Ambac

Quarterly Operating Supplement

2Q2022

Ambac Financial Group
One World Trade Center, 41st Floor, New York, NY 10007
All Rights Reserved | 800-221-1854 | www.ambac.com

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.

Company Information

Corporate headquarters are located at:

Ambac Financial Group, Inc.
One World Trade Center, 41st Floor
New York, New York 10007
www.ambac.com

Investor Relations Contact:

Charles J. Sebaski
(212) 208-3222

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

Table of Contents

Consolidated Information:

Key Consolidated Quarterly Financial Data 2

Key Consolidated Yearly Financial Data 4

Earnings Measures by Reporting Segment 6

Consolidated Investment Portfolio 10

Consolidated Expense Analysis 12

Specialty Property & Casualty Insurance Information:

Key Specialty Property & Casualty Financial Data 15

Insurance Distribution Information:

Key Insurance Distribution Financial Data 17

Legacy Financial Guarantee Insurance Information:

Key Financial Data for Ambac Assurance Corporation 19

Financial Guarantee Insurance Claims Paying Ratio 20

Future Amortization of Net Financial Guarantees in Force 21

Net Unearned Premium Amortization and Estimated Future Installment Premiums 22

Summary of Insured Exposures With US GAAP Loss and Loss Expense Reserves 22

Historical Net Financial Guarantee Exposures Outstanding 23

Rating Distribution of Net Financial Guarantee Exposures Outstanding 23

Adversely Classified Credit Exposures Outstanding 24

Adversely Classified Distribution of Exposures Outstanding 24

25 Largest Exposures Outstanding 25

Geographic Distribution of Net Financial Guarantee Exposures Outstanding 25

Appendix

Other Consolidated Non-GAAP Financial Measures 27

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 are in millions and may not add due to rounding.

Ambac

Ambac

Consolidated Information

Key Consolidated Quarterly Financial Data

(in millions, except per share data)	Three Months Ended					Six Months Ended	
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	June 30, 2022	June 30, 2021
Summary GAAP Financial Data:							
Statement of Total Comprehensive Income (Loss):							
Net premiums earned	$ 13.8	$ 14.6	$ 10.5	$ 11.2	$ 11.1	$ 28.4	$ 25.3
Net investment income (loss)	(21.4)	5.0	27.1	21.3	41.6	(16.4)	90.9
Net gains (losses) on derivative contracts	29.3	57.1	3.4	4.7	(11.1)	86.4	14.2
Net realized gains (losses) on extinguishment of debt	57.0	—	—	—	—	57.0	32.8
Commission income	6.2	8.6	6.4	6.5	6.0	14.8	13.2
Other income	1.0	2.4	1.6	1.0	0.7	3.4	(1.3)
Income (loss) on variable interest entities (VIEs)	(6.2)	21.5	1.6	2.9	2.1	15.4	2.5
Losses and loss expenses (benefit)	(12.0)	24.0	(15.2)	(55.3)	(25.7)	12.0	(17.8)
Intangible amortization	13.5	14.3	11.3	11.0	13.5	27.8	32.7
Operating expenses	33.7	33.9	32.6	32.2	28.4	67.6	61.6
Interest expense	45.0	44.1	43.8	43.7	50.1	89.2	99.9
Pretax income (loss)	6.3	2.8	(19.1)	19.4	(17.6)	9.2	1.5
Net income (loss) attributable to common stockholders	$ 5.2	$ 2.0	$ (22.1)	$ 16.9	$ (28.5)	$ 7.2	$ (11.6)
Net income (loss) per diluted share attributable to common stockholders	$ 0.11	$ 0.04	$ (0.42)	$ 0.35	$ (0.63)	$ 0.15	$ (0.54)
Weighted average number of diluted shares outstanding	45.685	47.360	46.629	47.044	46.577	46.311	46.446
Non-GAAP Measurements:							
EBITDA	$ 65.1	$ 61.3	$ 36.2	$ 74.2	$ 46.3	$ 126.4	$ 134.4
Adjusted earnings (loss)	12.7	14.0	(9.9)	25.4	(13.3)	26.7	14.0
Adjusted earnings (loss) per diluted share	$ 0.28	$ 0.30	$ (0.16)	$ 0.53	$ (0.30)	$ 0.57	$ 0.41

Ambac

Key Consolidated Quarterly Financial Data (continued)

(in millions, except per share data)	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Summary GAAP Financial Data (continued):					
Balance Sheets:					
Total non-VIE investments	$ 2,546.8	$ 2,814.6	$ 2,954.9	$ 2,948.0	$ 3,446.6
Premium receivables	310.8	316.7	322.6	326.8	344.7
Intangible assets (1)	330.3	350.0	361.5	363.9	377.3
Subrogation recoverable	1,666.6	1,713.9	2,091.9	2,113.2	2,097.4
Unearned premiums	384.9	393.2	394.5	401.6	420.7
Loss and loss expense reserves	1,019.4	1,066.7	1,569.9	1,564.6	1,641.3
Long-term debt (2)	2,188.8	2,241.7	2,229.9	2,214.7	2,670.6
Accrued interest payable	559.4	592.8	575.9	555.4	531.9
Ambac stockholders' equity	783.8	914.4	1,038.1	1,060.6	1,063.2
Number of shares outstanding (net of treasury shares)	44.9	46.5	46.3	46.3	46.2
Ambac Financial Group, Inc. book value per share	$ 17.44	$ 19.65	$ 22.42	$ 22.91	$ 23.01
Non-GAAP Measurements:					
Adjusted book value	$ 773.0	$ 841.2	$ 874.0	$ 881.7	$ 889.4
Adjusted book value per share	$ 17.20	$ 18.07	$ 18.88	$ 19.05	$ 19.25

(1) Includes intangible assets (net of accumulated amortization) established as part of the acquisition of Xchange of $32 and $33 at June 30, 2022 and December 31, 2021, respectively, the acquisition of Providence Washington Insurance Company of $9 at June 30, 2022 and December 31, 2021 and the first quarter 2022 acquisition of 21st Century Companies (3 carriers) of $6 at June 30, 2022. Refer to Ambac's 2021 Form 10-K for further information relating to these acquisitions.

(2) 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

Key Consolidated Yearly Financial Data

(in millions, except per share data)	YTD 2022	2021	2020	2019	2018
Summary GAAP Financial Data:					
Statement of Total Comprehensive Income (Loss):					
Net premiums earned	$ 28.4	$ 47.0	$ 54.1	$ 65.7	$ 111.1
Net investment income (loss)	(16.4)	139.3	121.7	227.4	272.7
Net gains (losses) on derivative contracts	86.4	22.3	(49.6)	(49.6)	7.0
Net realized gains (losses) on extinguishment of debt	57.0	32.8	—	—	3.1
Commission income	14.8	26.2	—	—	—
Other income [1]	3.4	1.3	2.7	134.4	4.9
Income (loss) on variable interest entities (VIEs)	15.4	7.0	5.5	37.6	3.4
Losses and loss expenses (benefit) [2]	12.0	(88.2)	224.7	12.9	(223.6)
Intangible amortization	27.8	55.0	56.7	295.3	107.3
Operating expenses	67.6	126.4	92.4	102.8	112.2
Interest expense	89.2	187.5	221.9	268.5	242.3
Pretax income (loss)	9.2	1.8	(439.7)	(183.3)	238.1
Net income (loss) attributable to common stockholders	$ 7.2	$ (16.9)	$ (437.2)	$ (215.7)	$ 185.7
Net income (loss) per diluted share attributable to common stockholders	$ 0.15	(0.61)	(9.47)	(4.69)	3.99
Weighted average number of diluted shares outstanding	46.311	46.535	46.147	45.955	46.560
Non-GAAP Measurements:					
EBITDA	$ 126.4	$ 244.8	$ (159.8)	$ 381.0	$ 622.8
Adjusted earnings (loss)	26.7	42.8	(377.8)	66.3	301.1
Adjusted earnings (loss) per diluted share	$ 0.57	$ 0.66	$ (8.19)	$ 1.44	$ 6.47

(1) Other income includes proceeds in 2019, from an SEC action against Citigroup Global Markets Inc. in the amount of $142.

(2) Includes interest expense on Deferred Amounts of $21 for the year ended December 31, 2018. 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.

Ambac

Key Consolidated Balance Sheet Data

(in millions, except per share data)	June 30, 2022	Decembere 31, 2021	2020	2019	2018
Summary GAAP Financial Data (continued):					
Balance Sheets:					
Total non-VIE investments	$ 2,546.8	$ 2,954.9	$ 3,544.1	$ 3,792.3	$ 3,937.2
Premium receivables	310.8	322.6	370.3	416.0	495.4
Intangible assets [1]	330.3	361.5	408.9	426.6	718.9
Subrogation recoverable	1,666.6	2,091.9	2,155.8	2,029.2	1,933.0
Unearned premiums	384.9	394.5	455.7	517.9	630.0
Loss and loss expense reserves	1,019.4	1,569.9	1,758.6	1,547.5	1,826.1
Long-term debt [2]	2,188.8	2,229.9	2,738.7	2,821.5	2,928.9
Accrued interest payable	559.4	575.9	516.6	440.5	375.8
Ambac stockholders' equity	783.8	1,038.1	1,079.8	1,476.5	1,592.0
Number of shares outstanding (net of treasury shares)	44.940	46.304	45.809	45.555	45.336
Ambac Financial Group, Inc. book value per share	$ 17.44	$ 22.42	$ 23.57	$ 32.41	$ 35.12
Non-GAAP Measurements:					
Adjusted book value	$ 773.0	$ 874.0	$ 918.5	$ 1,313.3	$ 1,250.6
Adjusted book value per share	$ 17.20	$ 18.88	$ 20.05	$ 28.83	$ 27.58

(1) Includes intangible assets (net of accumulated amortization) established as part of the acquisition of Xchange of $32 and $33 at June 30, 2022 and December 31, 2021, respectively, the acquisition of Providence Washington Insurance Company of $9 at June 30, 2022 and December 31, 2021 and the acquisition of 21st Century Companies (3 carriers) of $6 at June 30, 2022. Refer to Ambac's 2021 Form 10-K for further information relating to these acquisitions.

(2) 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.

Ambac

Earnings Measures by Reporting Segment (2022 Second Quarter)

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 2Q2022 Form 10-Q for a description of each of the Company's business segments.

Three Months Ended June 30, 2022

($ in millions)	Legacy Financial Guarantee Insurance	Specialty Property & Casualty Insurance	Insurance Distribution	Corporate & Other	Consolidated
Gross premiums written	$ (4.3)	$ 40.9			$ 36.6
Net premiums written	1.1	8.1			9.2
Premiums placed			$ 23.9		23.9
Revenues:					
Net premiums earned	11.0	2.8			13.8
Net investment income (loss)	(22.3)	0.4		$ 0.5	(21.4)
Net investment gains (losses), including impairments	6.8	—		—	6.8
Net gains on derivative contracts	28.1			1.2	29.3
Net realized gains on extinguishment of debt	57.0				57.0
Commission income			6.2		6.2
Other income (loss)	(5.8)	0.5	0.2	(0.1)	(5.2)
Total revenues	$ 74.8	$ 3.7	$ 6.4	$ 1.6	$ 86.5

($ in millions)	Legacy Financial Guarantee Insurance	Specialty Property & Casualty Insurance	Insurance Distribution	Corporate & Other	Consolidated
Expenses:					
Loss and loss expenses	$ (13.9)	$ 1.9			$ (12.0)
Operating expenses [1]	23.5	3.3	$ 1.6	$ 1.0	29.3
Sub-producer commissions [1]			3.9		3.9
Total expenses	9.6	5.2	5.4	1.0	21.2
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
Add back noncontrolling interest EBITDA adjustment		—	0.2		0.2
Interest expense	45.0				45.0
Depreciation expense [1]	0.5	—	—	—	0.5
Intangible amortization	12.8		0.7		13.5
Pretax income (loss) [2]	$ 6.9	$ (1.5)	$ 0.3	$ 0.6	$ 6.3

(1) The Consolidated Statements of Comprehensive Income presents the sum of these items as Operating Expenses.
(2) Pretax income (loss) is prior to the impact of noncontrolling interests.

Ambac

Earnings Measures by Reporting Segment (2021 Second Quarter)

Three Months Ended June 30, 2021

($ in millions)	Legacy Financial Guarantee Insurance	Specialty Property & Casualty Insurance	Insurance Distribution	Corporate & Other	Consolidated
Gross premiums written	$ (5.4)	$ 2.0			$ (3.4)
Net premiums written	(12.9)	0.4			(12.5)
Premiums placed			$ 22.2		22.2
Revenues:					
Net premiums earned	11.1	—			11.1
Net investment income	41.2	0.3		$ 0.1	41.6
Net investment gains (losses), including impairments	(1.5)	—		—	(1.5)
Net gains on derivative contracts	(11.1)	—			(11.1)
Net realized gains on extinguishment of debt	—	—			—
Commission income			6.0		6.0
Other income	2.8	—	—	(0.1)	2.7
Total revenues	$ 42.5	$ 0.3	$ 6.0	$ —	$ 48.8

($ in millions)	Legacy Financial Guarantee Insurance	Specialty Property & Casualty Insurance	Insurance Distribution	Corporate & Other	Consolidated
Expenses:					
Loss and loss expenses	$ (25.7)	$ —			$ (25.7)
Operating expenses [1]	20.8	1.9	$ 1.3	$ 0.3	24.3
Sub-producer commissions [1]			3.6		3.6
Total expenses	(4.9)	1.9	4.9	0.3	2.2
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
Add back noncontrolling interest EBITDA adjustment			—		—
Interest expense	50.1				50.1
Depreciation expense [1]	0.4	—	—	—	0.5
Intangible amortization	12.9		0.7		13.5
Pretax income (loss) [2]	$ (16.1)	$ (1.6)	$ 0.4	$ (0.3)	$ (17.6)

(1) The Consolidated Statements of Comprehensive Income presents the sum of these items as Operating Expenses.
(2) Pretax income (loss) is prior to the impact of noncontrolling interests.

Ambac

Earnings Measures by Reporting Segment (2022 YTD)

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 2Q2022 Form 10-Q for a description of each of the Company's business segments.

Six Months Ended June 30, 2022

($ in millions)	Legacy Financial Guarantee Insurance	Specialty Property & Casualty Insurance	Insurance Distribution	Corporate & Other	Consolidated
Gross premiums written	$ 1.9	$ 64.9			$ 66.9
Net premiums written	8.0	13.0			21.0
Net premiums placed			$ 68.7		68.7
Revenues:					
Net premiums earned	24.4	4.0			28.4
Net investment income (loss)	(17.8)	0.6		$ 0.7	(16.4)
Net investment gains (losses), including impairments	16.9	—		—	16.8
Net gains on derivative contracts	85.2	—		1.2	86.4
Net realized gains on extinguishment of debt	57.0	—			57.0
Commission income			14.8		14.8
Other income	17.9	0.8	0.2	(0.1)	18.8
Total revenues	$ 183.5	$ 5.4	$ 15.0	$ 1.8	$ 205.7

($ in millions)	Legacy Financial Guarantee Insurance	Specialty Property & Casualty Insurance	Insurance Distribution	Corporate & Other	Consolidated
Expenses:					
Loss and loss expenses	$ 9.3	$ 2.7			$ 12.0
Operating expenses [1]	44.3	6.7	$ 2.9	$ 4.4	58.2
Sub-producer commissions [1]			8.4		8.4
Total expenses	53.6	9.3	11.3	4.4	78.6
Net (gain) attributable to noncontrolling interest		—	(0.8)		(0.7)
Earnings before interest, taxes, depreciation and amortization	129.9	(4.0)	3.0	(2.6)	126.4
Add back noncontrolling interest EBITDA adjustment		—	0.8		0.7
Interest expense	89.2				89.2
Depreciation expense [1]	0.9	—	—	0.1	1.0
Intangible amortization	26.5		1.3		27.8
Pretax income (loss) [2]	$ 13.4	$ (4.0)	$ 2.4	$ (2.7)	$ 9.2

(1) The Consolidated Statements of Comprehensive Income presents the sum of these items as Operating Expenses.
(2) Pretax income (loss) is prior to the impact of noncontrolling interests.

Ambac

Earnings Measures by Reporting Segment (2021 YTD)

Six Months Ended June 30, 2021

($ in millions)	Legacy Financial Guarantee Insurance	Specialty Property & Casualty Insurance	Insurance Distribution	Corporate & Other	Consolidated
Gross premiums written	$ (7.4)	$ 2.0			$ (5.3)
Net premiums written	(21.5)	0.4			(21.1)
Net Premiums places			$ 62.4		62.4
Revenues:					
Net premiums earned	25.2	—			25.3
Net investment income	90.2	0.4		$ 0.3	90.9
Net investment gains (losses), including impairments	(3.4)	—		4.0	0.6
Net gains on derivative contracts	14.2	—			14.2
Net realized gains on extinguishment of debt	32.8	—			32.8
Commission income			13.2		13.2
Other income	1.1	—	—	—	1.1
Total revenues	$ 160.1	$ 0.4	$ 13.2	$ 4.3	$ 178.0

($ in millions)	Legacy Financial Guarantee Insurance	Specialty Property & Casualty Insurance	Insurance Distribution	Corporate & Other	Consolidated
Expenses:					
Loss and loss expenses	$ (17.8)	$ —			$ (17.8)
Operating expenses [1]	37.7	2.9	$ 2.5	$ 10.4	53.5
Sub-producer commissions [1]			7.2		7.2
Total expenses	19.9	3.0	9.7	10.4	42.9
Net (gain) attributable to noncontrolling interest			(0.7)		(0.7)
Earnings before interest, taxes, depreciation and amortization	140.2	(2.6)	2.8	(6.1)	134.4
Add back noncontrolling interest EBITDA adjustment			0.7		0.7
Interest expense	99.9				99.9
Depreciation expense [1]	0.9	—	—	—	0.9
Intangible amortization	31.4		1.3		32.7
Pretax income (loss) [2]	$ 7.9	$ (2.6)	$ 2.2	$ (6.1)	$ 1.5

(1) The Consolidated Statements of Comprehensive Income presents the sum of these items as Operating Expenses.
(2) Pretax income (loss) is prior to the impact of noncontrolling interests.

Ambac

Consolidated Investment Portfolio
As of June 30, 2022

INVESTMENTS BY CATEGORY ($ in millions)	U.S. GAAP Carrying Value	U. S. GAAP Book Value	Pre-tax Yield to Maturity [1]
Legacy Financial Guarantee Insurance			
Ambac Assurance and Subsidiaries excluding Ambac UK:			
Fixed maturity securities - available-for-sale :			
U.S. government and agency obligations	$ 18.8	$ 19.0	0.52 %
Municipal obligations	50.0	46.7	10.56 %
Corporate obligations	506.0	545.0	2.88 %
Mortgage and asset-backed securities	565.0	543.3	6.23 %
Short-term investments	316.2	316.3	1.40 %
Total fixed maturity - available-for-sale securities	**1,456.2**	**1,470.2**	**4.01 %**
Fixed maturity securities - trading	2.2	2.5	
Other investments			
Hedge funds	187.5	187.5	
Private credit	38.2	38.2	
Equity market investments	10.6	10.6	
Private Equity	18.8	18.8	
Total other investments	**255.1**	**255.1**	
Total Ambac Assurance and Subsidiaries investments excluding Ambac UK	**$ 1,713.4**	**$ 1,727.7**	**4.01 %**
Duration of Legacy Financial Guarantee Insurance fixed maturity investment portfolio [2]	**3.1**		

INVESTMENTS BY CATEGORY ($ in millions)	U.S. GAAP Carrying Value	U. S. GAAP Book Value	Pre-tax Yield to Maturity [1]
Ambac UK:			
Fixed maturity securities:			
U.S. government and agency obligations	$ 26.5	$ 26.1	2.20 %
Municipal obligations	0.1	0.1	2.75 %
Corporate obligations	80.9	85.8	3.54 %
Foreign obligations	80.6	85.7	0.98 %
Mortgage and asset-backed securities	0.1	0.1	3.73 %
Short-term investments	67.1	67.2	0.72 %
Total fixed maturity securities	**255.2**	**265.0**	**1.87 %**
Other investments			
Investment grade floating rate income	82.5	82.5	
High yield and leveraged loans	70.1	70.1	
Equity market investments	64.0	64.0	
Private credit	47.9	47.9	
Real estate	38.5	38.5	
Private Equity	19.6	19.6	
Insurance linked securities	0.9	0.9	
Convertible bonds	8.2	8.2	
Total other investments	**331.9**	**331.9**	
Total Ambac UK investments	**$ 587.1**	**$ 596.9**	**1.87 %**

(1) Yield to maturity refers to the rate of interest to be earned over the remaining life of the fixed maturity investment based on book value. For mortgage and other asset-backed securities remaining life is calculated using estimated 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 21% of the fair value of Ambac Assurance and Subsidiaries' fixed maturity investment portfolio of $1,714 at June 30, 2022.

Ambac

Consolidated Investment Portfolio (continued)
As of June 30, 2022

INVESTMENTS BY CATEGORY ($ in millions)	U.S. GAAP Carrying Value	U. S. GAAP Book Value	Pre-tax Yield to Maturity (1)
Specialty Property & Casualty Insurance:			
Fixed maturity securities:			
U.S. government and agency obligation	$ 31.4	$ 32.7	0.95 %
Municipal obligations	7.8	8.7	1.62 %
Corporate obligations	46.1	51.6	1.74 %
Short-term investments	24.0	24.0	1.40 %
Total Specialty Property & Casualty Insurance investments	**$ 109.4**	**$ 117.1**	**1.44 %**
Corporate & Other:			
Corporate obligations	$ 11.4	$ 12.5	
Short-term investments	114.7	114.7	
Total fixed maturity securities	**126.1**	**127.2**	
Other investments	10.8	10.8	
Total Corporate & Other investments	**$ 136.9**	**$ 138.0**	
Total Consolidated Investments	**$ 2,546.8**	**$ 2,579.7**	

Duration of Specialty Property & Casualty Insurance fixed maturity investment portfolio	**2.9**

(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.

Ambac

Consolidated Expense Analysis

($ in millions)	2021 1Q	2021 2Q	2021 3Q	2021 4Q	Full Year	2022 1Q	2022 2Q	2022 3Q	2022 4Q	Year to-Date
Compensation										
Salaries	$ 6.6	$ 6.8	$ 6.9	$ 6.9	$ 27.2	$ 6.9	$ 7.1	$ —	$ —	$ 13.9
Incentive Compensation [1]	6.9	6.6	7.3	9.0	29.8	7.2	7.3	—	—	14.6
Other [2]	2.1	0.9	1.1	1.1	5.3	1.8	1.8	—	—	3.6
Total Compensation	**15.6**	**14.2**	**15.4**	**17.1**	**62.3**	**15.9**	**16.2**	**—**	**—**	**32.1**
Non-Compensation										
Legal, Consulting & Advisory Services	8.4	5.2	7.0	6.0	26.6	7.4	7.0	—	—	14.4
Premises	1.3	1.2	1.3	1.1	4.9	1.1	1.1	—	—	2.3
Audit	1.2	0.8	0.8	0.8	3.5	0.8	0.9	—	—	1.8
Regulator Advisory Costs	0.5	0.5	0.5	0.5	2.0	0.4	0.4	—	—	0.8
Sub-producer Commissions	3.6	3.6	3.7	3.6	14.5	4.5	3.9	—	—	8.4
Other	2.6	2.5	3.5	3.4	12.1	3.5	3.8	—	—	7.3
Total Non-Compensation	**17.5**	**14.0**	**16.8**	**15.4**	**63.6**	**17.8**	**17.2**	**—**	**—**	**35.0**
Total Gross Operating Expenses	**33.0**	**28.2**	**32.2**	**32.5**	**125.9**	**33.7**	**33.4**	**—**	**—**	**67.1**
Ceding Commissions and changes in Deferred Acquisition Costs	0.2	0.2	—	0.1	0.5	0.2	0.2	—	—	0.5
Total Operating Expenses	**$ 33.3**	**$ 28.4**	**$ 32.2**	**$ 32.6**	**$ 126.4**	**$ 33.9**	**$ 33.7**	**$ —**	**$ —**	**$ 67.6**

(1) Incentive compensation includes short-term and long-term incentive cash and equity awards.
(2) Other compensation includes severance, payroll taxes, medical and other benefits.

Ambac

Consolidated Gross Expense by Segment

($ in millions)	2021 1Q	2021 2Q	2021 3Q	2021 4Q	Full Year	2022 1Q	2022 2Q	2022 3Q	2022 4Q	Year to-Date
Legacy Financial Guarantee Insurance										
Compensation	$ 10.9	$ 9.7	$ 10.7	$ 11.4	$ 42.7	$ 11.1	$ 10.8	$ —	$ —	$ 21.9
Non-Compensation [1]	6.1	11.5	8.1	10.1	35.8	10.1	13.1	—	—	23.2
Total Legacy Financial Guarantee Insurance	17.0	21.2	18.8	21.5	78.5	21.0	23.9	—	—	45.1
Specialty Property & Casualty Insurance										
Compensation	0.7	1.4	1.4	1.9	5.4	1.3	1.9	—	—	3.2
Non-Compensation	0.4	0.4	0.7	1.6	3.1	2.1	1.2	—	—	3.3
Total Specialty Property & Casualty Insurance	1.1	1.8	2.1	3.5	8.5	3.0	3.1	—	—	6.5
Insurance Distribution										
Compensation	1.0	1.0	1.0	1.1	4.1	1.1	1.2	—	—	2.3
Non-Compensation	3.8	3.9	3.9	4.1	15.7	4.8	4.2	—	—	9.0
Total Insurance Distribution	4.8	4.9	4.9	5.2	19.8	6.0	5.4	—	—	11.3
Corporate & Other										
Compensation	3.0	2.1	2.3	2.7	10.1	2.4	2.3	—	—	4.7
Non-Compensation [1]	7.1	(1.8)	4.1	(0.5)	8.9	1.0	(1.3)	—	—	(0.3)
Total Corporate & Other	10.1	0.3	6.4	2.2	19.0	3.0	1.0	—	—	4.4
Gross Operating Expenses										
Compensation	15.6	14.2	15.4	17.1	62.3	15.9	16.2	—	—	$ 32.1
Non-Compensation	17.4	14.0	16.8	15.3	63.5	18.0	17.2	—	—	35.2
Total Gross Operating Expenses	**$ 33.0**	**$ 28.2**	**$ 32.2**	**$ 32.5**	**$ 125.9**	**$ 33.9**	**$ 33.4**	**$ —**	**$ —**	**67.3**

(1) 2Q 2021 and 2Q 2022 includes a reimbursement of $4 million from Legacy Financial Guarantee Insurance to Corporate & Other for a portion of certain operating costs and expenses as approved by OCI

Ambac

Ambac

Specialty Property & Casualty Insurance Information

Key Specialty Property & Casualty Insurance Segment Quarterly Information

As of June 30, 2022

($ in millions)	2Q2022	1Q2022	4Q2021	3Q2021	2Q2021	YTD 2022	FY 2021
Gross written premiums by line of business:							
Commercial auto	$ 38.1	$ 21.4	$ 3.7	$ 0.1	$ —	$ 59.5	$ 3.8
Non-emergency medical transport	1.0	2.0	2.7	4.1	2.0	3.0	8.8
Excess liability	0.9	0.3	0.5	—	—	1.2	0.5
Other	1.0	0.2	—	—	—	1.2	—
Gross written premiums	$ 40.9	$ 24.0	$ 6.8	$ 4.2	$ 2.0	$ 64.9	$ 13.0
Net written premiums	8.1	4.9	1.3	0.8	0.4	13.0	2.6
Number of programs	11	10	7	2	1		
Net premiums earned	2.8	1.2	0.5	0.2	—	4.0	0.7
Program fees	0.6	0.3	0.1	—	—	0.8	0.2
EBITDA	(1.5)	(2.5)	(3.2)	(1.8)	(1.6)	(4.0)	(7.6)
GAAP Pretax income (loss)	(1.5)	(2.5)	(3.2)	(1.8)	(1.6)	(4.0)	(7.6)
Ambac stockholders' equity [1]	$ 111.7	$ 115.3	$ 109.2	$ 103.6	$ 105.4		
Loss ratio	66.5 %	65.3 %	72.3 %	68.9 %	72.6 %	66.2 %	71.4 %
Combined ratio	160.8 %	331.9 %	800.5 %	NM	NM	211.0 %	NM
Program fee collected	$ 1.7	$ 1.0	$ 0.3	$ 0.2	$ 0.1	$ 2.6	$ 0.6
Statutory net income	(2.4)	(2.0)	(2.5)	(2.0)	(1.7)	(4.5)	(7.0)
Statutory surplus	108.8	110.1	105.9	103.4	105.2		

(1) Represents the share of Ambac Financial Group's stockholders equity for each subsidiary within the Specialty Property and Casualty Insurance segment, including intercompany eliminations

Ambac

Ambac

Insurance Distribution Information

Key Insurance Distribution Segment Quarterly Information

As of June 30, 2022

($ in millions)	2Q2022	1Q2022	4Q2021	3Q2021	2Q2021	YTD 2022	FY2021
Gross premiums placed by line of business:							
Employee stop loss	$ 10.6	$ 32.7	$ 14.0	$ 17.3	$ 10.0	$ 43.3	$ 70.5
Affinity and other	13.2	12.2	12.3	11.5	12.2	25.4	46.9
Total	$ 23.9	$ 44.9	$ 26.3	$ 28.8	$ 22.2	$ 68.7	$ 117.5
Gross commissions	$ 6.2	$ 8.6	$ 6.4	$ 6.5	$ 6.0	$ 14.8	$ 26.2
Sub-producer commissions	3.9	4.5	3.6	3.7	3.6	8.4	14.5
Net commissions	2.4	4.1	2.8	2.8	2.4	6.4	11.6
EBITDA [1]	0.8	2.2	1.1	1.2	0.9	3.0	5.1
GAAP Pretax income	$ 0.3	$ 2.1	$ 0.7	$ 0.8	$ 0.4	$ 2.4	$ 3.7

(1) Represents Ambac's controlling interest in the EBITDA of the Insurance Distribution segment.

Ambac

Ambac

Legacy Financial Guarantee Insurance Information

Key Financial Data for Ambac Assurance Corporation

($ in millions)	2Q2022	1Q2022	4Q2021	3Q2021	2Q2021	1Q2021
Statutory Invested assets	$ 1,722.3	$ 2,070.0	$ 1,877.0	$ 1,861.0	$ 2,370.0	$ 2,418.0
Statutory loss and loss expense reserves [1]	651.6	940.4	1,085.8	1,090.9	1,149.2	1,081.3
Statutory Net Income	(29.3)	61.2	(11.4)	(3.2)	33.1	(144.3)
Policyholders' Surplus	699.5	805.0	756.8	767.3	773.6	732.9
Qualified statutory capital	1,282.9	1,378.2	1,321.9	1,413.3	1,617.9	1,648.0
Ambac Stockholders' Equity [2]	449.9	567.4	684.0	713.5	726.1	727.3

(1) 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.
(2) Represents Ambac Assurance Corporation's share of Ambac Financial Group's stockholders equity, including intercompany eliminations.

Ambac

Financial Guarantee Insurance Claims Paying Ratio

($ in millions, except ratios)	June 30, 2022	December 31, 2021
Ambac Assurance Corporation Policyholders' surplus [1]	$ 699.5	$ 756.8
Contingency reserve	583.4	565.1
Qualified statutory capital	1,282.9	1,321.9
Unearned premiums	94.8	116.1
Loss and loss adjustment expenses [2]	651.6	1,085.8
Estimated impairment losses on subsidiary guarantees	2.4	—
Sitka AAC Note (par value of $1,175)	1,165.5	1,164.3
Tier 2 Notes	347.1	332.8
Present value of future installment premiums [3]	135.9	144.0
Ambac Assurance claims-paying resources	**3,680.2**	**4,164.9**
Ambac UK claims-paying resources [4]	792.1	869.2
Total claims-paying resources	**$ 4,472.3**	**$ 5,034.1**
Net financial guarantees in force [5]		
Ambac Assurance	$ 26,158.2	$ 29,061.7
Ambac UK	12,337.6	13,591.0
Total net financial guarantees in force	**$ 38,495.8**	**$ 42,652.7**
Claims-paying ratio [6]		
Ambac Assurance	7 :1	7 :1
Ambac UK	16 :1	16 :1
Total claims-paying ratio	9 :1	8 :1

(1) Surplus notes with an aggregate par value of $788 and $853 as of June 30, 2022 and December 31, 2021, respectively, are included in policyholders' surplus.

(2) Loss and loss expense reserves are presented gross of the recorded statutory benefit for expected subrogation receipts of $1,878 (R&W subrogation receipts of $1,603 and other subrogation receipts of $275) and $2,205 (R&W subrogation receipts of $1,673 and other subrogation receipts of $532) at June 30, 2022, and December 31, 2021, respectively.

(3) 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%.

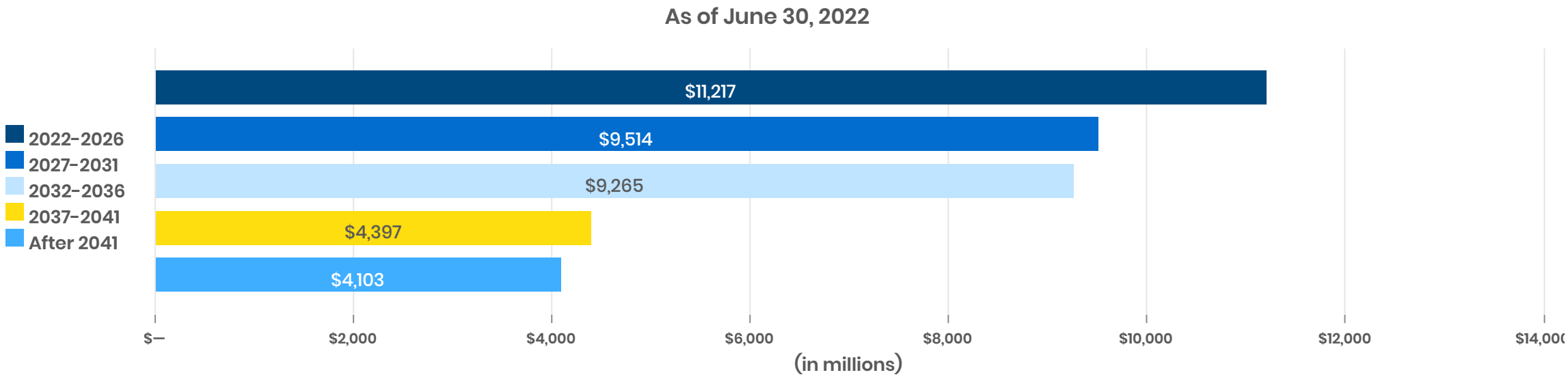
(4) Ambac UK's claims paying resources will become available to Ambac Assurance to the extent Ambac UK receives approval from its regulator to dividend monies to Ambac Assurance. Components of Ambac UK's claims paying resources are discounted at Ambac UK's projected investment rate of return. Ambac UK's claims-paying resources includes the present value of future installment premiums of approximately $172 at June 30, 2022.

(5) Financial guarantees in force represents the amount of principal and interest outstanding on a guaranteed obligation.

(6) Claims-paying ratio is net financial guarantees in force divided by claims-paying resources.

Ambac

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 June 30, 2022. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay guaranteed obligations.

Ambac

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 (Six Months)	$ 12.0	$ 12.6	$ 5.2
2023	22.9	26.6	10.0
2024	21.9	25.7	9.3
2025	21.1	24.8	8.7
2026	20.7	23.9	7.9
2022 (Six Months) - 2026	98.7	113.6	41.1
2027 - 2031	84.9	102.4	29.8
2032 - 2036	52.8	65.8	17.7
2037 - 2041	21.0	30.3	—
After 2041	12.3	18.1	—
Total	**$ 269.6**	**$ 330.1**	**$ 88.6**

Summary of 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	$ 407.7	$ 139.7
Housing	367.9	16.7
General obligation	181.5	7.6
Transportation revenue	29.4	23.7
Other	234.2	8.5
Total Public Finance	1,220.7	196.2
Structured Finance:		
Mortgage-backed & home equity	1,828.8	(1,129.5)
Student loans	285.2	210.7
Other	137.4	0.5
Total Structured Finance	2,251.3	(918.2)
International Finance:	895.2	16.9
Total	**$ 4,367.2**	**$ (705.0)**

(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 June 30, 2022. 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 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 $1,462 ($1,484 gross of reinsurance) as of June 30, 2022.

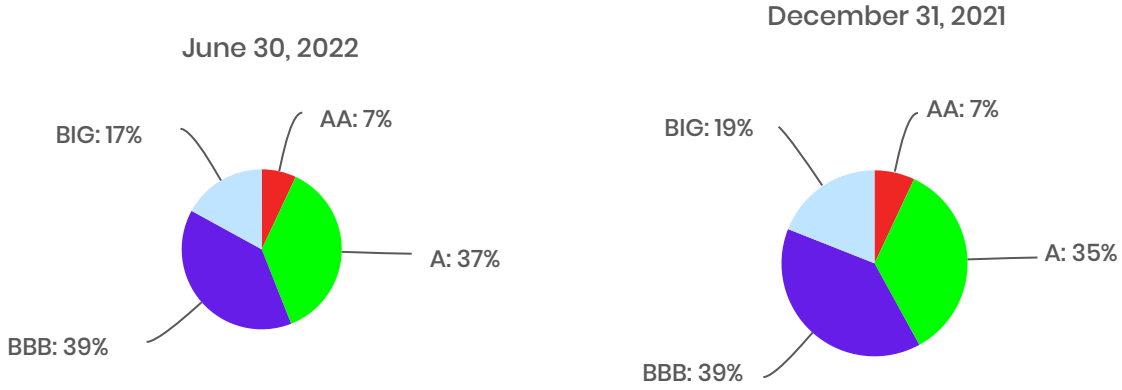
Ambac

Historical Net Financial Guarantee Insurance Exposures Outstanding [1]

($ in millions net par value)	June 30, 2022	December 31, 2021	2020	2019
Public Finance [2]:				
Housing revenue	$ 5,544.0	$ 5,610.0	$ 5,855.1	$ 5,991.0
Lease and tax-backed revenue	2,550.0	3,196.0	4,178.7	5,102.0
General obligation	1,423.0	1,612.0	2,344.9	3,011.0
Utility revenue	570.0	583.0	675.0	768.0
Transportation revenue	552.0	555.0	771.0	855.0
Higher education	422.0	444.0	747.0	885.0
Other	342.0	360.0	925.0	1,041.0
Total Public Finance	11,403.0	12,360.0	15,497.0	17,653.0
Structured Finance:				
Mortgage-backed and home equity	2,091.0	2,724.0	3,634.8	4,423.0
Investor-owned utilities	1,496.0	1,556.0	1,616.8	1,675.0
Student loan	420.0	477.0	626.0	769.0
Structured Insurance	—	—	311.0	395.0
Asset-backed and other	147.0	147.0	148.0	246.0
Total Structured Finance	4,154.0	4,904.0	6,337.0	7,508.0
International Finance [3]:				
Sovereign/sub-sovereign	4,712.0	5,141.0	5,270.4	5,264.0
Investor-owned and public utilities	3,046.0	3,283.0	3,899.0	4,436.0
Asset-backed and other	1,131.0	1,276.0	1,373.9	1,625.0
Transportation	854.0	1,056.0	1,510.7	1,532.0
Total International Finance	9,743.0	10,756.0	12,054.0	12,857.0
Total	**$ 25,300.0**	**$ 28,020.0**	**$ 33,888.0**	**$ 38,018.0**

	June 30, 2022	December 31, 2021	2020	2019
Percent of Total Net Par Outstanding				
Public Finance	45 %	44 %	45 %	46 %
Structured Finance	16 %	18 %	19 %	20 %
International Finance	39 %	38 %	36 %	34 %
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 $9,441, $10,292, $11,186 and $11,862 at June 30, 2022, December 31, 2021, December 31, 2020 and December 31, 2019, 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.

Ambac

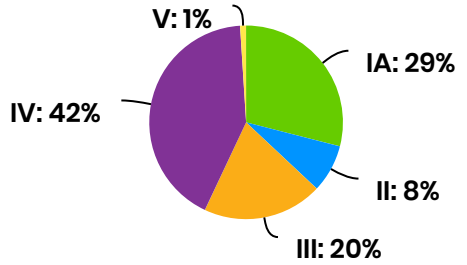
Adversely Classified Credit Exposures Outstanding [1][2] As of June 30, 2022

($ in millions)	Market Type	Net Par Outstanding	% of Total Net Par Outstanding
RMBS Exposures	Structured Finance	$ 1,976.0	7.8 %
Mitchells & Butlers Finance plc-UK Pub Securitisation [3]	International Finance	786.0	3.1 %
Posillipo Finance II S.r.l [3]	International Finance	594.0	2.3 %
Puerto Rico & Related Issuers	Public Finance	467.0	1.8 %
Military Housing	Public Finance	368.0	1.5 %
Student Loans Exposures	Structured Finance	359.0	1.4 %
International Infrastructure Exposures [3]	International Finance	352.0	1.4 %
Consort Healthcare (Tameside) [3]	International Finance	107.0	0.4 %
Chicago, IL Board of Education GO	Public Finance	75.0	0.3 %
Bridgeview IL GO	Public Finance	60.0	0.2 %
Other		73.0	0.3 %
Total		$ 5,217.0	20.6 %

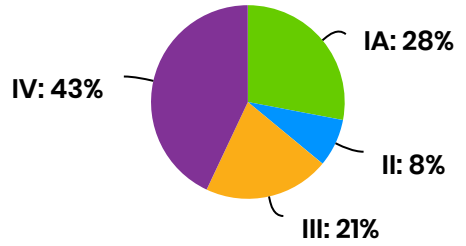
(1.) Adversely classified credits are assigned a rating of Class IA through Class V. Refer to Ambac's 2021 Form 10-K for descriptions of credit classifications.
(2.) Net Par includes capital appreciation bonds, which are reported at the par amount at the time of issuance of the insurance policy as opposed 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]

June 30, 2022



December 31, 2021



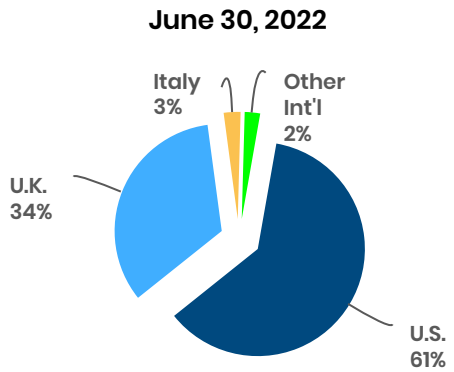
Ambac

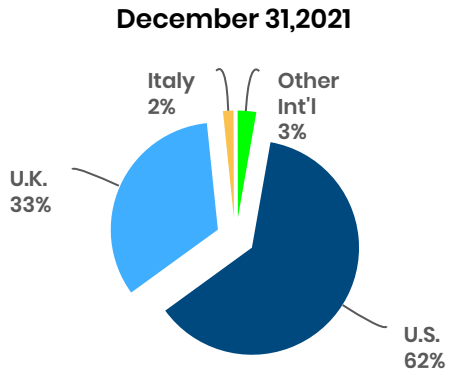
25 Largest Exposures Outstanding (1)
As of June 30, 2022

($ in millions)		Ambac Rating	Net Par Outstanding	% of Total Net Par Outstanding
IF	Capital Hospitals plc (2)	A-	$ 877.0	3.5 %
IF	Anglian Water	A-	874.0	3.5 %
IF	Mitchells & Butlers Finance plc-UK Pub Securitisation	BBB	786.0	3.1 %
IF	National Grid Gas	BBB+	765.0	3.0 %
IF	Aspire Defence Finance plc	A-	741.0	2.9 %
PF	New Jersey Transportation Trust Fund Authority	BBB-	623.0	2.5 %
IF	Posillipo Finance II S.r.l	BIG	594.0	2.3 %
IF	National Grid Electricity Transmission	BBB+	533.0	2.1 %
IF	Catalyst Healthcare (Manchester) Financing plc (2)	BBB-	509.0	2.0 %
IF	RMPA Services plc	BBB+	486.0	1.9 %
PF	Hickam Community Housing LLC	BBB-	453.0	1.8 %
SF	Progress Energy Carolinas, Inc.	A-	450.0	1.8 %
PF	Puerto Rico Highways & Transportation Authority	BIG	398.0	1.6 %
PF	Bragg Communities, LLC	A-	391.0	1.5 %
PF	Massachusetts Commonwealth - GO	AA	364.0	1.4 %
IF	International Infrastructure Exposure	BIG	311.0	1.2 %
PF	Monterey Bay, CA - Military Housing	BBB+	307.0	1.2 %
PF	Fort Bliss/White Sand Missile Range Housing LP	BBB+	297.0	1.2 %
PF	Northeast Housing LLC	BBB-	291.0	1.2 %
PF	Hampton Roads Navy Housing	A	276.0	1.1 %
IF	Sydney Airport Finance Company PTY Limited	BBB-	262.0	1.0 %
PF	BLB Privatized Housing, LLC	A-	259.0	1.0 %
PF	Riley Communities, LLC	BBB	258.0	1.0 %
PF	Meade Communities, LLC	BBB	258.0	1.0 %
IF	Northern Powergrid Holding Co.	BBB+	244.0	1.0 %
	Total		**$ 11,607.0**	**45.9 %**

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

Geographic Distribution of Net Financial Guarantee Exposures Outstanding





(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.

Ambac

Ambac

Appendix

Other Consolidated Non-GAAP Financial Measures [1]

Adjusted Earnings (Loss):	2Q2022 $	2Q2022 P.D.S. [2][3]	1Q2022 $	1Q2022 P.D.S. [2][3]	4Q2021 $	4Q2021 P.D.S. [2][3]	3Q2021 $	3Q2021 P.D.S. [2][3]	2Q2021 $	2Q2021 P.D.S. [2][3]
Net income (loss) attributable to common stockholders	**$ 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 (gain) 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)**	**(0.30)**

Adjusted Book Value:	June 30, 2022 $	June 30, 2022 P.S. [2]	March 31, 2022 $	March 31, 2022 P.S. [2]	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]
Total Ambac Financial Group, Inc. stockholders' 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**

(1) In addition to reporting Ambac's financial results in accordance with GAAP, Ambac reports the following 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 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. 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) Per Diluted Share includes the impact of adjusting redeemable noncontrolling interest to it's redemption value.

Ambac

Other Consolidated Non-GAAP Financial Measures [1] (continued)

Adjusted Book Value:	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]
Total Ambac Financial Group, Inc. stockholders' equity	$ 1,079.8	$ 23.57	$ 1,476.5	$ 32.41	$ 1,592.0	$ 35.12
Adjustments:						
Non-credit impairment fair value losses on credit derivatives	0.4	0.01	0.3	0.01	1.5	0.03
Insurance intangible asset	(373.2)	(8.14)	(426.6)	(9.37)	(718.9)	(15.87)
Net unearned premiums and fees in excess of expected losses	377.7	8.24	414.2	9.09	461.9	10.19
Net unrealized investment (gains) losses in Accumulated Other Comprehensive Income	(166.1)	(3.63)	(151.0)	(3.31)	(85.9)	(1.89)
Adjusted book value	$ 918.5	$ 20.05	$ 1,313.3	$ 28.83	$ 1,250.6	$ 27.58

(1) In addition to reporting Ambac's financial results in accordance with GAAP, Ambac reports the following 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 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. 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) Per Diluted Share includes the impact of adjusting redeemable noncontrolling interest to it's redemption value.

Ambac