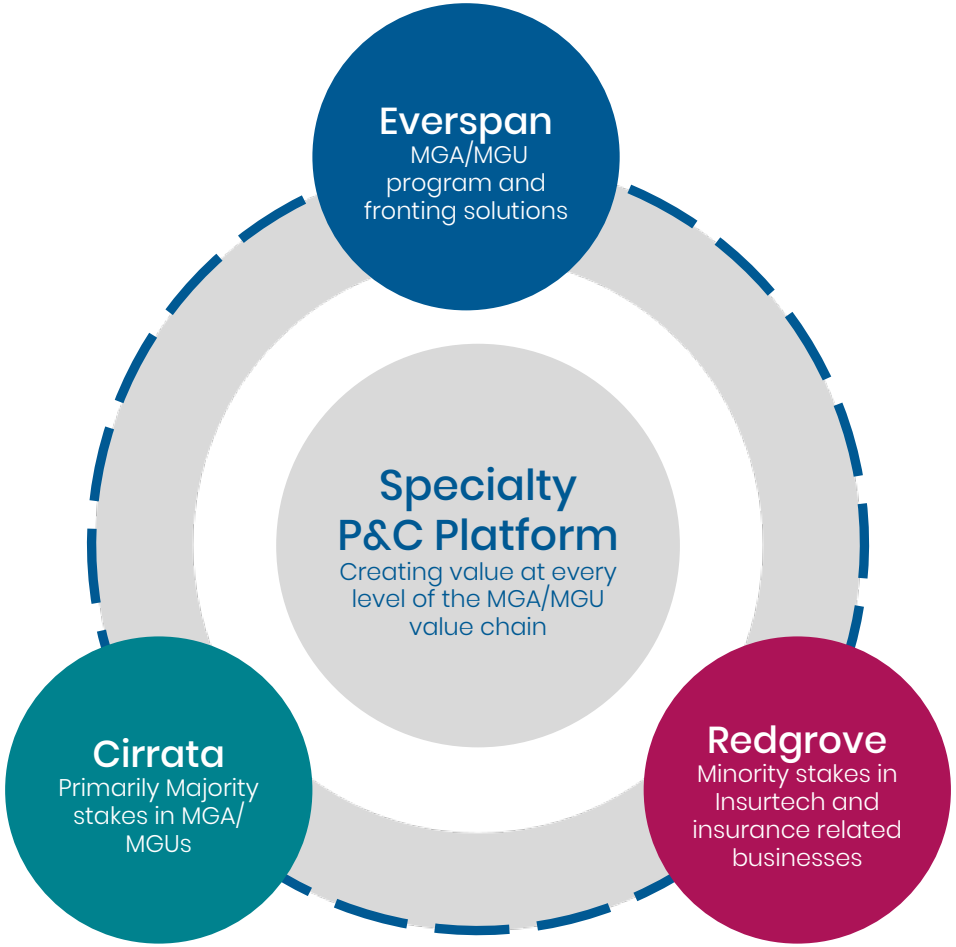
Legacy Financial Guarantee Insurance Segment[2]

1. Ambac common stockholders' equity as of June 30, 2022
2. As reported in most recent 10Q

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

- Ambac's Specialty P&C Platform includes its growing specialty P&C hybrid fronting business (Everspan), the insurance distribution segment (Cirrata) and the strategic investments strategy (Redgrove)
- Growth strategy for the Specialty P&C Platform is to take advantage of the rapidly expanding U.S. program and fronting market in a capital efficient manner
- Everspan's hybrid program & fronting solutions utilize Managing General Agents (MGAs) and Managing General Underwriters (MGUs) to act as distribution
- Cirrata primarily takes majority stakes in MGAs which may take advantage of underwriting capacity granted by Everspan, on either an admitted or surplus lines basis
- Ambac's legacy financial guarantee business, which is in run-off, has certain key catalysts we are striving to resolve in the near term



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Select Partnerships and Strategic Investments

Everspan

Cover Whale 3Q21	AMWINS 1Q22	BRANCH 1Q22
LONGLEAF SUSTAINABLE FORESTRY INSURANCE 1Q22	theguarantors 2Q22	Kalepa 3Q22
battleface 4Q22		

Cirrata & Redgrove

XB EST. MMX 4Q20	Cover Whale 4Q21	*de novo Human Services MGA* 2Q22

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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]

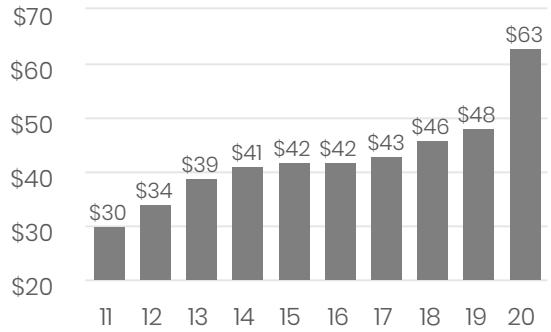
$70 bn
2021E DPW

16%
YoY Growth

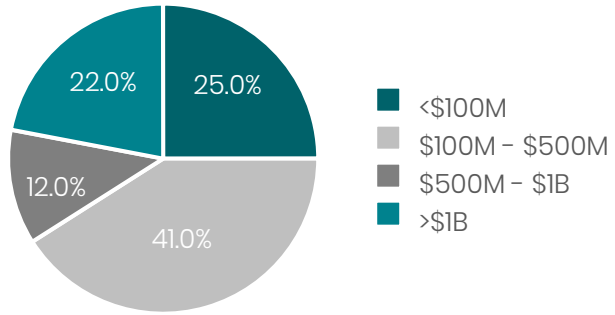
Historical Trends[1,2]

- The MGA market doubled in size between 2011 and 2020
- 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 is estimated to have over 1,000 MGAs with 700 identified in statutory filings and another 350 estimated to fall below the filing threshold

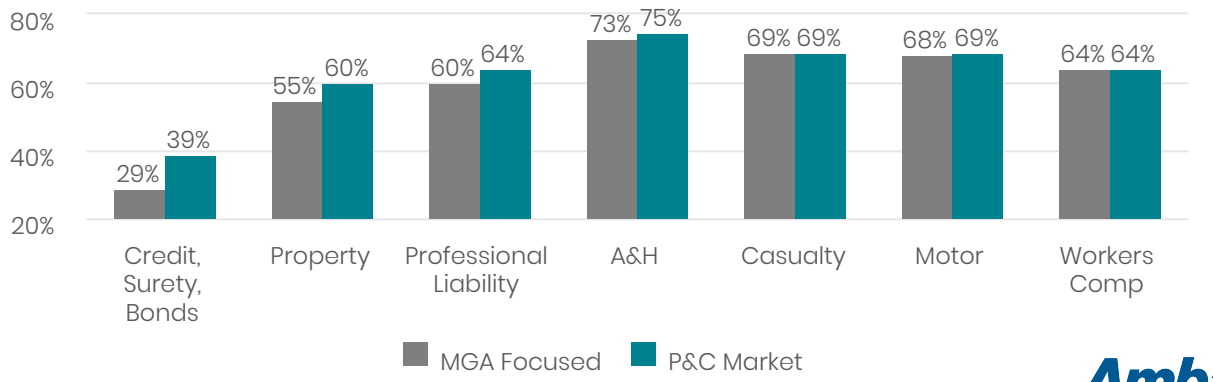
U.S. MGA Direct Written Premiums ($bn)[2,3]



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



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



1. Conning, *Managing General Agents: Firing on All Cylinders*, www.tinyurl.com/2cnbbs8p
2. AON, *MGAs: a Market on the Move*, https://mga.aon.com/2022-mgas-on-the-move/
3. 2020 figure includes AON 's estimate of unreported premium of $11.1 billion

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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]

$61 bn
2021E DPW

14%
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 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. S&P Global Market Intelligence

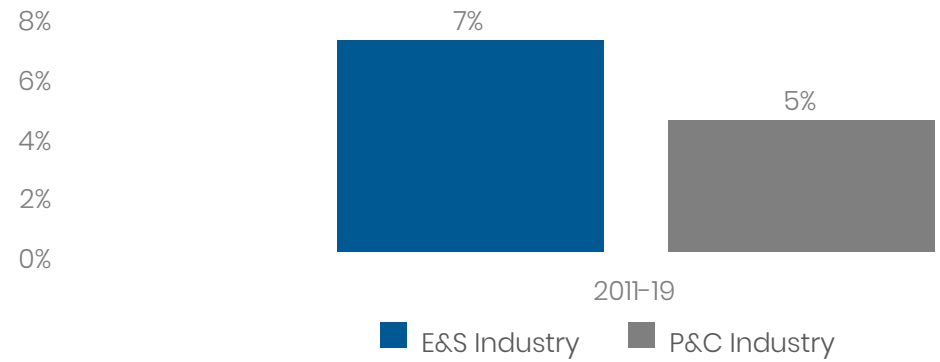
Specialty Insurance Poised for Continued Growth

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

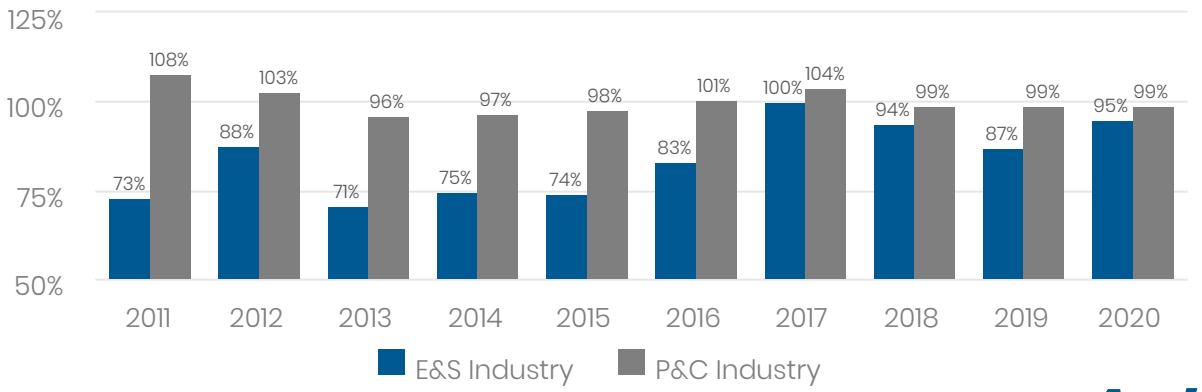
Historical E&S Trends[1]

- 2021 E&S direct premiums written are estimated to be $61 billion[2] implying CAGR of 10% since 2011 and 14% since 2016
- 2021 E&S market grew 27.4% vs 9.6% for overall P&C[3]
- 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 2011

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



E&S Industry vs. P&C Industry Combined Ratio[2]



1. AON, *MGAs: a Market on the Move*, https://mga.aon.com/2022-mgas-on-the-move/
2. S&P Global Market Intelligence
3. Conning, *Managing General Agents: Firing on All Cylinders*, tinyurl.com/2cnbbs8p

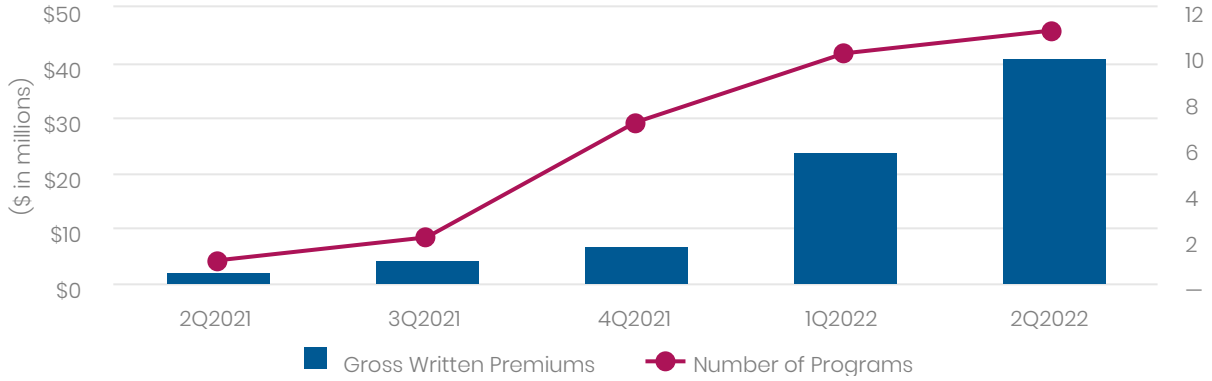
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Everspan Group: Specialty P&C Hybrid Fronting Insurer

Everspan Group entered the specialty P&C insurance program marketplace in February 2021 as a hybrid fronting carrier

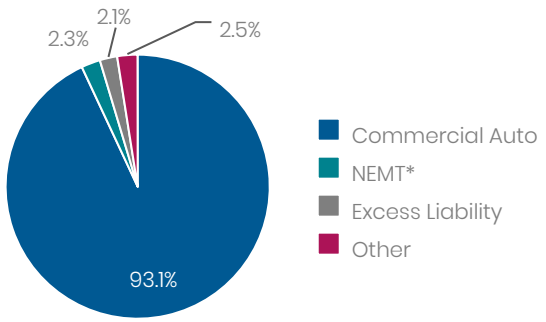
- $41 million of GPW in 2Q22 up 71% over 1Q22
- 2Q22 annualized run-rate of +$160 million of GPW
- GPW split between E&S vs Admitted:
  - 2Q22: 79% E&S vs 21% Admitted
  - 1H22: 86% E&S vs 14% Admitted
- Loss Ratio of 66.5% in 2Q22 and 65.3% in 1Q22
- 11 MGA programs including 3 new programs signed during 2Q22
- Everspan has broad E&S and admitted capabilities, with P&C certificates of authority in all 50 states
- AM Best Financial Strength Rating of 'A-' (Excellent) and Financial Size Category Class VIII
- Shareholders' Equity: $112 million[1]
- Statutory Surplus: $109 million

Gross Premium Written (GPW) and Number of Programs

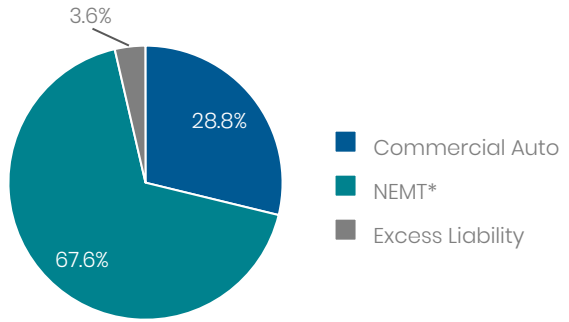


GPW by Line of Business

2Q22



FY21



*Non-emergency Medical Transport

1. Ambac Stockholders' Equity as shown on slide 18

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Everspan: Diverse Product Line & Risk Appetite

Service mix spanning hybrid fronting and program specialty

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, which may be up to 30%

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 basis for attractive returns

Strategic partners focused on value creation

Everspan takes an active role in overseeing MGAs, ensuring its reinsurance partners a closely aligned business relationship. 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*	US business only. International, if any, only incidental to US risks
EXCESS LIABILITY*	Regional primary workers compensation, no excess	SURETY*	

*ACTIVE PROGRAMS

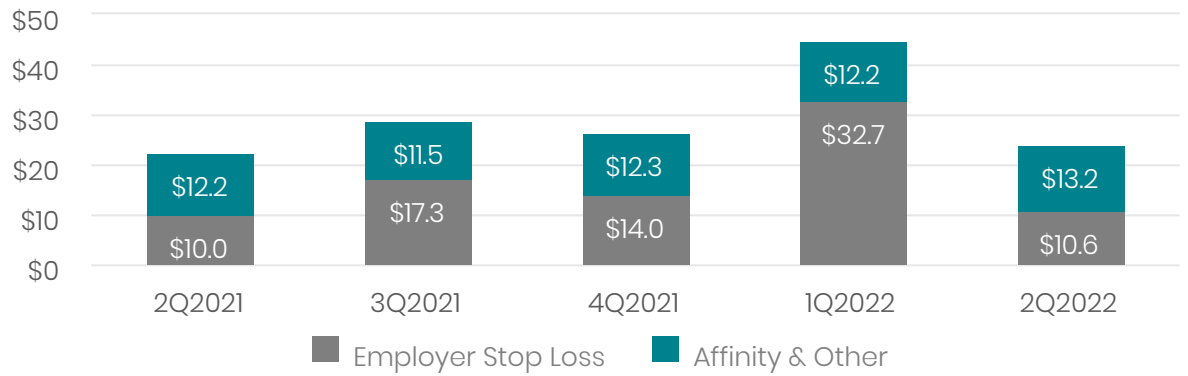
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Cirrata: Insurance Distribution via Majority Owned MGAs

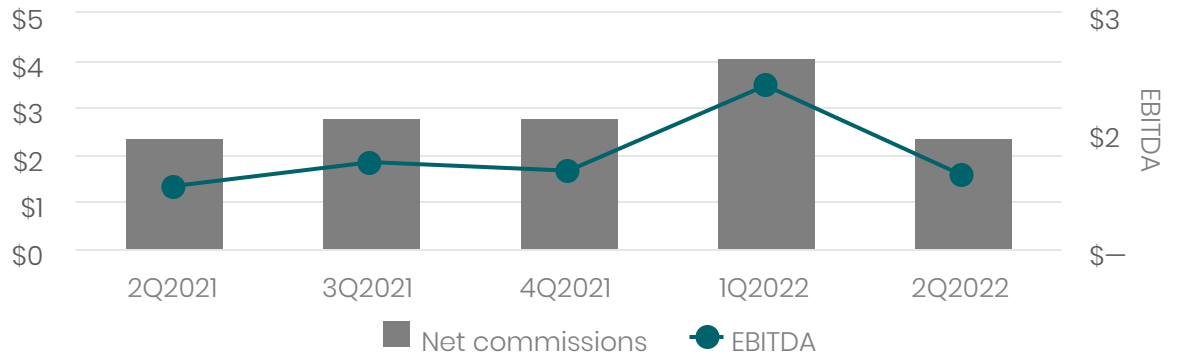
High margin businesses that generate predictable recurring fee-based income

- $24 million of premium placed in 2Q22 up 7% from 2Q21
- Closed a renewal rights transaction in May targeting a 15% increase to Employer Stop Loss premiums placed
- Announced a new Employer Stop Loss program with Markel
- Engaged in first de novo MGA build of Human Services MGA-via launch of strategic partnership with Penny Parisoff in June 2022
- ~$8.4 million of distributions paid to AFG to date

Premium Placed by Line ($ in millions)



Net Commissions & EBITDA ($ in millions)



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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
- Target majority ownership stake (between 51-90%)
- Create alignment of interest focused on profitable growth

De Novo Startups

- Build best-in-class underwriting teams in high margin specialty classes
- Leverage Ambac's institutional reinsurance relationships and management expertise
- Promote alignment of interest and stake in underwriting profits

Building an MGU with Cirrata

AFG's Business Services Business Model

Cirrata leverages AFG's business services unit-22º Business Services-to offer distribution partners a full suite of technology lead operational solutions

Sample Services 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

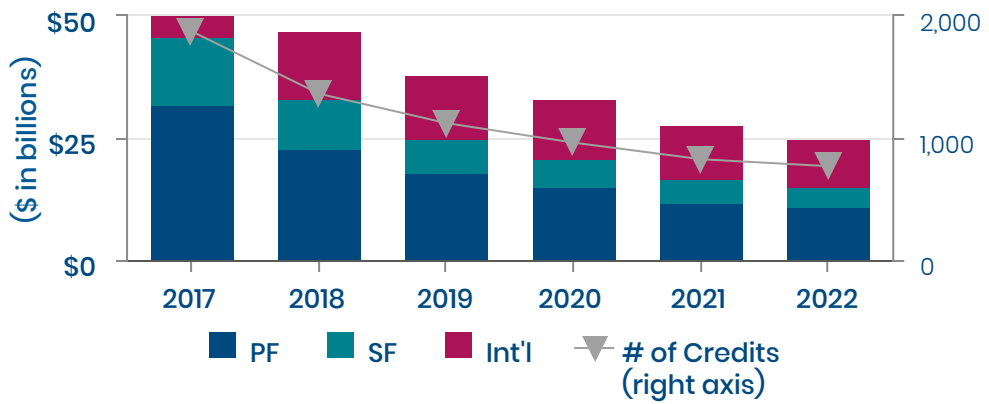
Segment Overview

- Active de-risking of legacy financial guarantee insured portfolios towards stable run-off
- Insured Net Par of $25.3 billion declined 7% from the prior quarter
- Watch List and Adversely Classified credits decreased 11% in 2Q22 and 16% since year-end 2021
- Pursuing +$3 billion in damages across all RMBS litigation

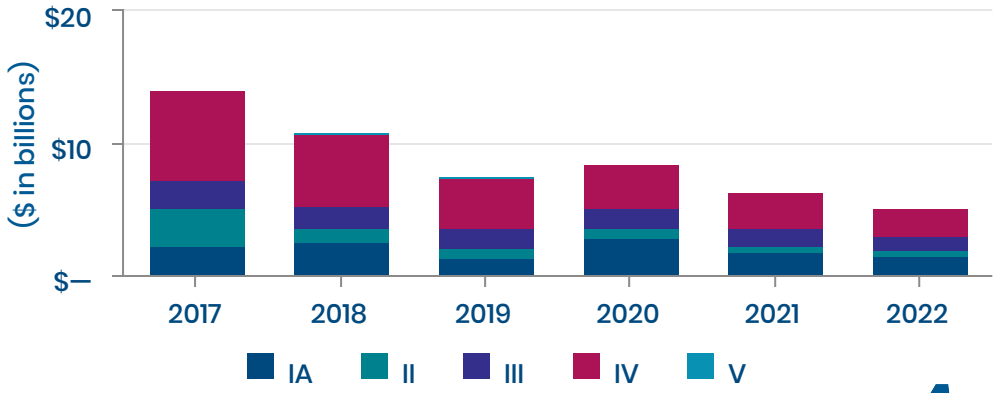
RMBS Litigation Overview

- Countrywide, First Franklin and Nomura
  - Estimated GAAP gross subrogation related to representation and warranty ("R&W") claims of $1.5 billion as of June 30, 2022
- Countrywide
  - Trial on breach of contract claim scheduled to begin Sept. 7, 2022
- Harborview
  - Pursuing a fraud-only case with summary judgment ruling expected in the third or fourth quarter 2022 and possibility of trial in 1H2023
  - Potential recoveries not reflected in GAAP estimated gross subrogation recoverable
- First Franklin and Nomura
  - First Franklin actively progressing towards summary judgment
  - Nomura moving through summary judgment phase with possibility of trial in 2023

Net Par Exposure Since 2017



Adversely Classified Credits - Net Par (definitions in Appendix)



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

$218m of Net Assets[1]

Valuation ~ Fair Market Value of Assets

+

Everspan Insurance

- +$160 GPW annualized run-rate in 2Q22 up over 60% from 1Q22
- Growing specialty hybrid fronting insurer with six rated carriers
- Fronting fee income requires minimal capital

$112m Book Value[2]

Valuation ~ Specialty P&C Insurer BV or EPS multiple

+

Cirrata

- $24m of placed premium in 2Q22 up 7% over prior year
- Profitable and expanding commission and fee income
- Acquisitions, de novo, & organic growth

$6.6m Total TTM EBITDA; 80% or $5.3m allocable to AFG

Valuation ~ Insurance Broker EBITDA multiple

+

Legacy Financial Guarantee

- 9 : 1 total claims paying ratio
- De-risking including watch list & adversely classified credit net par outstanding was down 11% from 1Q22
- Seeking in excess of $3 billion of litigation damages

$341m ABV[2,3]

Valuation ~ FG ABV multiple

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

1. Includes ~$61m of AAC surplus notes at FV. Excludes the value of AFG's ownership of Everspan, Cirrata and AAC.
2. Book value is Ambac Stockholders' Equity as shown on slide 18
3. Represents the Legacy Financial Guarantee portion of Ambac's adjusted book value. See page 29 for a reconciliation to GAAP book value.

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Financial Review

2Q22

2Q2022 Consolidated Financial Overview

Net income attributable to common stockholders for 2Q2022 was $5.2 million compared to net loss of $(28.5) million in 2Q2021

Adjusted earnings for 2Q2022 of $12.7 million and adjusted loss for 2Q2021 of $13.3 million excludes insurance intangible asset amortization in each period of $12.8 million

($ in millions, except per share amounts)	2Q2022	2Q2021
Net income (loss) attributable to common stockholders	$ 5.2	$ (28.5)
Net income (loss) per diluted share	$ 0.11	$ (0.63)
Adjusted net income (loss) attributable to common stockholders	$ 12.7	$ (13.3)
Adjusted net income (loss) per diluted share	$ 0.28	$ (0.30)

($ in millions, except per share amounts)	2Q2022	1Q2022
Ambac Financial Group Inc. stockholders' equity (book value)	$ 783.8	$ 914.4
Book value per share	$ 17.44	$ 19.65
Adjusted book value	$ 773.0	$ 841.2
Adjusted book value per share	$ 17.20	$ 18.07

1. Adjusted earnings and adjusted book value are non-GAAP financial measures of financial performance or financial position that excludes (or includes) amounts that are included in (or excluded from) net income attributable to common stockholders for Adjusted Earnings and Total Ambac Financial Group, Inc. stockholders' equity for Adjusted Book Value. A reconciliation between both financial measures can be found in Ambac's 2Q2022 Earnings Release included in Ambac's Current Report on Form 8-K filed with the SEC on August 8, 2022 and at the end of this document
2. Per Diluted share includes the impact of adjusting the Xchange related noncontrolling interest to current redemption value

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Ambac's Operating Segment Highlights

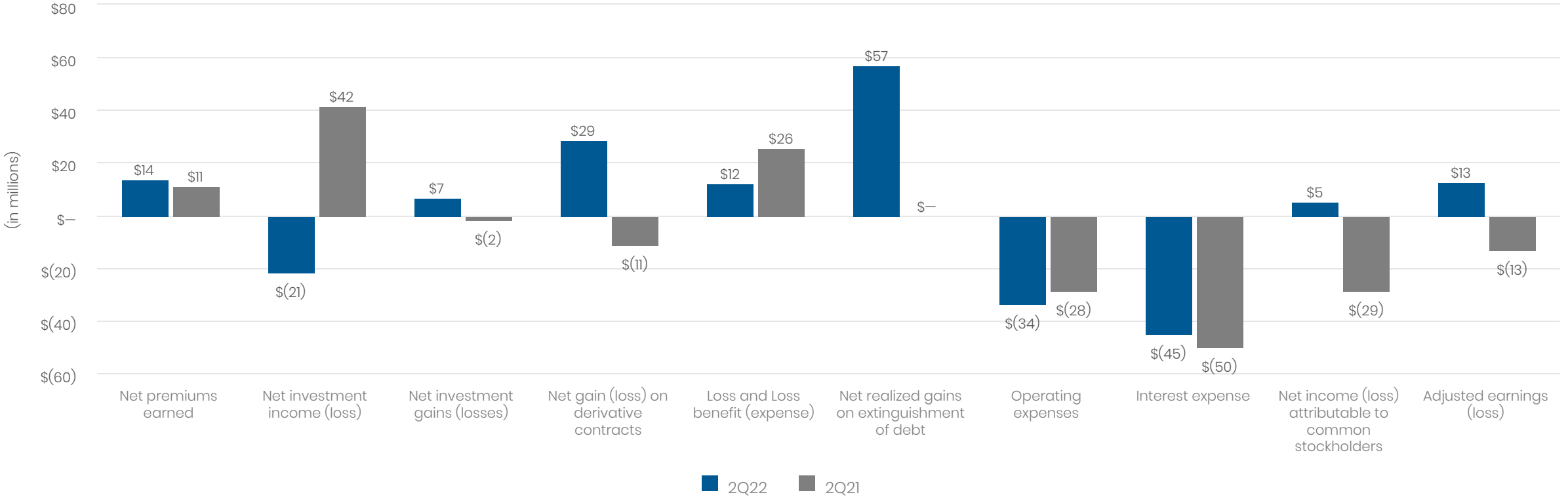
($ in millions)	Legacy Financial Guarantee Insurance	Specialty Property & Casualty Insurance	Insurance Distribution	Corporate & Other	Consolidated
Three Months Ended June 30, 2022					
Gross premiums written	$ (4.3)	$ 40.9			$ 36.6
Net premiums written	$ 1.1	$ 8.1			$ 9.2
Total revenues	$ 74.8	$ 3.7	$ 6.4	$ 1.6	$ 86.5
Total expenses	$ 67.9	$ 5.2	$ 6.1	$ 1.0	$ 80.2
Pretax income (loss)	$ 6.9	$ (1.5)	$ 0.3	$ 0.6	$ 6.3
EBITDA[1]	$ 65.2	$ (1.5)	$ 0.8	$ 0.7	$ 65.1
Ambac Stockholders' Equity [2]	$ 449.9	$ 111.7	$ 65.4	$ 156.7	$ 783.8
Non-redeemable noncontrolling interest	$ 60.0	$ 2.0			$ 62.0
GAAP equity	$ 509.9	$ 113.8	$ 65.4	$ 156.7	$ 845.8
Three Months Ended June 30, 2021					
Gross premiums written	$ (5.4)	$ 2.0			$ (3.4)
Net premiums written	$ (12.9)	$ 0.4			$ (12.5)
Total revenues	$ 42.5	$ 0.3	$ 6.0	$ —	$ 48.8
Total expenses	$ 58.6	$ 1.9	$ 5.6	$ 0.3	$ 66.4
Pretax income (loss)	$ (16.1)	$ (1.6)	$ 0.4	$ (0.3)	$ (17.6)
EBITDA[1]	$ 47.3	$ (1.6)	$ 0.9	$ (0.3)	$ 46.3
Ambac Stockholders' Equity[2]	$ 726.1	$ 105.4	$ 66.1	$ 165.5	$ 1,063.2
Non-redeemable noncontrolling interest	$ 60.0				$ 60.0
GAAP equity	$ 786.1	$ 105.4	$ 66.1	$ 165.5	$ 1,123.1

1. See slide 26 for EBITDA reconciliation to pre-tax GAAP Net Income
2. Represents the consolidated share of Ambac stockholders equity for each subsidiary and includes intercompany eliminations

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2Q2022 vs 2Q2021 - Key Consolidated Financial Metrics

Results for 2Q2022 were primarily driven by lower net investment income from equity, hedge fund, and high yield loan fund losses; partially offset by gains on interest rate derivatives and higher investment related gains as compared to 2Q2021



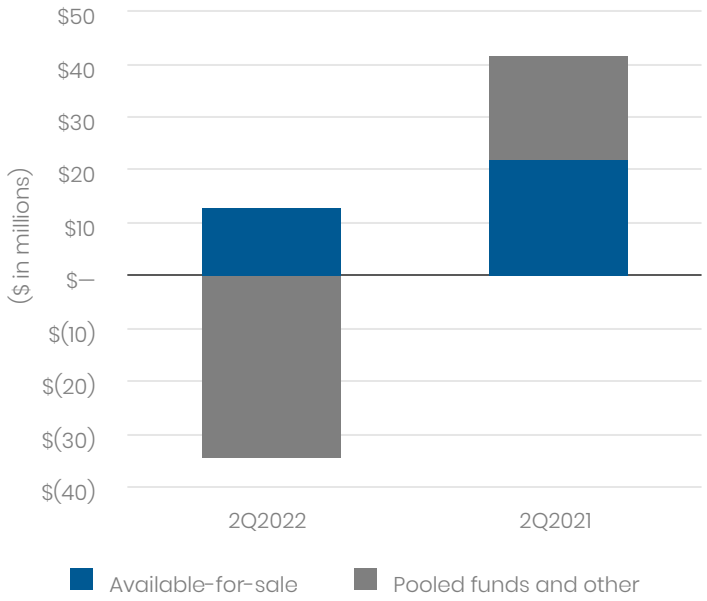
1. Adjusted earnings is a non-GAAP financial measure of financial position that excludes (or includes) amounts that are included in (or excluded from) net income which is presented in accordance with GAAP. A reconciliation to Net income (loss) attributable to common shareholders can be found in Ambac's 2Q2022 Earnings Release, included in Ambac's Current Report on Form 8-K filed with the SEC on August 8, 2022 and at the end of this document

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N.I.I. & Investment Portfolio Components as of June 30, 2022

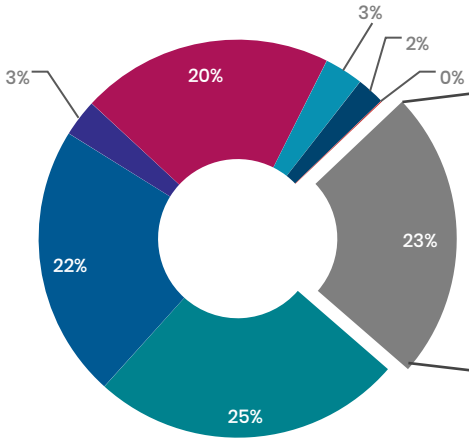
Net investment loss in 2Q2022 was $(21) million, compared to income of $42 million for 2Q2021 reflecting a net loss on funds of $(23) million, a decline of $42 million from 2Q2021. The decline in fund results was primarily driven by equity market losses, and negative performance from hedge funds and high-yield/ loan funds. 2Q2022 also included trading losses of $(11) million from declines in fair value of plan consideration received in the March 2022 Puerto Rico settlement. Available-for-sale income declined $7 million as a result of the refinancing of LSNI secured notes that were included in 2Q2021 investments.

Net Investment Income (Loss)

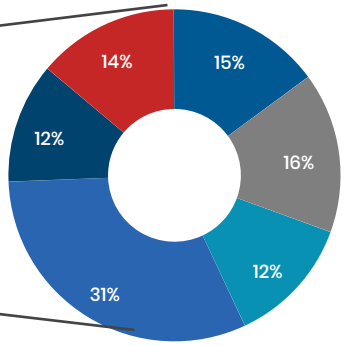


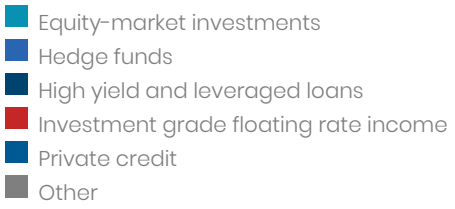
Total Portfolio — $2.5 billion





Other Investments — $598 million



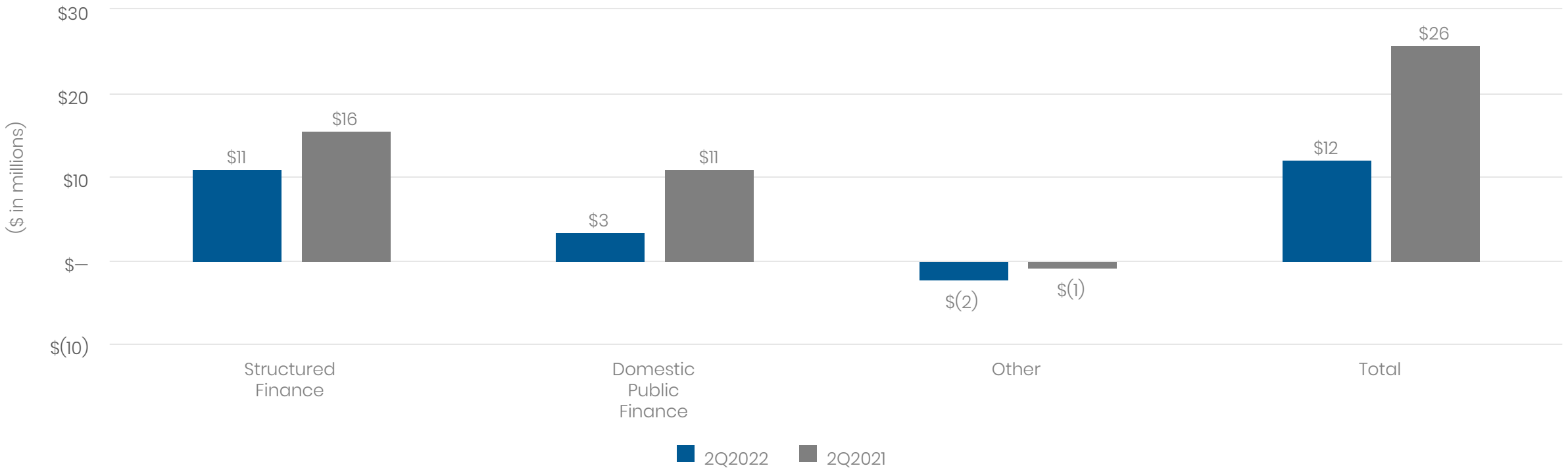


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Incurred Losses (Benefit) by Category[1] - 2Q2022 vs 2Q2021

Structured Finance benefit of $11 million in 2Q2022 was primarily driven the the positive impact of higher discount rates and lower underlying RMBS losses somewhat off-set by a reduction in estimated R&W subrogation recoveries stemming from the same factors.

Domestic Public Finance benefit of $3 million in 2Q2022 was driven by credit improvements and higher discount rats across several credits compared to the benefit of $11 million in the second quarter of 2021 which was positively impacted by a few credits including Puerto Rico.

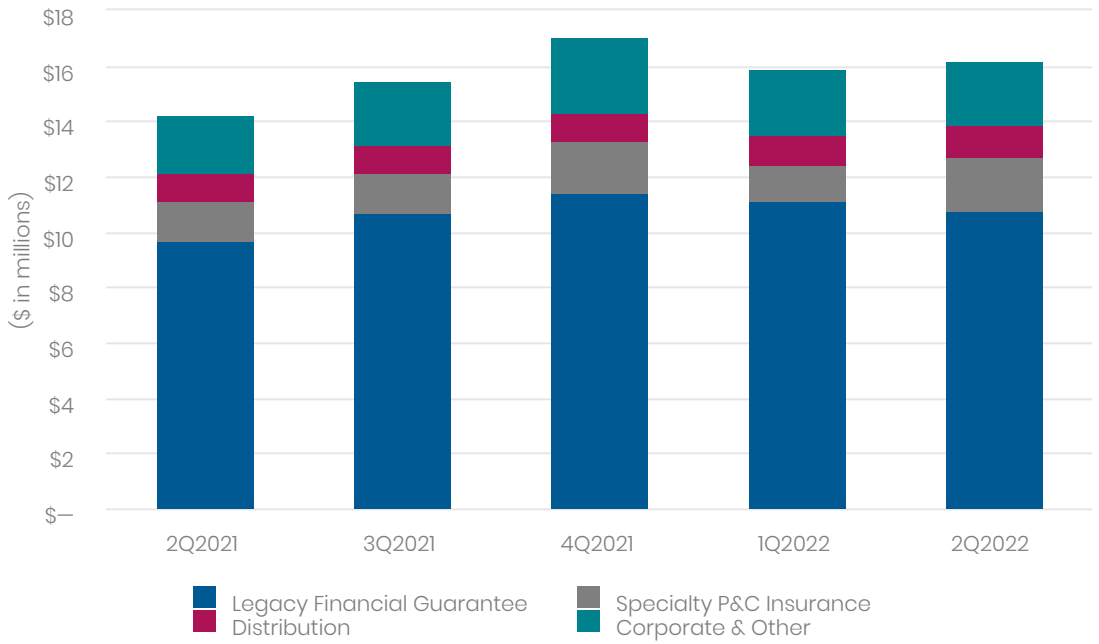


1. Components may not add to total due to rounding

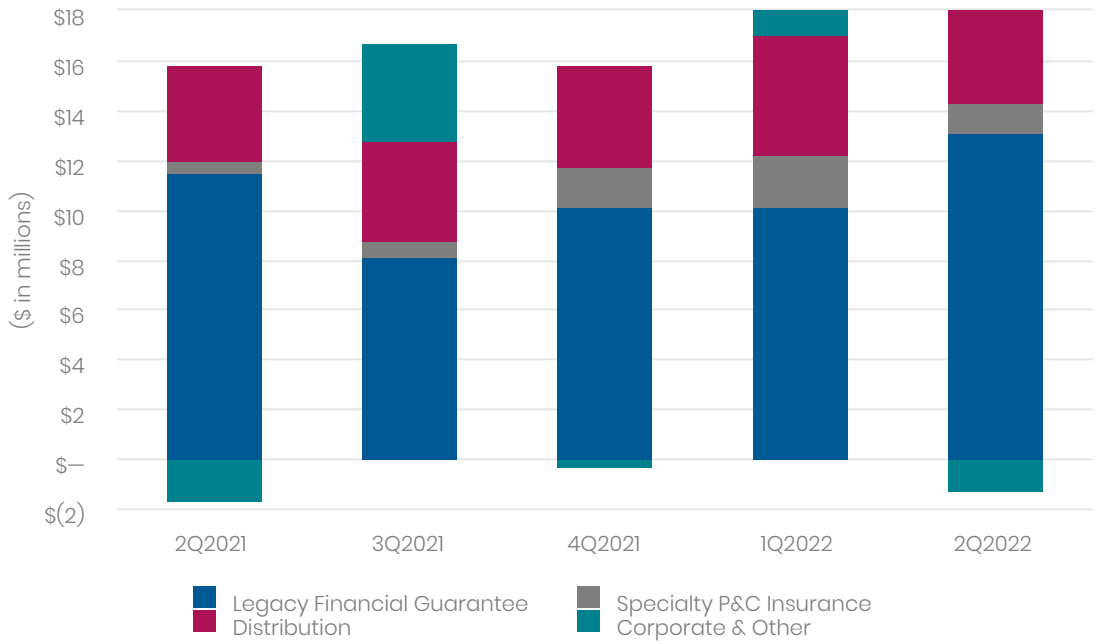
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Expense Management

Compensation Expense



Non-Compensation Expense



2Q2022 Compensation expense of $16 million, an increase of $2 million from 2Q2021, mostly due to higher incentive performance compensation and increased headcount at Everspan and Cirrata

Non-Compensation expenses were $17 million in 2Q2022, an increase of $3 million from 2Q2021 due to higher audit, travel, licensing and other costs associated with growth in the Specialty P&C business. The Insurance Distribution segment, which primarily include Sub-producer commissions, grew with an increase in premiums placed. Legacy FG had increased defensive litigation expenses.

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Legacy Financial Guarantee Liability and Capital Summary

Category	(in millions) 06/30/22	Comments
Claim liabilities	$ 1,146	Before estimated subrogation, Unearned Premium Revenue ("UPR") and reinsurance
Secured notes	$ 1,175	Includes $0.2 million of accrued and unpaid interest
5.1% Surplus notes	$ 1,399	Includes $559 million of accrued and unpaid interest Includes the $120 million held by AFG which is $68 million Par and $52 million accrued interest
Tier 2 notes	$ 347	Includes paid-in-kind interest of $107 million
Ambac UK debt	$ 15	Zero coupon note payable at maturity on May 2, 2036
Auction Market Preferred Shares (AMPS)	$ 138	Liquidation preference

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Non-GAAP Reconciliations

Ambac Non-GAAP Financial Data

Non-GAAP Financial Data

the Company currently reports three non-GAAP financial measures: EBITDA, adjusted earnings and adjusted book value. The most directly comparable GAAP measures are pre-tax net income for EBITDA, net income attributable to common stockholders for adjusted earnings and Total Ambac Financial Group, Inc. stockholders' equity for 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 present such non-GAAP supplemental financial information because we believe such information is of interest to the investment community that provides greater transparency and enhanced visibility into the underlying drivers 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. 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.

EBTIDA reconciliation see slide 27
Adjusted Earnings reconciliation see slide 28
Adjusted Book Value reconciliation see slide 29

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EBITDA Reconciliation

	Legacy Financial Guarantee Insurance	Specialty Property & Casualty Insurance	Insurance Distribution	Corporate & Other	Consolidated
Three Months Ended June 30, 2022					
Pretax income (loss)	$ 6.9	$ (1.5)	$ 0.3	$ 0.6	$ 6.3
Adjustments:					
Interest expense	$ 45.0	$ —	$ —	$ —	$ 45.0
Depreciation	$ 0.5	$ —	$ —	$ —	$ 0.5
Amortization of intangible assets	$ 12.8	$ —	$ 0.7	$ —	$ 13.5
Net (gain) attributable to noncontrolling interest	$ —	$ —	$ (0.2)	$ —	$ (0.2)
Earnings before interest, taxes, depreciation and amortization	$ 65.2	$ (1.5)	$ 0.8	$ 0.7	$ 65.1
Three Months Ended June 30, 2021					
Pretax income (loss)	$ (16.1)	$ (1.6)	$ 0.4	$ (0.3)	$ (17.6)
Adjustments:					
Interest expense	$ 50.1	$ —	$ —	$ —	$ 50.1
Depreciation	$ 0.4	$ —	$ —	$ —	$ 0.5
Amortization of intangible assets	$ 12.9	$ —	$ 0.7	$ —	$ 13.5
Net (gain) attributable to noncontrolling interest	$ —	$ —	$ (0.2)	$ —	$ (0.2)
Earnings before interest, taxes, depreciation and amortization	$ 47.3	$ (1.6)	$ 0.9	$ (0.3)	$ 46.3

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Ambac Non-GAAP Financial Data - Adjusted Earnings (Loss)

Adjusted Earnings [1,2]

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

	2Q2022		1Q2022		4Q2021		3Q2021		2Q2021	
($ in millions, except per share amounts)	$ Amount	P.D.S. [1,3]	$ Amount	P.D.S. [1,3]	$ Amount	P.D.S. [1,3]	$ Amount	P.D.S. [1,3]	$ Amount	P.D.S. [1,3]
Net income (loss) attributable to common shareholders	$ 5.2	$ 0.11	$ 2.0	$ 0.04	$ (22.1)	$ (0.42)	$ 16.9	$ 0.35	$ (28.5)	$ (0.63)
Adjustments:										
Insurance intangible amortization	$ 12.8	0.29	$ 13.7	0.29	$ 10.7	0.23	$ 10.3	0.22	$ 12.9	0.28
Foreign exchange (gains) losses	$ (5.3)	(0.12)	$ (1.6)	(0.03)	$ 1.5	0.03	$ (1.7)	(0.04)	$ 2.4	0.05
Adjusted earnings (loss)	$ 12.7	$ 0.28	$ 14.0	$ 0.30	$ (9.9)	$ (0.16)	$ 25.4	$ 0.53	$ (13.3)	$ (0.30)

1. Per diluted share ("P.D.S.")
2. Numbers may not add due to rounding
3. Per Diluted share includes the impact of adjusting the Xchange related noncontrolling interest to current redemption value

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Ambac Non-GAAP Financial Data - Adjusted Book Value

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)	June 30, 2022		March 31, 2022		December 31, 2021		September 30, 2021		June 30, 2021	
	$ Amount	Per Share	$ Amount	Per Share	$ Amount	Per Share	$ Amount	Per Share	$ Amount	Per Share
Total Ambac Financial Group, Inc. Shareholders' Equity	$ 783.8	$ 17.44	$ 914.4	$ 19.65	$ 1,038.1	$ 22.42	$ 1,060.6	$ 22.91	$ 1,063.2	$ 23.01
Adjustments:										
Non-credit impairment fair value losses on credit derivatives	$ —	—	$ —	—	$ 0.4	0.01	$ 0.2	0.01	$ 0.3	0.01
Insurance intangible asset	$ (284.0)	(6.32)	$ (303.5)	(6.52)	$ (320.0)	(6.91)	$ (330.2)	(7.14)	$ (342.9)	(7.42)
Net unearned premiums and fees in excess of expected losses	$ 250.4	5.57	$ 279.4	6.00	$ 309.5	6.68	$ 315.2	6.81	$ 336.9	7.29
Net unrealized investment (gains) losses in Accumulated Other Comprehensive Income	$ 22.7	0.51	$ (49.2)	(1.06)	$ (154.0)	(3.32)	$ (164.1)	(3.54)	$ (168.1)	(3.64)
Adjusted book value	$ 773.0	$ 17.20	$ 841.2	$ 18.07	$ 874.0	$ 18.88	$ 881.7	$ 19.05	$ 889.4	$ 19.25
Shares outstanding (in millions)		44.9		46.5		46.3		46.3		46.2

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LFG Segment Non-GAAP Financial Data - Adjusted Book Value

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)	June 30, 2022
Ambac's Shareholders' Equity (Legacy Financial Guarantee Insurance Segment)[1]	$ 449.9
Adjustments:	
Non-credit impairment fair value losses on credit derivatives	$ —
Insurance intangible asset	$ (284.0)
Net unearned premiums and fees in excess of expected losses	$ 250.4
Net unrealized investment (gains) losses in Accumulated Other Comprehensive Income	$ 30.9
Surplus Notes held by AFG (Book Value)	$ (106.1)
Adjusted book value (Legacy Financial Guarantee Insurance Segment)	$ 341.1

1. See slide 18 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**

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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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Managing Director, Investor Relations

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ir@ambac.com

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