Ambac

Quarterly Operating Supplement

3Q2022

Ambac Financial Group
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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.

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.

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Table of Contents

Consolidated Information:

Key Consolidated Quarterly Comprehensive Income Data 1
Key Consolidated Quarterly Balance Sheet Data 2
Key Consolidated Yearly Comprehensive Income Data 3
Earnings Measures by Reporting Segment 4
Consolidated Investment Portfolio 8
Consolidated Expense Analysis 9

Specialty Property & Casualty Insurance Information:

Key Specialty Property & Casualty Insurance Segment Quarterly Information 12

Insurance Distribution Information:

Key Insurance Distribution Segment Quarterly Information 15

Legacy Financial Guarantee Insurance Information:

Key Legacy Financial Guarantee Segment Quarterly Information 17
Financial Guarantee Insurance Claims Paying Ratio 20
Net Unearned Premium Amortization and Estimated Future Installment Premiums 21
Future Amortization of Net Financial Guarantees in Force 21
Historical Net Financial Guarantee Exposures Outstanding 22
Rating Distribution of Net Financial Guarantee Exposures Outstanding 22
Adversely Classified Credit Exposures Outstanding 23
Adversely Classified Distribution of Exposures Outstanding 23
25 Largest Exposures Outstanding 24

Appendix

Other Consolidated Non-GAAP Financial Measures 26

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.

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Consolidated Information

Key Consolidated Quarterly Comprehensive Income Data

(in millions, except per share data)	Three Months Ended					Nine Months Ended	
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	September 30, 2022	September 30, 2021
Summary GAAP Financial Data:							
Net premiums earned	$ 10.8	$ 13.8	$ 14.6	$ 10.5	$ 11.2	$ 39.2	$ 36.4
Net investment income (loss)	10.7	(21.4)	5.0	27.1	21.3	(5.7)	112.2
Net gains (losses) on derivative contracts	37.2	29.3	57.1	3.4	4.7	123.6	18.9
Net realized gains (losses) on extinguishment of debt	—	57.0	—	—	—	57.0	32.8
Commission income	7.0	6.2	8.6	6.4	6.5	21.8	19.7
Other income	1.2	1.0	2.4	1.6	1.0	4.6	(0.3)
Income (loss) on variable interest entities (VIEs)	(1.3)	(6.2)	21.5	1.6	2.9	14.1	5.4
Losses and loss expenses (benefit)	(353.4)	(12.0)	24.0	(15.2)	(55.3)	(341.4)	(73.1)
Intangible amortization	5.8	13.5	14.3	11.3	11.0	33.6	43.7
Operating expenses	36.6	33.7	33.9	32.6	32.2	104.2	93.8
Interest expense	48.6	45.0	44.1	43.8	43.7	137.7	143.6
Pretax income (loss)	342.5	6.3	2.8	(19.1)	19.4	351.7	20.9
Net income (loss) attributable to common stockholders	$ 340.0	$ 5.2	$ 2.0	$ (22.1)	$ 16.9	$ 347.2	$ 5.3
Net income (loss) per diluted share attributable to common stockholders	$ 7.41	$ 0.11	$ 0.04	$ (0.42)	$ 0.35	$ 7.48	$ (0.19)
Weighted average number of diluted shares outstanding	45.846	45.685	47.360	46.629	47.044	46.356	46.503
Non-GAAP Measurements:							
EBITDA	$ 397.0	$ 65.1	$ 61.3	$ 36.2	$ 74.2	$ 523.4	$ 208.6
Adjusted earnings (loss)	338.1	12.7	14.0	(9.9)	25.4	$ 364.8	$ 52.6
Adjusted earnings (loss) per diluted share	$ 7.37	$ 0.28	$ 0.30	$ (0.16)	$ 0.53	$ 7.86	$ 0.83

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Key Consolidated Quarterly Balance Sheet Data

(in millions, except per share data)	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	December 31, 2020	December 31, 2019
Summary GAAP Financial Data (continued):							
Total non-VIE investments	$ 2,639.9	$ 2,546.8	$ 2,814.6	$ 2,954.9	$ 2,948.0	$ 3,544.1	$ 3,792.3
Premium receivables	268.0	310.8	316.7	322.6	326.8	370.3	416.0
Intangible assets [1]	317.5	330.3	350.0	361.5	363.9	408.9	426.6
Goodwill	46.1	46.1	46.1	46.1	46.1	46.2	—
Subrogation recoverable	1,949.3	1,666.6	1,713.9	2,091.9	2,113.2	2,155.8	2,029.2
Unearned premiums	359.3	384.9	393.2	394.5	401.6	455.7	517.9
Loss and loss expense reserves	1,009.5	1,019.4	1,066.7	1,569.9	1,564.6	1,758.6	1,547.5
Long-term debt [2]	2,201.2	2,188.8	2,241.7	2,229.9	2,214.7	2,738.7	2,821.5
Accrued interest payable	575.7	559.4	592.8	575.9	555.4	516.6	440.5
Ambac stockholders' equity	1,008.6	783.8	914.4	1,038.1	1,060.6	1,079.8	1,476.5
Number of shares outstanding (net of treasury shares)	44.964	44.940	46.545	46.304	46.292	45.809	45.555
Ambac Financial Group, Inc. book value per share	$ 22.43	$ 17.44	$ 19.65	$ 22.42	$ 22.91	$ 23.57	$ 32.41
Non-GAAP Measurements:							
Adjusted book value	$ 1,040.0	$ 773.0	$ 841.2	$ 874.0	$ 881.7	$ 918.5	$ 1,313.3
Adjusted book value per share	$ 23.13	$ 17.20	$ 18.07	$ 18.88	$ 19.05	$ 20.05	$ 28.83

(1) Includes intangible assets (net of accumulated amortization) established as part of the acquisition of Xchange of $31 and $33 at September 30, 2022 and December 31, 2021, respectively, the acquisition of Providence Washington Insurance Company of $9 at September 30, 2022 and December 31, 2021 and the first quarter 2022 acquisition of 21st Century Companies (3 carriers) of $6 at September 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 Comprehensive Income Data

(in millions, except per share data)	YTD 2022	2021	2020	2019	2018
Summary GAAP Financial Data:					
Net premiums earned	$ 39.2	$ 47.0	$ 54.1	$ 65.7	$ 111.1
Net investment income (loss)	(5.7)	139.3	121.7	227.4	272.7
Net gains (losses) on derivative contracts	123.6	22.3	(49.6)	(49.6)	7.0
Net realized gains (losses) on extinguishment of debt	57.0	32.8	—	—	3.1
Commission income	21.8	26.2	—	—	—
Other income [1]	4.6	1.3	2.7	134.4	4.9
Income (loss) on variable interest entities (VIEs)	14.1	7.0	5.5	37.6	3.4
Losses and loss expenses (benefit) [2]	(341.4)	(88.2)	224.7	12.9	(223.6)
Intangible amortization	33.6	55.0	56.7	295.3	107.3
Operating expenses	104.2	126.4	92.4	102.8	112.2
Interest expense	137.7	187.5	221.9	268.5	242.3
Pretax income (loss)	351.7	1.8	(439.7)	(183.3)	238.1
Net income (loss) attributable to common stockholders	$ 347.2	$ (16.9)	$ (437.2)	$ (215.7)	$ 185.7
Net income (loss) per diluted share attributable to common stockholders	$ 7.48	(0.61)	(9.47)	(4.69)	3.99
Weighted average number of diluted shares outstanding	46.356	46.535	46.147	45.955	46.560
Non-GAAP Measurements:					
EBITDA	$ 523.4	$ 244.8	$ (159.8)	$ 381.0	$ 622.8
Adjusted earnings (loss)	364.8	42.8	(377.8)	66.3	301.1
Adjusted earnings (loss) per diluted share	$ 7.86	$ 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.

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Earnings Measures by Reporting Segment (Third Quarter 2022)

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 3Q2022 Form 10-Q for a description of each of the Company's business segments.

Three Months Ended September 30, 2022

($ in millions)	LFG	SPC	ID	CORP	CONS
Gross premiums written	$ (13.5)	$ 29.8			$ 16.3
Net premiums written	(6.1)	5.6			(0.4)
Premiums placed			$ 28.4		28.4
Revenues:					
Net premiums earned	6.6	4.2			10.8
Net investment income (loss)	9.3	0.5		$ 1.0	10.7
Net investment gains (losses), including impairments	14.4	—		—	14.4
Net gains (losses) on derivative contracts	37.5			(0.3)	37.2
Net realized gains on extinguishment of debt	—				—
Commission income			7.0		7.0
Other income (loss)	(1.3)	0.9	0.3	—	(0.1)
Total revenues	$ 66.5	$ 5.6	$ 7.3	$ 0.7	$ 80.1

($ in millions)	LFG	SPC	ID	CORP	CONS
Expenses:					
Loss and loss expenses (benefit)	$ (356.1)	$ 2.7			$ (353.4)
Operating expenses [1]	19.8	4.3	$ 1.5	$ 6.3	31.9
Sub-producer commissions [1]			4.2		4.2
Total expenses	(336.3)	7.1	5.7	6.3	(317.3)
Net (gain) attributable to noncontrolling interest		—	(0.3)		(0.3)
Earnings before interest, taxes, depreciation and amortization	402.8	(1.5)	1.3	(5.6)	397.0
Add back noncontrolling interest EBITDA adjustment		—	0.3		0.3
Interest expense	48.6				48.6
Depreciation expense [1]	0.4	—	—	—	0.5
Intangible amortization	5.1		0.7		5.8
Pretax income (loss) [2]	$ 348.7	$ (1.5)	$ 0.9	$ (5.6)	$ 342.5

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

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

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Earnings Measures by Reporting Segment (Third Quarter 2021)

Three Months Ended September 30, 2021

($ in millions)	LFG	SPC	ID	CORP	CONS
Gross premiums written	$ (5.4)	$ 4.2			$ (1.1)
Net premiums written	(16.2)	0.8			(15.4)
Premiums placed			$ 28.8		28.8
Revenues:					
Net premiums earned	11.0	0.2			11.2
Net investment income	21.1	0.2		$ —	21.3
Net investment gains (losses), including impairments	3.3	—		—	3.3
Net gains on derivative contracts	4.7				4.7
Net realized gains on extinguishment of debt	—				—
Commission income			6.5		6.5
Other income	4.0	—	—	—	3.9
Total revenues	$ 44.1	$ 0.4	$ 6.5	$ —	$ 51.0

($ in millions)	LFG	SPC	ID	CORP	CONS
Expenses:					
Loss and loss expenses	$ (55.4)	$ 0.1			$ (55.3)
Operating expenses [1]	18.3	2.1	$ 1.3	$ 6.3	28.0
Sub-producer commissions [1]			3.7		3.7
Total expenses	(37.1)	2.2	5.0	6.3	(23.6)
Net (gain) attributable to noncontrolling interest			(0.3)		(0.3)
Earnings before interest, taxes, depreciation and amortization	81.1	(1.8)	1.2	(6.3)	74.2
Add back noncontrolling interest EBITDA adjustment			0.3		0.3
Interest expense	43.7				43.7
Depreciation expense [1]	0.4	—	—	—	0.5
Intangible amortization	10.3		0.7		11.0
Pretax income (loss) [2]	$ 26.7	$ (1.8)	$ 0.8	$ (6.3)	$ 19.4

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(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.

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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 3Q2022 Form 10-Q for a description of each of the Company's business segments.

Nine Months Ended September 30, 2022

($ in millions)	LFG	SPC	ID	CORP	CONS
Gross premiums written	$ (11.6)	$ 94.7			$ 83.2
Net premiums written	2.0	18.6			20.5
Net premiums placed			$ 97.1		97.1
Revenues:					
Net premiums earned	31.0	8.2			39.2
Net investment income (loss)	(8.5)	1.1		$ 1.7	(5.7)
Net investment gains (losses), including impairments	31.3	—		—	31.2
Net gains on derivative contracts	122.7			0.9	123.6
Net realized gains on extinguishment of debt	57.0				57.0
Commission income			21.8		21.8
Other income	16.6	1.7	0.5	(0.1)	18.7
Total revenues	$ 250.0	$ 10.9	$ 22.3	$ 2.5	$ 285.8

($ in millions)	LFG	SPC	ID	CORP	CONS
Expenses:					
Loss and loss expenses	$ (346.8)	$ 5.4			$ (341.4)
Operating expenses [1]	64.1	11.0	$ 4.4	$ 10.6	90.1
Sub-producer commissions [1]			12.6		12.6
Total expenses	(282.7)	16.4	17.0	10.6	(238.7)
Net (gain) attributable to noncontrolling interest		—	(1.1)		(1.1)
Earnings before interest, taxes, depreciation and amortization	532.7	(5.5)	4.3	(8.2)	523.4
Add back noncontrolling interest EBITDA adjustment		—	1.1		1.1
Interest expense	137.7				137.7
Depreciation expense [1]	1.4	—	—	0.1	1.5
Intangible amortization	31.6		2.0		33.6
Pretax income (loss) [2]	$ 362.1	$ (5.5)	$ 3.3	$ (8.3)	$ 351.7

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(2) Pretax income (loss) is prior to the impact of noncontrolling interests.

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Earnings Measures by Reporting Segment (2021 YTD)

Nine Months Ended September 30, 2021

($ in millions)	LFG	SPC	ID	CORP	CONS
Gross premiums written	$ (12.7)	$ 6.3			$ (6.5)
Net premiums written	(37.7)	1.3			(36.5)
Net Premiums places			$ 91.2		91.2
Revenues:					
Net premiums earned	36.2	0.2			36.4
Net investment income	111.3	0.6		$ 0.3	112.2
Net investment gains (losses), including impairments	(0.1)	—		4.0	3.9
Net gains on derivative contracts	18.9				18.9
Net realized gains on extinguishment of debt	32.8				32.8
Commission income			19.7		19.7
Other income	5.1	—	—	—	5.0
Total revenues	$ 204.1	$ 0.8	$ 19.7	$ 4.3	$ 229.0

($ in millions)	LFG	SPC	ID	CORP	CONS
Expenses:					
Loss and loss expenses	$ (73.2)	$ 0.1			$ (73.1)
Operating expenses [1]	56.0	5.0	$ 3.8	$ 16.6	81.5
Sub-producer commissions [1]			10.9		10.9
Total expenses	(17.2)	5.2	14.7	16.6	19.4
Net (gain) attributable to noncontrolling interest			(1.0)		(1.0)
Earnings before interest, taxes, depreciation and amortization	221.3	(4.4)	4.0	(12.3)	208.6
Add back noncontrolling interest EBITDA adjustment			1.0		1.0
Interest expense	143.6				143.6
Depreciation expense [1]	1.3	—	—	—	1.3
Intangible amortization	41.8		2.0		43.7
Pretax income (loss) [2]	$ 34.6	$ (4.4)	$ 3.0	$ (12.3)	$ 20.9

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

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

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Consolidated Investment Portfolio
As of September 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, corporate & foreign obligations	548.5	601.2	3.89 %
Mortgage and asset-backed securities	539.2	543.8	6.86 %
Short-term investments	372.1	372.1	2.67 %
Total fixed maturity - available-for-sale securities	**1,478.7**	**1,536.1**	**4.60 %**
Fixed maturity securities - trading	104.5	104.5	
Other investments			
Alternative fixed income & hedge funds	221.2	221.2	
Equity & equity linked	27.9	27.9	
Total other investments	**249.1**	**249.1**	
Total Ambac Assurance and Subsidiaries investments excluding Ambac UK	**$ 1,832.3**	**$ 1,889.7**	**4.60 %**
Ambac UK:			
Fixed maturity securities:			
U.S. government and agency obligations	$ 24.9	$ 24.4	2.45 %
Municipal, corporate and foreign obligations	161.7	175.8	2.82 %
Short-term investments	69.0	69.1	1.97 %
Total fixed maturity securities	**255.6**	**269.4**	**2.57 %**

INVESTMENTS BY CATEGORY ($ in millions)	U.S. GAAP Carrying Value	U. S. GAAP Book Value	Pre-tax Yield to Maturity (1)
Ambac UK (continued)			
Other investments			
Real estate	33.6	33.6	
Alternative fixed income & hedge funds	174.4	174.4	
Equity & equity linked	86.1	86.1	
Total other investments	**294.1**	**294.1**	
Total Ambac UK investments	**$ 549.7**	**$ 563.5**	
Specialty Property & Casualty Insurance:			
Fixed maturity securities:			
U.S. government and agency obligation	$ 33.9	$ 35.8	1.19 %
Municipal obligations	60.3	68.9	1.97 %
Corporate obligations	—	—	— %
Short-term investments	27.1	27.1	2.90 %
Total Specialty Property & Casualty Insurance investments	**$ 121.3**	**$ 131.8**	**1.95 %**
Corporate & Other:			
Corporate obligations	$ 11.9	$ 13.2	
Short-term investments	109.3	109.3	
Total fixed maturity securities	**121.2**	**122.5**	
Other investments:	15.5	15.5	
Total Corporate & Other investments	**$ 136.7**	**$ 138.0**	
Total Consolidated Investments	**$ 2,639.9**	**$ 2,723.1**	

Duration of Legacy Financial Guarantee Insurance fixed maturity investment portfolio (2)	2.81
Duration of Specialty Property & Casualty Insurance fixed maturity investment portfolio	2.55

(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 19% of the fair value of Ambac Assurance and Subsidiaries' fixed maturity investment portfolio of $1,839 at September 30, 2022.

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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	$ 7.2	$ —	$ 21.1
Incentive Compensation [1]	6.9	6.6	7.3	9.0	29.8	7.2	7.3	8.1	—	22.6
Other [2]	2.1	0.9	1.1	1.1	5.3	1.8	1.8	1.5	—	5.1
Total Compensation	**15.6**	**14.2**	**15.4**	**17.1**	**62.3**	**15.9**	**16.2**	**16.8**	**—**	**48.9**
Non-Compensation										
Legal, Consulting & Advisory Services	8.4	5.2	7.0	6.0	26.6	7.4	7.0	8.4	—	22.8
Premises	1.3	1.2	1.3	1.1	4.9	1.1	1.1	1.2	—	3.4
Audit	1.2	0.8	0.8	0.8	3.5	0.8	0.9	0.9	—	2.7
Regulator Advisory Costs	0.5	0.5	0.5	0.5	2.0	0.4	0.4	0.4	—	1.2
Sub-producer Commissions	3.6	3.6	3.7	3.6	14.5	4.5	3.9	4.2	—	12.6
Other	2.6	2.5	3.5	3.4	12.1	3.5	3.8	3.5	—	10.8
Total Non-Compensation	**17.5**	**14.0**	**16.8**	**15.4**	**63.6**	**17.8**	**17.2**	**18.5**	**—**	**53.5**
Total Gross Operating Expenses [3]	**33.0**	**28.2**	**32.2**	**32.5**	**125.9**	**33.7**	**33.4**	**35.3**	**—**	**102.4**
Ceding Commissions and changes in Deferred Acquisition Costs	0.2	0.2	—	0.1	0.5	0.2	0.2	1.3	—	1.8
Total Operating Expenses	**$ 33.3**	**$ 28.4**	**$ 32.2**	**$ 32.6**	**$ 126.4**	**$ 33.9**	**$ 33.7**	**$ 36.6**	**$ —**	**$ 104.2**

(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.
(3) Gross Operating expenses exclude ceding commissions and deferred acquisition costs

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Consolidated Gross Operating Expenses [1] 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	$ 10.7	$ 10.9	$ —	**$ 32.7**
Non-Compensation [1]	6.1	11.5	8.1	10.1	**35.8**	10.1	13.2	9.4	—	**32.7**
Total Legacy Financial Guarantee Insurance	**17.0**	**21.2**	**18.8**	**21.5**	**78.5**	**21.2**	**23.9**	**20.3**	**—**	**65.4**
Specialty Property & Casualty Insurance										
Compensation	0.7	1.4	1.4	1.9	**5.4**	1.3	1.9	2.0	—	**5.2**
Non-Compensation	**0.4**	**0.4**	**0.7**	**1.6**	**3.1**	1.9	1.2	1.3	—	**4.4**
Total Specialty Property & Casualty Insurance	**1.1**	**1.8**	**2.1**	**3.5**	**8.5**	**3.2**	**3.1**	**3.3**	**—**	**9.6**
Insurance Distribution										
Compensation	1.0	1.0	1.0	1.1	**4.1**	1.1	1.2	1.2	—	**3.5**
Non-Compensation	3.8	3.9	3.9	4.1	**15.7**	4.8	4.2	4.5	—	**13.5**
Total Insurance Distribution	**4.8**	**4.9**	**4.9**	**5.2**	**19.8**	**5.9**	**5.4**	**5.7**	**—**	**17.0**
Corporate & Other										
Compensation	3.0	2.1	2.3	2.7	**10.1**	2.4	2.3	2.8	—	**7.5**
Non-Compensation [2]	7.1	(1.8)	4.1	(0.5)	**8.9**	1.0	(1.3)	3.5	—	**3.2**
Total Corporate & Other	**10.1**	**0.3**	**6.4**	**2.2**	**19.0**	**3.4**	**1.0**	**6.3**	**—**	**10.7**
Gross Operating Expenses										
Compensation	15.6	14.2	15.4	17.1	**62.3**	15.9	16.1	16.8	—	**$ 48.8**
Non-Compensation	17.4	14.0	16.8	15.3	**63.5**	17.8	17.3	18.5	—	**53.6**
Total Gross Operating Expenses	**$ 33.0**	**$ 28.2**	**$ 32.2**	**$ 32.5**	**$ 125.9**	**$ 33.7**	**$ 33.4**	**$ 35.3**	**$ —**	**102.4**

(1) Gross Operating expenses exclude ceding commissions and deferred acquisition costs
(2) 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

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Specialty Property & Casualty Insurance Information

Key Specialty Property & Casualty Insurance Segment Quarterly Information

As of September 30, 2022

($ in millions)	3Q2022	2Q2022	1Q2022	4Q2021	3Q2021	YTD 2022	YTD 2021	FY 2021
Gross written premiums by line of business:								
Commercial auto	$ 26.5	$ 38.1	$ 21.4	$ 3.7	$ 0.1	$ 86.0	$ 0.1	$ 3.8
Non-emergency medical transport	(0.2)	1.0	2.0	2.7	4.1	2.8	6.2	8.8
Excess liability	1.2	0.9	0.3	0.5	—	2.5	—	0.5
Other	2.3	1.0	0.2	—	—	3.5	—	—
Gross written premiums	$ 29.8	$ 40.9	$ 24.0	$ 6.8	$ 4.2	$ 94.7	$ 6.2	$ 13.0
Net written premiums	5.6	8.1	4.9	1.3	0.8	18.6	1.3	2.6
Net premiums earned	$ 4.2	$ 2.8	$ 1.2	$ 0.5	$ 0.2	$ 8.2	$ 0.2	$ 0.7
Net investment income	0.5	0.4	0.3	0.3	0.2	1.1	0.6	0.9
Net investment gains (losses), including impairments	—	—	—	(0.2)	—	—	—	(0.2)
Program fees	0.9	0.6	0.3	0.1	—	1.7	—	0.2
Total revenues	5.6	3.7	1.7	0.7	0.4	10.9	0.8	1.5
Expenses:								
Loss and loss expenses	2.7	1.9	0.8	0.3	0.1	5.4	0.1	0.5
Operating expenses	4.3	3.3	3.4	3.6	2.1	11.0	5.0	8.6
Total expenses	7.1	5.2	4.2	3.9	2.2	16.4	5.2	9.1
EBITDA	(1.5)	(1.5)	(2.5)	(3.2)	(1.8)	(5.5)	(4.4)	(7.6)
GAAP pretax income (loss)	$ (1.5)	$ (1.5)	$ (2.5)	$ (3.2)	$ (1.8)	$ (5.5)	$ (4.4)	$ (7.6)

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Key Specialty Property & Casualty Insurance Segment Quarterly Information

As of September 30, 2022

($ in millions)	3Q2022	2Q2022	1Q2022	4Q2021	3Q2021	YTD 2022	YTD 2021	FY 2021
Loss ratio	65.2 %	66.5 %	65.3 %	72.3 %	68.9 %	65.7 %	69.5 %	71.4 %
Expense ratio [1]	85.6 %	95.3 %	237.0 %	623.1 %	932.9 %	110.8 %	NM	NM
Combined ratio	150.8 %	161.8 %	302.3 %	695.4 %	1001.8 %	176.5 %	NM	NM
Program fee collected	$ 1.2	$ 1.7	$ 1.0	$ 0.3	$ 0.2	$ 3.8	$ 0.3	$ 0.6
Program fee deferred	2.6	2.2	1.1	0.4	0.2			
Ambac stockholders' equity [2]	$ 109.6	$ 111.7	$ 115.3	$ 109.2	$ 103.6			
Number of programs	13	11	10	7	2			
Statutory net income	(1.8)	(2.4)	(2.0)	(2.5)	(2.0)	(6.3)	(4.6)	(7.0)
Statutory surplus	109.1	108.8	110.1	105.9	103.4			

(1) Expense ratio presented as operating expenses divided by the sum of net premiums earned and program fees earned
(2) Represents Ambac's stockholders equity in the Specialty Property and Casualty Insurance segment, including intercompany eliminations

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Insurance Distribution Information

Key Insurance Distribution Segment Quarterly Information

As of September 30, 2022

($ in millions)	3Q2022	2Q2022	1Q2022	4Q2021	3Q2021	YTD 2022	YTD 2021	FY 2021
Gross premiums placed by line of business:								
Employee stop loss	$ 15.5	$ 10.6	$ 32.7	$ 14.0	$ 17.3	$ 58.8	$ 56.5	$ 70.5
Limited and Short-term medical and other	12.9	13.2	12.2	12.3	11.5	38.3	34.7	46.9
Total	$ 28.4	$ 23.9	$ 44.9	$ 26.3	$ 28.8	$ 97.1	$ 91.2	$ 117.5
Gross commissions	$ 7.0	$ 6.2	$ 8.6	$ 6.4	$ 6.5	$ 21.8	$ 19.7	$ 26.2
Sub-producer commissions	4.2	3.9	4.5	3.6	3.7	12.6	10.9	14.5
Net commissions	2.8	2.4	4.1	2.8	2.8	9.3	8.8	11.6
Other income	0.3	0.2	—	—	—	0.5	—	—
Total revenues	7.3	6.4	8.6	6.4	6.5	22.3	19.7	26.2
Total expenses	1.5	1.6	1.3	1.4	1.3	4.4	3.8	5.3
EBITDA @ 100%	1.6	1.0	2.8	1.3	1.5	5.4	5.0	6.3
EBITDA margin [1] @ 100%	56.8 %	42.4 %	67.9 %	47.8 %	52.6 %	58.0 %	56.6 %	54.5 %
Net (gain) attributable to noncontrolling interest	(0.3)	(0.2)	(0.6)	(0.3)	(0.3)	(1.1)	(1.0)	(1.3)
EBITDA [2]	1.3	0.8	2.2	1.1	1.2	4.3	4.0	5.1
Add back noncontrolling interest EBITDA adjustment	0.3	0.2	0.6	0.3	0.3	1.1	1.0	1.3
Intangible amortization	0.7	0.7	0.7	0.7	0.7	2.0	2.0	2.6
Depreciation	—	—	—	—	—	—	—	—
GAAP Pretax income	$ 0.9	$ 0.3	$ 2.1	$ 0.7	$ 0.8	$ 3.3	$ 3.0	$ 3.7

(1) EBITDA margin presented as EBITDA divided by net commissions
(2) Represents Ambac's controlling interest in the EBITDA of the Insurance Distribution segment

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Legacy Financial Guarantee Insurance Information

Key Legacy Financial Guarantee Segment Quarterly Information

As of September 30, 2022

($ in millions)	3Q2022	2Q2022	1Q2022	4Q2021	3Q2021	YTD 2022	YTD 2021	FY2021
Gross premiums written	$ (13.5)	$ (4.3)	$ 6.3	$ 1.6	$ (5.4)	$ (11.6)	$ (12.7)	$ (11.1)
Net premiums written	(6.1)	1.1	6.9	2.3	(16.2)	2.0	(37.7)	(35.4)
Net premiums earned	$ 6.6	$ 11.0	$ 13.4	$ 10.1	$ 11.0	$ 31.0	$ 36.2	$ 46.3
Net investment income (loss)	9.3	(22.3)	4.5	26.7	21.1	(8.5)	111.3	138.0
Net investment gains (losses), including impairments	14.4	6.8	10.1	2.9	3.3	31.3	(0.1)	2.9
Net gains on derivative contracts	37.5	28.1	57.1	3.4	4.7	122.7	18.9	22.3
Net realized gains on extinguishment of debt	—	57.0	—	—	—	57.0	32.8	32.8
Other income	(1.3)	(5.8)	23.7	3.0	4.0	16.6	5.1	8.1
Total revenues	66.5	74.8	108.8	46.2	44.1	250.0	204.1	250.3
Expenses								
Loss and loss expenses	(356.1)	(13.9)	23.2	(15.5)	(55.4)	(346.8)	(73.2)	(88.7)
Operating expenses	19.8	23.5	20.8	21.1	18.3	64.1	56.0	77.1
Total	(336.3)	9.6	44.0	5.6	(37.1)	(282.7)	(17.2)	(11.6)
EBITDA	402.8	65.2	64.8	40.6	81.1	532.7	221.3	261.9
Interest expense	48.6	45.0	44.1	43.8	43.7	137.7	143.6	187.5
Depreciation expense	0.4	0.5	0.5	0.4	0.4	1.4	1.3	1.8
Intangible amortization	5.1	12.8	13.7	10.7	10.3	31.6	41.8	52.4
Total expenses	(282.2)	67.9	102.3	60.5	17.4	(112.0)	169.5	230.0
GAAP pretax income (loss)	$ 348.7	$ 6.9	$ 6.5	$ (14.3)	$ 26.7	$ 362.1	$ 34.6	$ 20.3

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Key Statutory Data for Ambac Assurance Corporation

As of September 30, 2022

($ in millions)	3Q2022	2Q2022	1Q2022	4Q2021	3Q2021
Statutory Invested assets	$ 1,901.8	$ 1,722.3	$ 2,070.0	$ 1,877.0	$ 1,861.0
Statutory loss and loss expense reserves [1]	826.2	651.6	940.4	1,085.8	1,090.9
Statutory Net Income	179.0	(29.3)	61.2	(11.4)	(3.2)
Policyholders' Surplus	870.2	699.5	805.0	756.8	767.3
Qualified statutory capital	1,456.7	1,282.9	1,378.2	1,321.9	1,413.3
Ambac Stockholders' Equity [2]	680.9	449.9	567.4	684.0	713.5

(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 stockholders equity in the Legacy Financial Guarantee segment, including intercompany eliminations.

Ambac

Legacy Financial Guarantee Liability and Capital Summary

Category	(in millions) 09/30/22	Comments
Claim liabilities	$ 1,211	Before estimated subrogation, Unearned Premium Revenue ("UPR") and reinsurance
Secured notes	$ 1,175	Includes $0.3 million of accrued and unpaid interest
5.1% Surplus notes	$ 1,417	Includes $576 million of accrued and unpaid interest Includes $121 million held by AFG which is $67 million Par and $54 million accrued interest
Tier 2 notes	$ 354	Includes paid-in-kind interest of $114 million
Ambac UK debt	$ 15	Zero coupon note payable at maturity on May 2, 2036
Auction Market Preferred Shares (AMPS)	$ 138	Liquidation preference

Ambac

Financial Guarantee Insurance Claims Paying Ratio

($ in millions, except ratios)	September 30, 2022	December 31, 2021
Ambac Assurance Corporation Policyholders' surplus [1]	$ 870.2	$ 756.8
Contingency reserve	586.6	565.1
Qualified statutory capital	1,456.7	1,321.9
Unearned premiums	91.7	116.1
Loss and loss adjustment expenses [2]	826.2	1,085.8
Estimated impairment losses on subsidiary guarantees	0.7	—
Sitka AAC Note (par value of $1,175)	1,166.1	1,164.3
Tier 2 Notes	354.5	332.8
Present value of future installment premiums [3]	132.7	144.0
Ambac Assurance claims-paying resources	**4,028.7**	**4,164.9**
Ambac UK claims-paying resources [4]	740.8	869.2
Total claims-paying resources	**$ 4,769.6**	**$ 5,034.1**
Net financial guarantees in force [5]		
Ambac Assurance	$ 25,520.8	$ 29,061.7
Ambac UK	11,319.8	13,591.0
Total net financial guarantees in force	**$ 36,840.7**	**$ 42,652.7**
Claims-paying ratio [6]		
Ambac Assurance	6 : 1	7 : 1
Ambac UK	15 : 1	16 : 1
Total claims-paying ratio	**8 : 1**	**8 : 1**

(1) Surplus notes with an aggregate par value of $788 and $853 as of September 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 $2,176 (R&W subrogation receipts of $1,784 and other subrogation receipts of $392) and $2,205 (R&W subrogation receipts of $1,673 and other subrogation receipts of $532) at September 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 $156 at September 30, 2022.

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

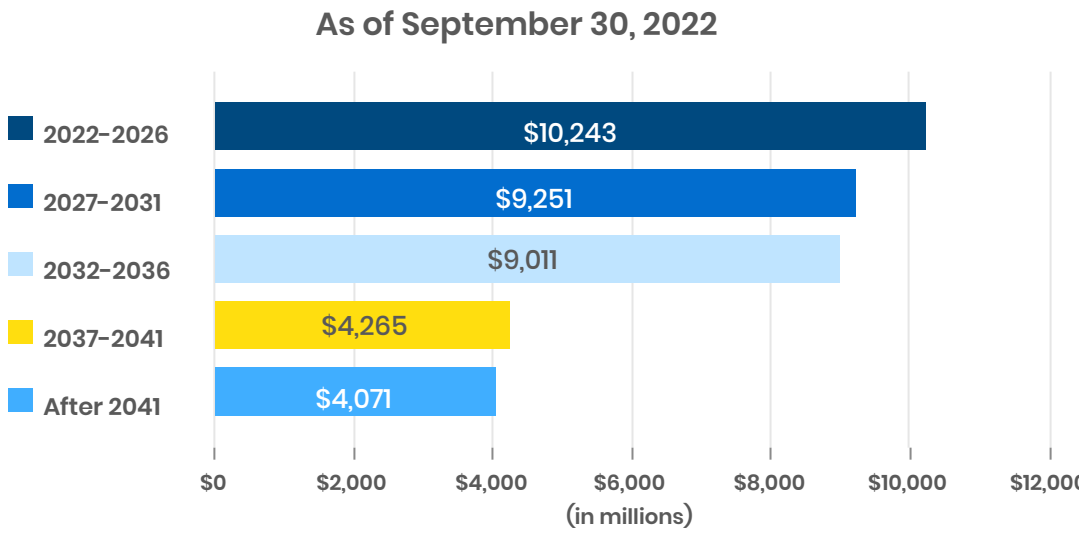
(6) Claims-paying ratio is net financial guarantees in force divided by claims-paying resources.

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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 (Three months)	$ 5.5	$ 5.0	$ 3.0
2023	21.3	25.7	9.4
2024	20.4	24.7	8.7
2025	19.7	23.8	8.1
2026	19.5	23.0	7.4
2022 (Three Months) - 2026	86.4	102.2	36.6
2027 - 2031	80.0	98.3	27.7
2032 - 2036	50.0	62.8	16.5
2037 - 2041	20.0	29.3	—
After 2041	12.1	17.8	—
Total	$ 248.4	$ 310.5	$ 80.7

Future Amortization of Net Financial Guarantees in Force[4]



(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 September 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) Depicts amortization of existing guaranteed portfolio (principal and interest), assuming no advance refundings, as of September 30, 2022. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay guaranteed obligations.

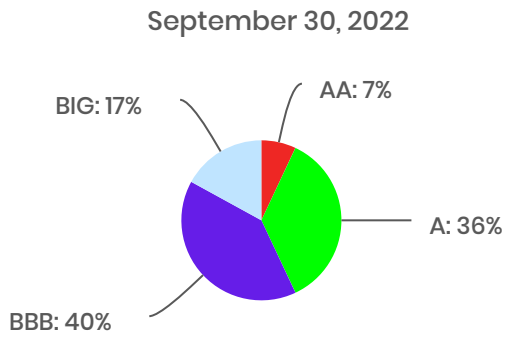
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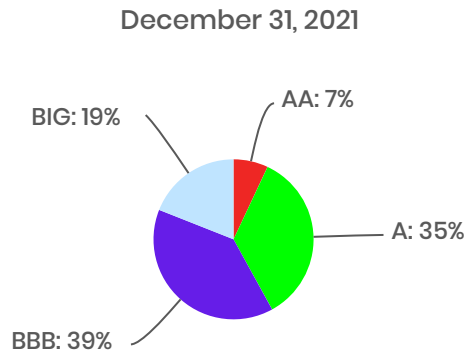
Historical Net Financial Guarantee Insurance Exposures Outstanding (1)

($ in millions net par value)	September 30, 2022	December 31, 2021	2020	2019
Public Finance (2):				
Housing revenue	$ 5,522	$ 5,610	$ 5,855	$ 5,991
Lease and tax-backed revenue	2,378	3,196	4,179	5,102
General obligation	1,395	1,612	2,345	3,011
Transportation revenue	537	555	771	855
Utility revenue	528	583	675	768
Other	740	804	1,672	1,926
Total Public Finance	11,100	12,360	15,497	17,653
Structured Finance:				
Mortgage-backed and home equity	1,995	2,724	3,635	4,423
Investor-owned utilities	1,439	1,556	1,617	1,675
Student loan & other assset-backed	549	624	1,085	1,410
Total Structured Finance	3,983	4,904	6,337	7,508
International Finance (3):				
Sovereign/sub-sovereign	4,320	5,141	5,270	5,264
Investor-owned and public utilities	2,840	3,283	3,899	4,436
Asset-backed and other	1,033	1,276	1,374	1,625
Transportation	787	1,056	1,511	1,532
Total International Finance	8,980	10,756	12,054	12,857
Total	$ 24,063	$ 28,020	$ 33,888	$ 38,018

	September 30, 2022	December 31, 2021	2020	2019
Percent of Total Net Par Outstanding				
Public Finance	46 %	44 %	45 %	46 %
Structured Finance	17 %	18 %	19 %	20 %
International Finance	37 %	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 $8,704, $10,292, $11,186 and $11,862 at September 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.

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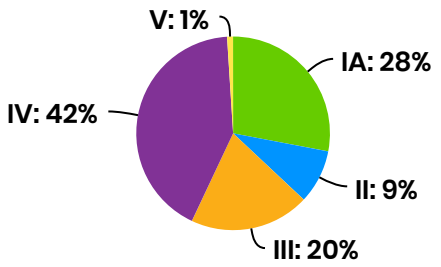
Adversely Classified Credit Exposures Outstanding [1][2] As of September 30, 2022

($ in millions)	Market Type	Net Par Outstanding	% of Total Net Par Outstanding
RMBS Exposures	Structured Finance	$ 1,899	7.9 %
Mitchells & Butlers Finance plc-UK Pub Securitisation [3]	International Finance	719	3.0 %
Posillipo Finance II S.r.l [3]	International Finance	556	2.3 %
Puerto Rico & Related Issuers	Public Finance	467	1.9 %
Military Housing	Public Finance	367	1.5 %
Student Loans Exposures	Structured Finance	346	1.4 %
International Infrastructure Exposures [3]	International Finance	325	1.4 %
Consort Healthcare (Tameside) [3]	International Finance	98	0.4 %
Chicago, IL Board of Education GO	Public Finance	75	0.3 %
Bridgeview IL GO	Public Finance	60	0.2 %
Other		67	0.3 %
Total		$ 4,979	20.7 %

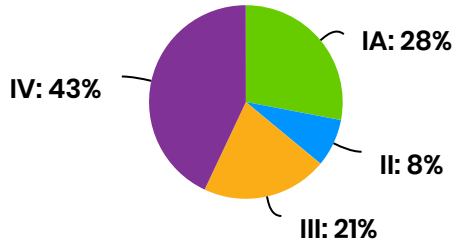
(1.) Adversely classified credits are assigned a rating of Class IA through Class V. Refer to Ambac's 2021 Form 10-K for descriptions of credit classifications.
(2.) Net Par includes capital appreciation bonds, which are reported at the par amount at the time of issuance of the insurance policy as opposed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

September 30, 2022



December 31, 2021



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25 Largest Exposures Outstanding [1]
As of September 30, 2022

Country	($ in millions)	Ambac Rating	Net Par Outstanding		
			September 30, 2022	December 31, 2021	Change
United Kingdom	Anglian Water	A-	$ 820	$ 905	$ (85)
United Kingdom	Capital Hospitals plc [2]	A-	810	925	(115)
United Kingdom	Mitchells & Butlers Finance plc-UK Pub Securitisation	BBB	719	892	(173)
United Kingdom	National Grid Gas	BBB+	718	835	(117)
United Kingdom	Aspire Defence Finance plc	A-	670	836	(166)
United States	New Jersey Transportation Trust Fund Authority	BBB-	623	623	—
Italy	Posillipo Finance II S.r.l	BIG	556	661	(105)
United Kingdom	National Grid Electricity Transmission	BBB+	500	557	(57)
United Kingdom	Catalyst Healthcare (Manchester) Financing plc [2]	BBB-	470	541	(71)
United States	Hickam Community Housing LLC	BBB-	452	455	(3)
United States	Progress Energy Carolinas, Inc.	A-	450	450	—
United Kingdom	RMPA Services plc	BBB+	437	550	(113)
United States	Puerto Rico Highways & Transportation Authority	BIG	398	398	—
United States	Bragg Communities, LLC	A-	389	396	(7)
United States	Massachusetts Commonwealth - GO	AA	359	364	(5)
United States	Monterey Bay, CA - Military Housing	BBB+	305	310	(5)
United States	Fort Bliss/White Sand Missile Range Housing LP	BBB+	296	299	(3)
Austria	International Infrastructure Exposure	BIG	291	343	(52)
United States	Northeast Housing LLC	BBB-	291	292	(1)
United States	Hampton Roads Navy Housing	A	276	277	(1)
United States	BLB Privatized Housing, LLC	A-	259	261	(2)
United States	Riley Communities, LLC	BBB	257	259	(2)
United States	Meade Communities, LLC	BBB	256	262	(6)
Australia	Sydney Airport Finance Company PTY Limited	BBB-	243	203	40
United States	Stewart Hunter Housing, GA	BBB	236	240	(4)
	Total		**$ 11,081**	**$ 12,134**	**$ (1,053)**

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.

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Appendix

Other Consolidated Non-GAAP Financial Measures (1)

Adjusted Earnings (Loss):	3Q2022 $	3Q2022 P.D.S. (2)(3)	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)
Net income (loss) attributable to common stockholders	**$ 340.0**	**$ 7.41**	**$ 5.2**	**$ 0.11**	**$ 2.0**	**$ 0.04**	**$ (22.1)**	**$ (0.42)**	**$ 16.9**	**$ 0.35**
Adjustments:										
Insurance intangible amortization	5.1	0.11	12.8	0.29	13.7	0.29	10.7	0.23	10.3	0.22
Foreign exchange (gain) losses	(7.0)	(0.15)	(5.3)	(0.12)	(1.6)	(0.03)	1.5	0.03	(1.7)	(0.04)
Adjusted earnings (loss)	**$ 338.1**	**$ 7.37**	**$ 12.7**	**0.28**	**$ 14.0**	**0.30**	**$ (9.9)**	**(0.16)**	**$ 25.4**	**0.53**

Adjusted Book Value:	September 30, 2022 $	September 30, 2022 P.S. (2)	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)
Total Ambac Financial Group, Inc. stockholders' equity	$ 1,008.6	22.43	$ 783.8	$ 17.44	$ 914.4	$ 19.65	$ 1,038.1	$ 22.42	$ 1,060.6	$ 22.91
Adjustments:										
Non-credit impairment fair value losses on credit derivatives	—	—	—	—	—	—	0.4	0.01	0.2	0.01
Insurance intangible asset	**(271.9)**	**(6.04)**	(284.0)	(6.32)	(303.5)	(6.52)	(320.0)	(6.91)	(330.2)	(7.14)
Net unearned premiums and fees in excess of expected losses	**221.4**	**4.92**	250.4	5.57	279.4	6.00	309.5	6.68	315.2	6.81
Net unrealized investment (gains) losses in Accumulated Other Comprehensive Income	**81.9**	**1.82**	22.7	0.51	(49.2)	(1.06)	(154.0)	(3.32)	(164.1)	(3.54)
Adjusted book value	**$ 1,040.0**	**23.13**	**$ 773.0**	**$ 17.20**	**$ 841.2**	**$ 18.07**	**$ 874.0**	**$ 18.88**	**$ 881.7**	**$ 19.05**

(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.

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

Adjusted Book Value:	December 31, 2020 $	December 31, 2020 P.S. [2][3]	December 31, 2019 $	December 31, 2019 P.S. [2][3]	December 31, 2018 $	December 31, 2018 P.S. [2][3]
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.

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