Ambac

Fourth Quarter 2022

Investor Presentation

Quarterly Highlights

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Forward Looking Statement

In this presentation, we have included statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as "estimate," "project," "plan," "believe," "anticipate," "intend," "planned," "potential" and similar expressions, or future or conditional verbs such as "will," "should," "would," "could," and "may," or the negative of those expressions or verbs, identify forward-looking statements. We caution readers that these statements are not guarantees of future performance. Forward-looking statements are not historical facts but instead represent only our beliefs regarding future events, which may by their nature be inherently uncertain and some of which may be outside our control. These statements may relate to plans and objectives with respect to the future, among other things which may change. We are alerting you to the possibility that our actual results may differ, possibly materially, from the expected objectives or anticipated results that may be suggested, expressed or implied by these forward-looking statements. Important factors that could cause our results to differ, possibly materially, from those indicated in the forward-looking statements include, among others, those discussed under "Risk Factors" .

Any or all of management's forward-looking statements here or in other publications may turn out to be incorrect and are based on management's current belief or opinions. Ambac Financial Group's ("AFG") and its subsidiaries' (collectively, "Ambac" or the "Company") actual results may vary materially, and there are no guarantees about the performance of Ambac's securities. Among events, risks, uncertainties or factors that could cause actual results to differ materially are: (1) the high degree of volatility in the price of AFG's common stock; (2) uncertainty concerning the Company's ability to achieve value for holders of its securities, whether from Ambac Assurance Corporation ("AAC") and its subsidiaries or from the specialty property and casualty insurance business, the insurance distribution business, or related businesses; (3) inadequacy of reserves established for losses and loss expenses and the possibility that changes in loss reserves may result in further volatility of earnings or financial results; (4) potential for rehabilitation proceedings or other regulatory intervention or restrictions against AAC; (5) credit risk throughout Ambac's business, including but not limited to credit risk related to insured residential mortgage-backed securities, student loan and other asset securitizations, public finance obligations (including risks associated with Chapter 9 and other restructuring proceedings), issuers of securities in our investment portfolios, and exposures to reinsurers; (6) our inability to effectively reduce insured financial guarantee exposures or achieve recoveries or investment objectives; (7) our inability to generate the significant amount of cash needed to service our debt and financial obligations, and our inability to refinance our indebtedness; (8) Ambac's substantial indebtedness could adversely affect its financial condition and operating flexibility; (9) Ambac may not be able to obtain financing or raise capital on acceptable terms or at all due to its substantial indebtedness and financial condition; (10) greater than expected underwriting losses in the Company's specialty property and casualty insurance business; (11) failure of specialty insurance program partners to properly market, underwrite or administer policies; (12) inability to obtain reinsurance coverage on expected terms; (13) loss of key relationships for production of business in specialty property and casualty and insurance distribution businesses or the inability to secure such additional relationships to produce expected results; (14) the impact of catastrophic public health, environmental or natural events, or global or regional conflicts, on significant portions of our insured portfolio; (15) credit risks related to large single risks, risk concentrations and correlated risks; (16) risks associated with adverse selection as Ambac's financial guarantee insurance portfolio runs off; (17) the risk that Ambac's risk management policies and practices do not anticipate certain risks and/or the magnitude of potential for loss; (18) restrictive covenants in agreements and instruments that impair Ambac's ability to pursue or achieve its business strategies; (19) adverse effects on operating results or the Company's financial position resulting from measures taken to reduce financial guarantee risks in its insured portfolio; (20) disagreements or disputes with Ambac's insurance regulators; (21) loss of control rights in transactions for which we provide financial guarantee insurance; (22) inability to realize expected recoveries of financial guarantee losses; (23) risks attendant to the change in composition of securities in the Ambac's investment portfolio; (24) adverse impacts from changes in prevailing interest rates; (25) events or circumstances that result in the impairment of our intangible assets and/or goodwill that was recorded in connection with Ambac's acquisitions; (26) risks associated with the expected discontinuance of the London Inter-Bank Offered Rate; (27) factors that may negatively influence the amount of installment premiums paid to Ambac; (28) the risk of litigation and regulatory inquiries or investigations, and the risk of adverse outcomes in connection therewith; (29) the Company's ability to adapt to the rapid pace of regulatory change; (30) actions of stakeholders whose interests are not aligned with broader interests of Ambac's stockholders; (31) system security risks, data protection breaches and cyber attacks; (32) regulatory oversight of Ambac Assurance UK Limited ("Ambac UK") and applicable regulatory restrictions may adversely affect our ability to realize value from Ambac UK or the amount of value we ultimately realize; (33) failures in services or products provided by third parties; (34) political developments that disrupt the economies where the Company has insured exposures; (35) our inability to attract and retain qualified executives, senior managers and other employees, or the loss of such personnel; (36) fluctuations in foreign currency exchange rates; (37) failure to realize our business expansion plans or failure of such plans to create value; (38) greater competition for our specialty property and casualty insurance business and/or our insurance distribution business; (39) loss or lowering of the AM Best rating for our property and casualty insurance company subsidiaries; (40) disintermediation within the insurance industry or greater competition from technology-based insurance solutions; (41) changes in law or in the functioning of the healthcare market that impair the business model of our accident and health managing general underwriter; and (42) other risks and uncertainties that have not been identified at this time.

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Overview

Ambac Financial Group, Inc. (NYSE: AMBC) is a financial services holding company headquartered in New York City with shareholders' equity of $1.3 billion[1]. Ambac's core operating business is a growing specialty P&C distribution and program underwriting platform. Ambac also has a legacy financial guarantee business in run-off.

Ambac's Specialty P&C Platform

Everspan

Specialty Property & Casualty Insurance

Specialty Property & Casualty Insurance Segment[2]

Cirrata

Insurance Distribution

Insurance Distribution Segment[2]

Redgrove

Strategic Investments in Insurtech & Insurance Services

Corporate and Other[2]

Ambac Assurance and Ambac UK

Legacy Financial Guarantee Insurance

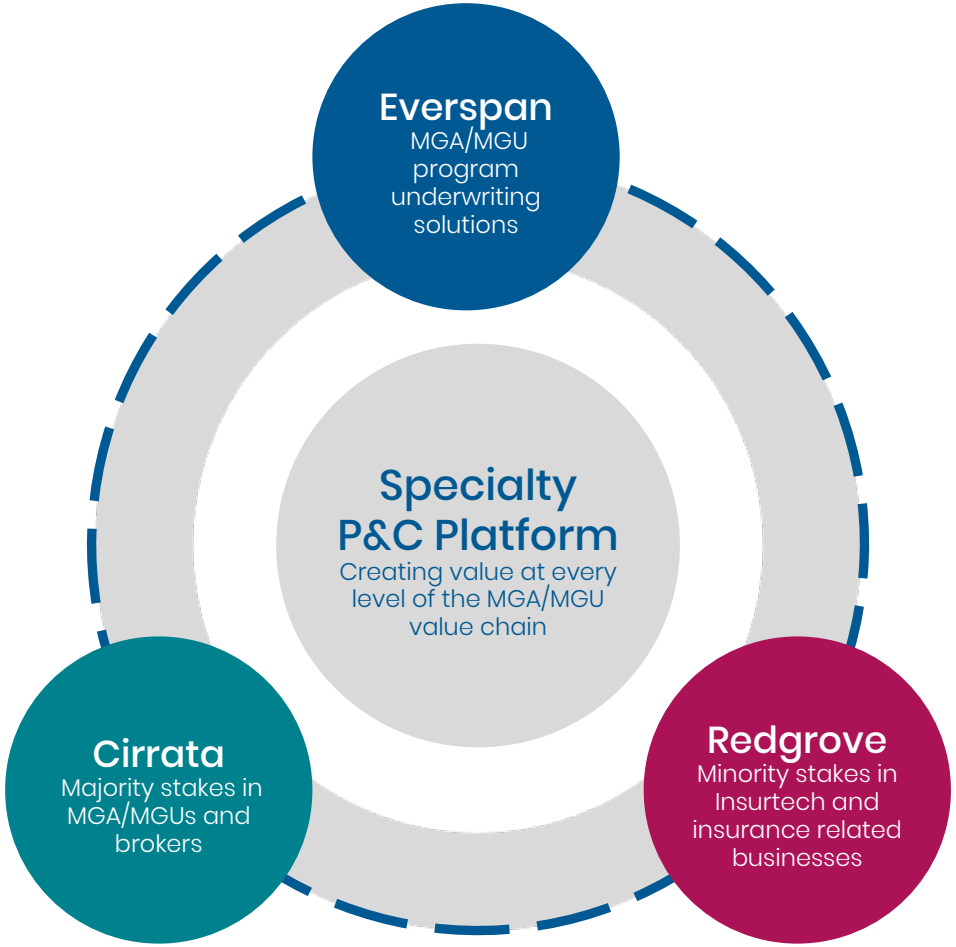
Legacy Financial Guarantee Insurance Segment[2]

1. Ambac common stockholders' equity as of December 31, 2022
2. As reported in most recent Form 10-K

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

- Ambac's Specialty P&C Platform includes its growing program insurer (Everspan), specialty program insurance distribution segment (Cirrata) and strategic investments strategy (Redgrove)
- The growth strategy for the Specialty P&C Business is to take advantage of the rapidly expanding U.S. program market in a capital efficient manner
- Everspan's program solutions utilize Managing General Agents (MGAs) and Managing General Underwriters (MGUs) as its primary distribution channel
- Cirrata acquires majority stakes in MGA/MGUs and brokers and incubates de novo MGA/MGUs; de novo MGA/MGUs may take advantage of underwriting capacity granted by Everspan, on either an admitted or surplus lines basis
- Ambac made strategic investments in several tech-enabled and other insurance distribution businesses which are complimentary and/or synergistic with our Specialty P&C operations. These investments are also expected to provide attractive returns on investment.



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2023 Strategic Priorities

AFG

- Grow and maximize shareholder value over medium and long term
- Strategically deploy capital to support and expand the Specialty P&C Platform
- Optimize the strategic value of corporate investments

Increasing Enterprise Value

Everspan Insurance

- Target GPW +$250 million in 2023 growing to +$500 million by 2024/2025[1,2]
- Target mid-teens ROE at scale and over the cycle
- Projected profitability on a go-forward basis in 2H23[1,2]

Compounding Book Value

Cirrata

- Premiums placed +$200 million targeted in 2023[1,2]
- Target +$45 million revenue in 2023[1,2]
- Strive for double-digit organic growth
- Target +30% EBITDA margins[1]

Accelerating EBITDA Growth

Legacy Financial Guarantee

- De-risk and de-lever the balance sheet
- Regulatory operating and capital reassessment
- Evaluate all strategic options for value creation

Maximizing Economic Value

Delivering Long-Term Value Through Re-deployment of Capital and Profitable Growth

1. Forward looking targets and projections subject to change. Targets and projections may not be realized and are not meant to provide guarantees of performance. Please refer to Ambac's annual report on form 10-K for the year ended December 31, 2022 for more information about Ambac's business and related risk factors
2. Subject to market conditions

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Select Partnerships and Strategic Investments

Everspan

Cover Whale	AMWINS	BRANCH	LONGLEAF SUSTAINABLE FORESTRY INSURANCE
3Q21	1Q22	1Q22	1Q22

theguarantors	CENTREX UNDERWRITERS INC.	HUBX by SUIS an SPG Company	battleface
2Q22	3Q22	4Q22	4Q22

Cirrata

XB EST. MMX	penpoint. SPECIALTY	ALL TRANS RISK SOLUTIONS LLC	Capacity Marine Corporation
4Q20	3Q22	4Q22	4Q22

Strategic Investments

Cover Whale	Confidential MGA	EMBRACE PARTNERS
4Q21	3Q22	3Q22

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Projected MGA/U Growth Provides Compelling Opportunity

Ambac's Specialty P&C Platform is poised to benefit from growth in the MGA/U market

U.S. MGA Market[1]

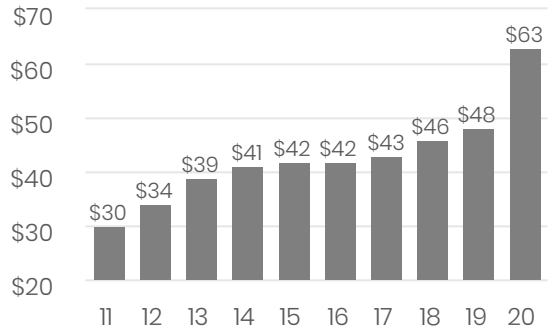
$70 bn
2021E DPW

16%
YoY Growth

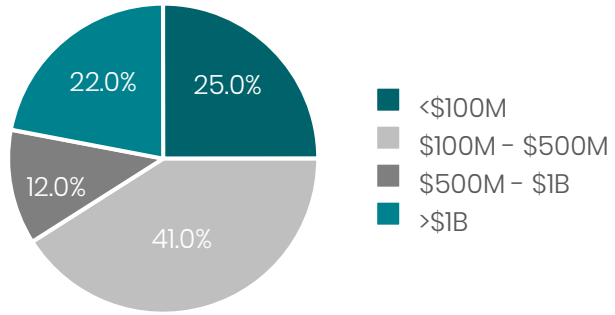
Historical Trends[1,2]

- The MGA market doubled in size between 2011 and 2020
- Loss ratios for MGAs are consistently lower than P&C insurance carriers
- A quarter of the premium placed by MGAs comes from small firms (those with under $100 million in premium)
- In 2021, the U.S. market was estimated to have over 1,000 MGAs with 700 identified in statutory filings and another 350 estimated to fall below the filing threshold

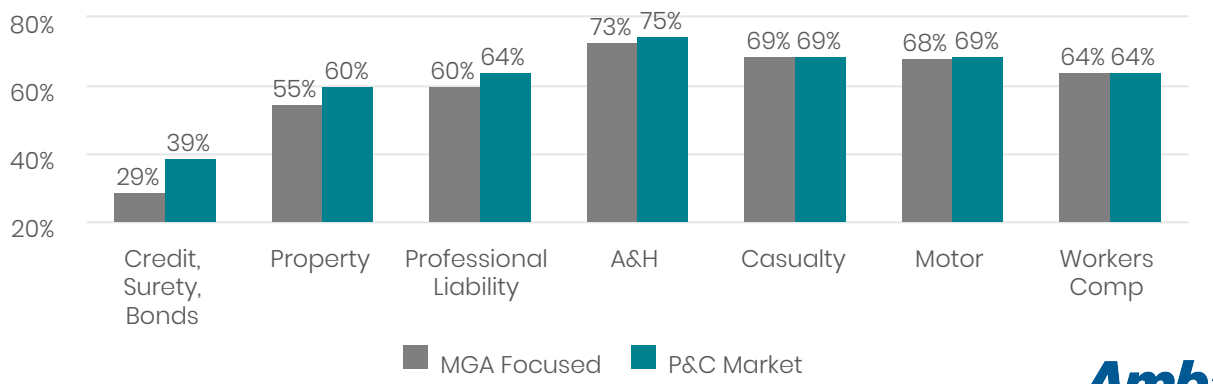
U.S. MGA Direct Premium Written ($bn)[2,3]



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



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



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

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Rising Demand for Specialty Risk Coverage

The specialty insurance market continues to be underpinned by macroeconomic factors as alternative risks continue to grow and change

E&S Industry[1]

$82 bn
2021 DPW

14%
5-year CAGR

The Excess & Surplus (E&S) specialty market insures difficult or high-risk exposures that traditional carriers do not cover. E&S carriers specialize in a wide range of coverages, each requiring in-depth knowledge of the line of exposure.

The evolution of the U.S. economy across sectors should continue to fuel the need for specialized insurance coverages often best addressed in the E&S market.



Sweeping technological disruption
Innovation brings unforeseen challenges and risks which offer E&S specialists opportunity to develop new product lines



Continued economic investment
Infrastructure and economic stimulus is favorable for the E&S market, as large construction projects are insured by E&S providers



Heightened social inflation
Legislative and litigation developments are impacting insurers' legal liabilities and claims costs resulting in taking higher rates



Increased cyber threats
Prevalence of ransomware creates need for cyber insurance and enhances pricing power



Large, complex and high-hazard risks
CAT weather activity above long-term averages across the United States and the globe

1. AM Best

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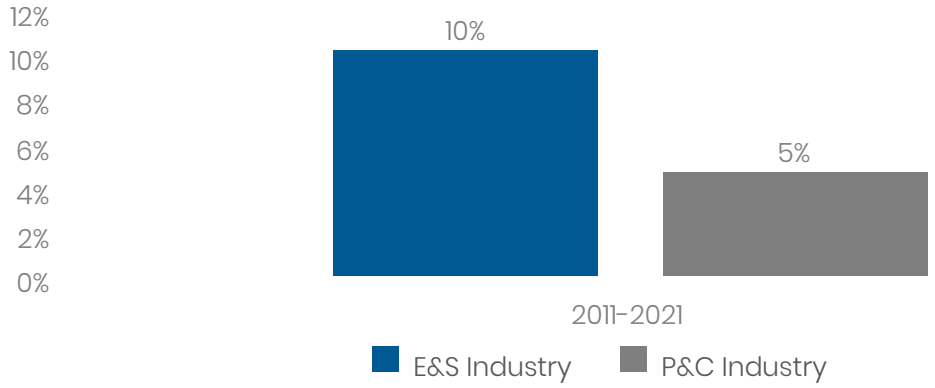
Specialty Insurance Poised for Continued Growth

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

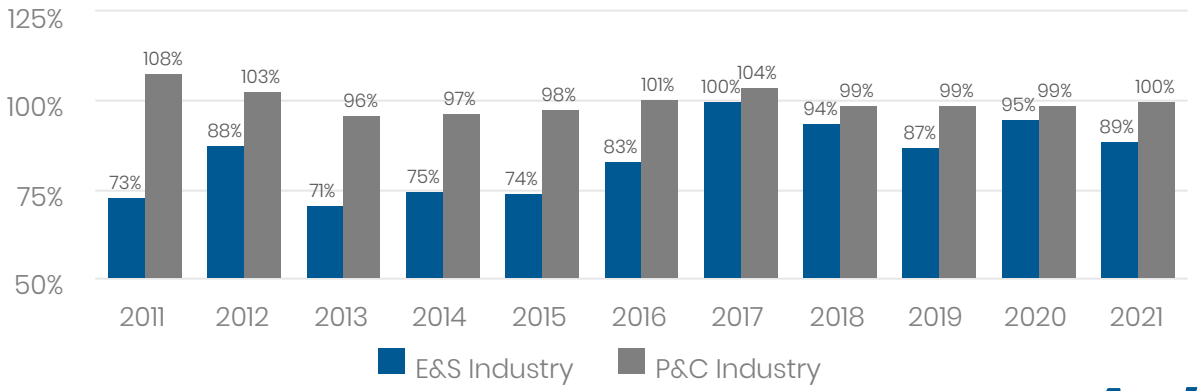
Historical E&S Trends[1]

- 2021 E&S direct premiums written were $82 billion implying a CAGR of 10% since 2011 and 14% since 2016[1]
- 2021 E&S market grew 25% vs 10% for overall P&C[1]
- E&S market has experienced faster growth than the standard P&C market over the last 20 years
- E&S market has been more profitable than the overall P&C market since 2011

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



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



1. AM Best
2. S&P Global Market Intelligence

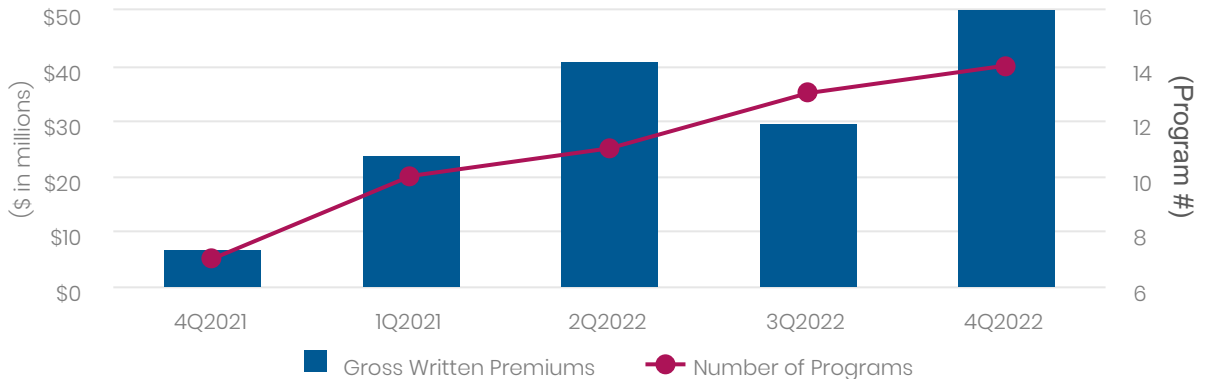
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Everspan Group: Specialty P&C Program Insurer

Everspan has assembled a 'Best-in-Class' team of Specialty P&C program insurance executives with deep experience scaling businesses

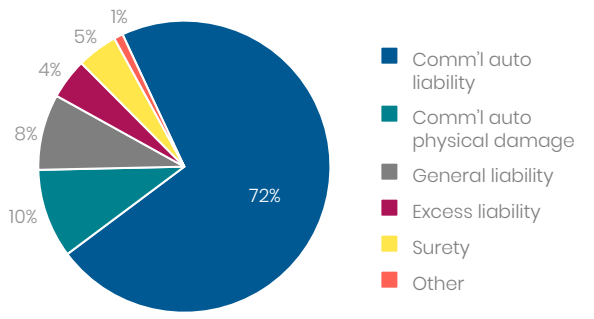
- $52 million of GPW in 4Q22 up over 7.5x vs. 4Q21
- $146 million of GPW in 2022 vs. $13 million last year
- GPW split between E&S vs Admitted:
  - 4Q22: 75% E&S vs 25% Admitted
  - FY22: 80% E&S vs 20% Admitted
- Loss Ratio of 65.1% in 4Q22 and 65.4% in 2022
- 14 MGA programs including 1 new program signed during 4Q22
- Everspan has broad E&S and admitted capabilities, with P&C certificates of authority in all 50 states
- AM Best Financial Strength Rating of 'A-' (Excellent) and Financial Size Category Class VIII
- Shareholders' Equity: $110 million[1]
- Statutory Surplus: $107 million

Gross Premium Written (GPW) and Number of Programs

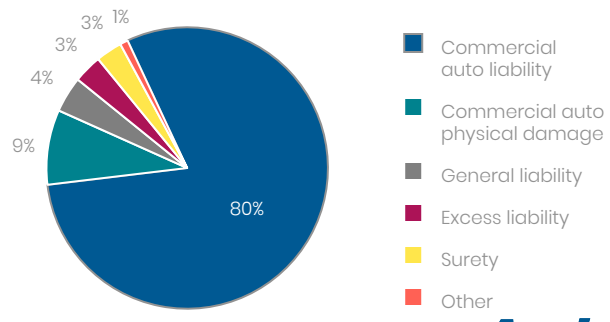


GPW by Line of Business

4Q22



2022



1. Ambac Stockholders' Equity as shown on slide 24

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Everspan: Diverse Product Line & Risk Appetite

Active risk management

Continuity, consistency and stability are critical to an active risk management program; Everspan underwrites each opportunity as if it were taking the risk gross, regardless of its risk retention position, which may be up to 30%

Disciplined underwriting approach

Led by a well-seasoned underwriting team, Everspan is disciplined and prudent in its underwriting, capitalizing on the continued market need of specialty coverages, providing basis for attractive returns

Strategic partners focused on value creation

Everspan takes an active role in overseeing MGAs, ensuring its reinsurance partners are closely aligned. Everspan's risk participation also helps create an alignment of interests with reinsurance partners

Targeted Lines of Business

Residential and Commercial Contractors	Professional Liability	Primary small and medium enterprises (SME)	**PERSONAL LINES – HOMEOWNERS AND AUTO***
HOSPITALITY BUSINESS INCLUDING LIQUOR LIABILITY*	**DIRECTORS & OFFICERS INSURANCE***	**COMMERCIAL MULTI-PERIL***	Marine
Products Liability	Environmental Risks	**COMMERCIAL AUTO & TRUCKING***	Accident & Health
EXCESS LIABILITY*	Primary Workers Compensation	**SURETY***	*ACTIVE PROGRAMS

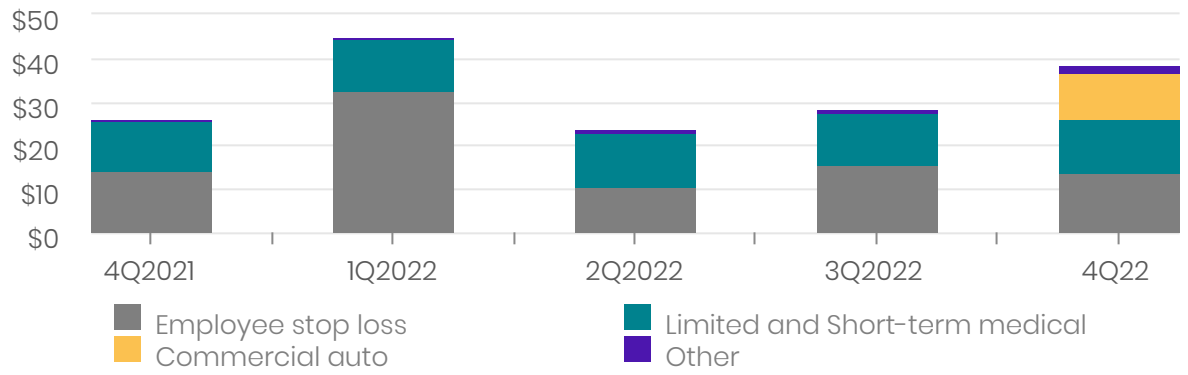
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Cirrata: Insurance Distribution via Majority Owned MGAs

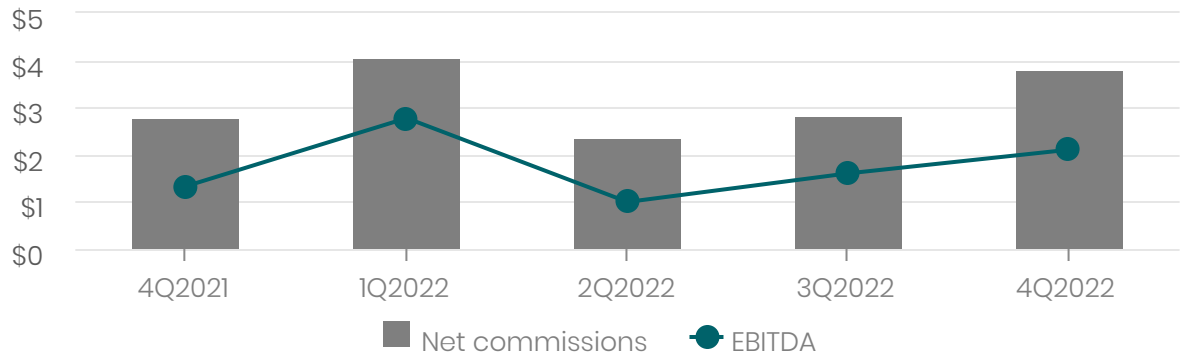
High margin businesses that generate predictable recurring fee-based income

- $38 million of premium placed in 4Q22 up 46% from 4Q21 on organic growth and inclusion of All Trans and Capacity Marine
- $135 million of premium placed up 15% over 2021
- EBITDA Margin[1] of 57.3% generating $7 million[2] of EBITDA in 2022
- All Trans & Capacity Marine acquired effective November 1st, expand Cirrata's product and distribution mix, with approximately $60 million of annual premium placed in new lines; potential for operating synergies and industry networks
- Launched the first de novo MGA which will begin writing business in 2023; de novo builds are a core aspect of Cirrata's growth strategy
- Key hire announced in John Tatum, Business Development Officer responsible for launching second de novo MGA, which will focus on the construction industry

Premium Placed by Line ($ in millions)



Net Commissions & EBITDA[1] ($ in millions)



1 EBITDA Margin calculated as EBITDA/Net Commissions
2 EBITDA includes noncontrolling interests

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Cirrata: MGA/U Distribution and Product Development

Cirrata's growth roadmap will be achieved through strategic acquisitions and organic expansion

Two Key Growth Drivers

Opportunistic Acquisitions

- Provide immediate scale, diversification and potential operating synergies
- Attractive returns on capital deployed
- Target majority ownership stake (between 51-90%)
- Create alignment of interest focused on profitable growth

De Novo Startups

- Partner with 'Best-in-class' underwriting teams in high margin specialty classes
- Leverage Ambac's institutional reinsurance relationships, specialty insurance expertise, and common operational platform for synergies
- Promote alignment of interest with management's ownership in the business
- Lower upfront capital commitment

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Cirrata: Recent Acquisitions

Successful close on accretive acquisitions expands the platform and adds **approximately $60 million** of additional premiums placed

ALL TRANS RISK SOLUTIONS LLC

Business Lines

- School Bus
- Charter Bus
- Paratransit

Business Overview

- Providing comprehensive insurance coverage to independent school bus and motor coach contractors for over 30 years
- Stable agency partner relationships
- 83% client retention from 2020 to 2021
- Leadership: Bob Lull, Founder and Chairman and Matthew Simnor, Chief Underwriting Officer

Capacity Marine Corporation

Business Lines

- Marine Insurance
- International Risk

Business Overview

- 30 years specializing in Marine and International Risk
- Minimal client concentration with largest agency representing 12.5% and average concentration of 5.8% across top 12 clients
- 97% client retention from 2020 to 2021
- Leadership: Walter Wynne, President, 24 years with Capacity Marine

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Building an MGU with Cirrata

AFG's Business Services Business Model

Cirrata's **22º Business Services unit** offers distribution partners a comprehensive suite of business services, led by a differentiated technology solution to support their growth, operations, and risk management

Value Drivers

- Technology and data platform designed to enhance operations and provide meaningful cost savings to MGU partners
- Comprehensive technology platform centrally positioned to provide customization, implementation, and on-going support
- Material time and cost savings to onboard, customize and launch programs
- Centralized business services infrastructure to build and support quality businesses, while controlling costs

Select Service Offerings

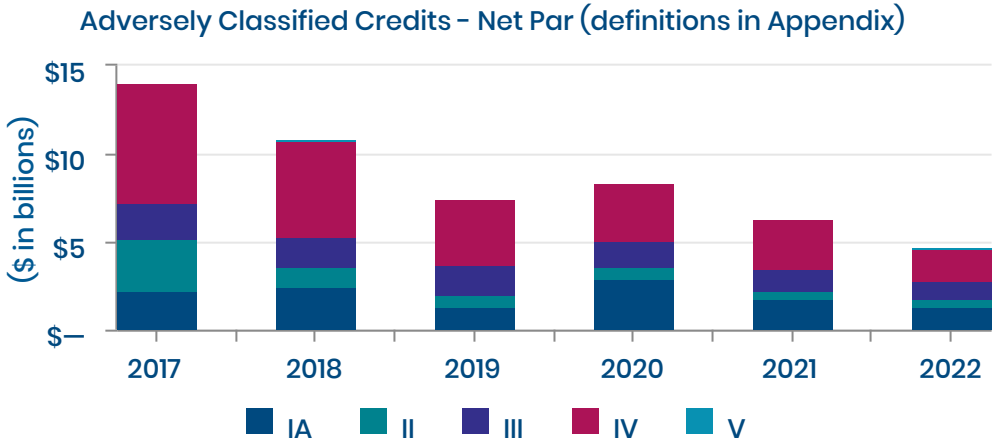
Technology & Operations	Human Resources	Administration	Legal
Accounting & Reporting	Treasury	Tax	Corporate Services

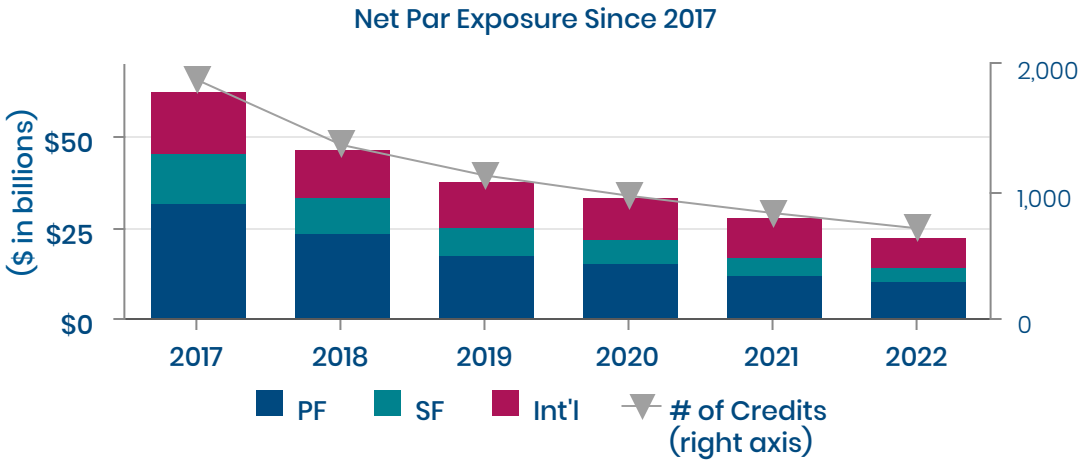
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Legacy FG Run-Off Subsidiaries: Ambac Assurance & Ambac UK

Segment Overview

- Actively de-risking legacy financial guarantee insured portfolios towards stable run-off
- Book Value of $826 million up by 21% from 3Q22 mainly due to the ~$2 billion of RMBS settlements and Adjusted Book Value of $835 million[1] up by 41% from 3Q22 from both the same RMBS settlements and purchasing of surplus notes from AFG
- Reduced debt by $1.8 billion[2] in 4Q22
- Insured Net Par of $22.6 billion declined 6% from the prior quarter and 19.3% since year-end 2021
- Watch List and Adversely Classified credits decreased 5% in 4Q22 and 24% since year-end 2021
- Puerto Rico exposure at 4Q22 of $244 million which is down 88% from peak in 2017
- HTA Plan of Adjustment effective DEC '22





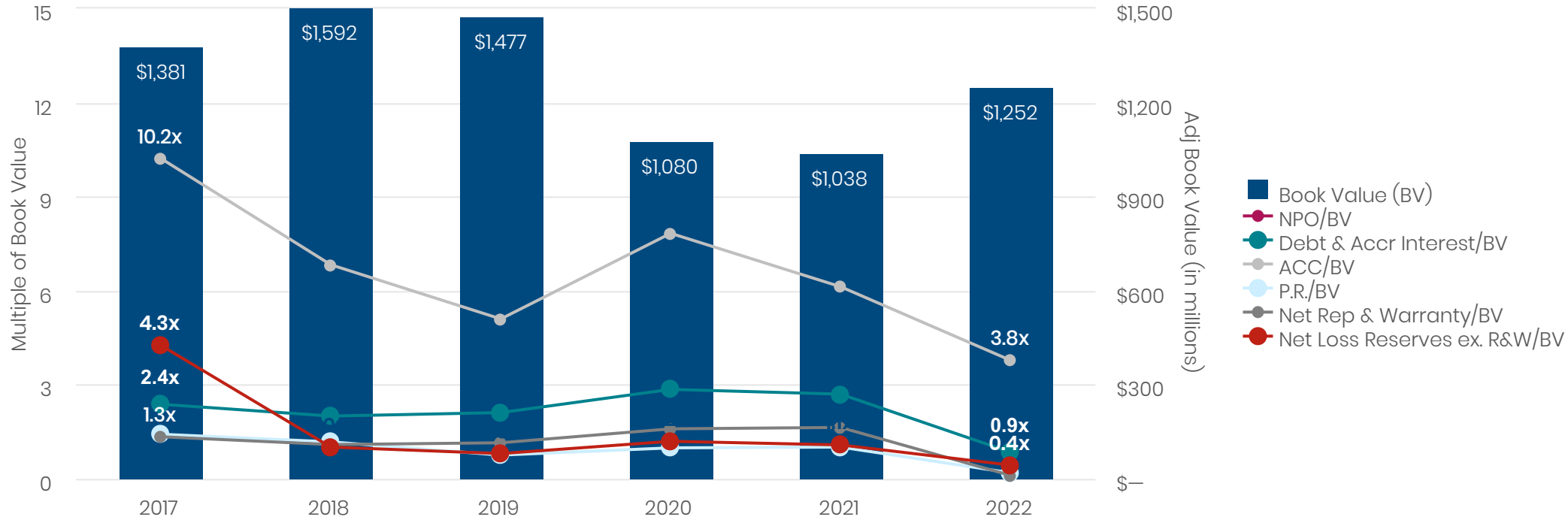
1 Represents the Legacy Financial Guarantee portion of Ambac's adjusted book value. See page 34 for a reconciliation to GAAP book value
2 Includes accrued and unpaid interest and AAC surplus notes repurchased from AFG

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Ambac's Balance Sheet (BV) Quality has Improved Materially

De-Leverage of BV Since 2017

• R&W Recoverable/BV	↓ 92%	• Debt Leverage/BV	↓ 63%
• Net Loss Reserves/BV	↓ 91%	• Net Par "NPO" Exposure/BV	↓ 63%
• Puerto Rico Exposure/BV	↓ 86%	• Adverse Credit Exposure/BV	↓ 63%



Net Par Outstanding as (x) of Consolidated BV	45x	29x	26x	31x	27x	18x

1. 2017 Debt includes $1.95b of deferred claims
2. 2018 the segregated account exited rehabilitation

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Ambac's Balance Sheet (ABV) Quality has Improved Materially

De-Leverage of ABV Since 2017

- R&W Recoverable/ABV ↓ 94%
- Net Loss Reserves/ABV ↓ 92%
- Puerto Rico Exposure/ABV ↓ 89%
- Adverse Credit Exposure/ABV ↓ 71%
- Debt Leverage/ABV ↓ 73%
- Net Par "NPO" Exposure/ABV ↓ 68%



Net Par Outstanding as (x) of Consolidated ABV	57x	38x	29x	37x	32x	18x

1. 2017 Debt includes $1.95b of deferred claims
2. 2018 the segregated account exited rehabilitation

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Ambac Assurance What's Next?

Acceleration of strategic options following settlements totaling ~**$2 billion** with Bank of America and Nomura

Settlement Overview

Settlement amount:

~$2 bn

$1.84 bn

Bank of America Settlement

- $1.4 billion — Senior debt repaid
- $397 million[1] — Net gain on settlement

$140 mn

Nomura Settlement

- $146 million[2] — Senior debt repaid
- $43 million — Net gain on settlement

Future Strategic Considerations

1. Re-imagining AAC as a run-off portfolio as we strive towards being in a positive carry position following **$100 million of interest and other expense reductions**
2. Regulatory capital reassessment
3. Strategic reinsurance transactions
4. Partial or full sale
5. Asset & Liability Management
6. Unlocking future value from NOLs

1. See Slide No. 23 for timing and GAAP/STAT Recognition
2. Senior debt redeemed in full January 15, 2023 with proceeds and $6 million cash on hand

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Ambac's Key Components of Value

Growing Fee & Underwriting Businesses

AFG

- Minority investments in insurance services businesses, e.g. Cover Whale
- $1.6b of NOLs
- Walled off from Legacy Financial Guarantee

$223m of Net Assets

Valuation ~ Fair Market Value of Assets

+

Everspan Insurance

- $146 million of GPW vs. $13 million last year
- 14 active programs including 1 new program this quarter
- Continuing to diversify the portfolio across lines of business

$110m Book Value[1]

Valuation ~ Specialty P&C Insurer BV or EPS multiple

+

Cirrata

- $136 million of placed premium up 15% from 2021
- NOV 2022 acquired All Trans and Capacity Marine with approximately $60m of annual placed premium
- Announced two de novo MGA starts in 2022

$7.5m Total TTM EBITDA; 80% or $6m allocable to AFG

Valuation ~ Insurance Broker EBITDA multiple

+

Legacy Financial Guarantee

- 12 : 1 total claims paying ratio
- De-risking including watch list & adversely classified credit net par outstanding was down 5% from 3Q22
- Expense reductions may lead to a profitable run-off
- $1.8b of NOLs

$835m ABV[2]

Valuation ~ FG ABV multiple

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

1. Book value is Ambac Stockholders' Equity as shown on slide 24
2. Represents the Legacy Financial Guarantee portion of Ambac's adjusted book value. See page 34 for a reconciliation to GAAP book value

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Financial Review

4Q22

4Q22 Consolidated Financial Overview

Net income attributable to common stockholders for 4Q22 was $175.2 million compared to net loss of $(22.1) million in 4Q21

Adjusted earnings for 4Q22 of $189.8 million and adjusted loss for 4Q21 of $9.9 million excludes insurance intangible asset amortization of $12.4 million in 4Q22 and $10.7 million in 4Q21.

($ in millions, except per share amounts)	4Q2022	4Q2021
Net income (loss) attributable to common stockholders	$ 175.2	$ (22.1)
Net income (loss) per diluted share [1]	3.86	(0.42)
Adjusted net income (loss) attributable to common stockholders [2]	189.8	(9.9)
Adjusted net income (loss) per diluted share [1, 2]	$ 4.18	$ (0.16)

($ in millions, except per share amounts)	4Q2022	3Q2022
Ambac Financial Group Inc. stockholders' equity (book value)	$ 1,252.3	$ 1,008.6
Book value per share	27.85	22.43
Adjusted book value [2]	1,272.1	1,040.0
Adjusted book value per share [2]	$ 28.29	$ 23.13

1. Per Diluted share includes the impact of adjusting redeemable noncontrolling interests to current redemption value
2. Adjusted earnings and adjusted book value are non-GAAP financial measures of financial performance or financial position that excludes (or includes) amounts that are included in (or excluded from) net income attributable to common stockholders for Adjusted Earnings and Total Ambac Financial Group, Inc. stockholders' equity for Adjusted Book Value. A reconciliation between both financial measures can be found in Ambac's 4Q22 Earnings Release included in Ambac's Current Report on Form 8-K filed with the SEC on February 28, 2023 and at the end of this document

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Computation of Bank of America Settlement Gains (Losses)

($ in millions)	Cash Flows	GAAP Gain / (Loss)	GAAP 3Q 22	GAAP 4Q 22	STAT Gain / (Loss)	STAT 3Q 22	STAT 4Q 22
R&W Receipts							
Gross	$ 1,840						
Ceded	(27)						
Net	1,813	$ 450	$ 324	$ 126	$ 309	$ 178	$ 131
Reduction of other potential litigation recoveries	—	(5)	(5)	—	—	—	—
	1,813	445	319	126	309	178	131
Secured Notes Repayment							
AAC-Sitka Promisory Note	(1,210)	(53)	—	(53)	(44)	—	(44)
Tier 2 Notes	(213)	—	—	—	—	—	—
AAC Sitka Notes held as investment	94	5	—	5	5	—	5
Grand Total Impact to Net Income	**$ 484**	**$ 397**	**$ 319**	**$ 78**	**$ 270**	**$ 178**	**$ 92**

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Ambac's Operating Segment Highlights

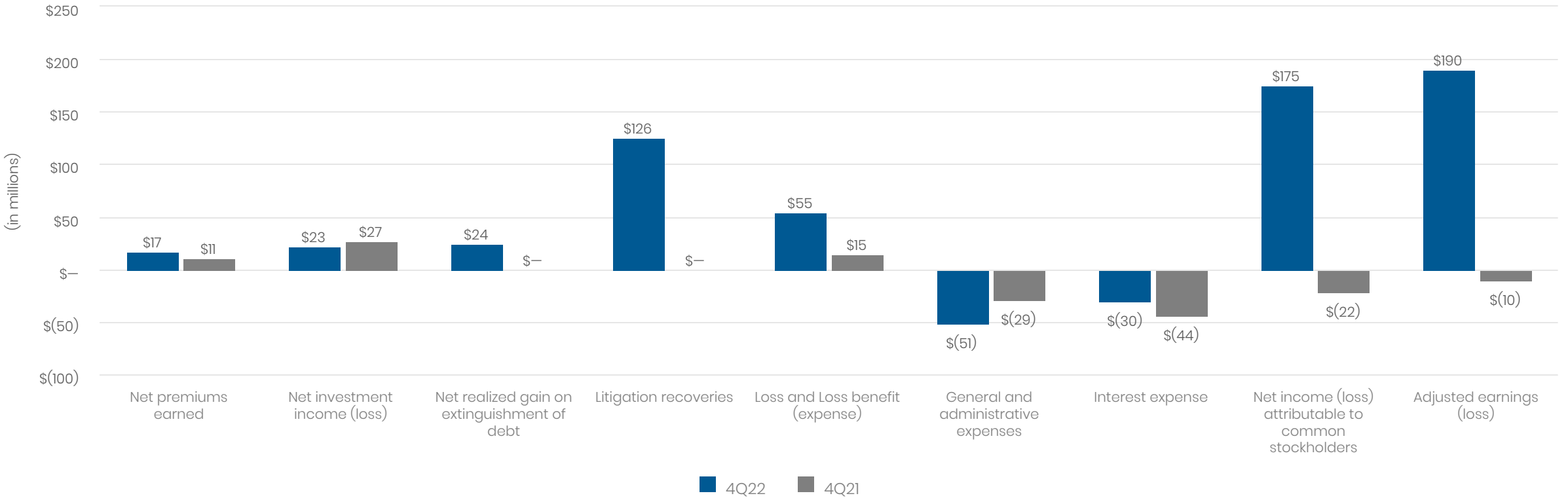
($ in millions)	Legacy Financial Guarantee Insurance	Specialty Property & Casualty Insurance	Insurance Distribution	Corporate & Other	Consolidated
Three Months Ended December 31, 2022					
Gross premiums written	$ (8.0)	$ 51.7			$ 43.7
Net premiums written	(7.9)	10.0			2.1
Total revenues	201.3	7.5	$ 9.1	$ 1.2	219.1
Total expenses	23.2	8.4	7.9	6.7	46.2
Pretax income (loss)	178.0	(0.9)	1.2	(5.4)	172.9
EBITDA[1]	221.2	(0.9)	1.7	(5.4)	216.7
Ambac Stockholders' Equity [2]	825.9	110.4	92.8	223.2	1,252.3
Non-redeemable noncontrolling interest	50.9	2.0			52.9
GAAP equity	$ 876.8	$ 112.4	$ 92.8	$ 223.2	$ 1,305.3
Three Months Ended December 31, 2021					
Gross premiums written	$ 1.6	$ 6.8			$ 8.4
Net premiums written	2.3	1.3			3.6
Total revenues	46.2	0.7	$ 6.4	$ 0.2	53.5
Total expenses	60.5	3.9	5.8	2.4	72.6
Pretax income (loss)	(14.3)	(3.2)	0.7	(2.2)	(19.1)
EBITDA[1]	40.6	(3.2)	1.1	(2.2)	36.2
Ambac Stockholders' Equity[2]	684.0	109.2	66.1	178.8	1,038.1
Non-redeemable noncontrolling interest	60.0				60.0
GAAP equity	$ 743.9	$ 109.2	$ 66.1	$ 178.8	$ 1,098.1

1. See slide 31 for EBITDA reconciliation to pre-tax GAAP Net Income
2. Represents the consolidated share of Ambac stockholders equity for each Segment and includes intercompany eliminations

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4Q22 vs 4Q21 - Key Consolidated Financial Metrics

Results for 4Q22 were primarily driven by the $78 million net gain from the Bank of America settlement, $43 million net gain from the Nomura settlement and $77 million gain on the retirement of surplus notes purchased.



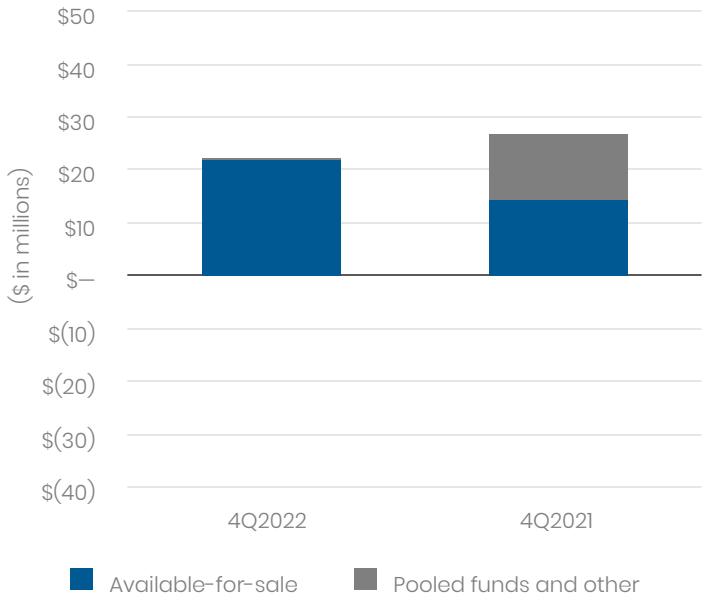
1. Adjusted earnings is a non-GAAP financial measure of financial position that excludes (or includes) amounts that are included in (or excluded from) net income which is presented in accordance with GAAP. A reconciliation to Net income (loss) attributable to common shareholders can be found in Ambac's 4Q22 Earnings Release, included in Ambac's Current Report on Form 8-K filed with the SEC on February 28, 2023 and at the end of this document

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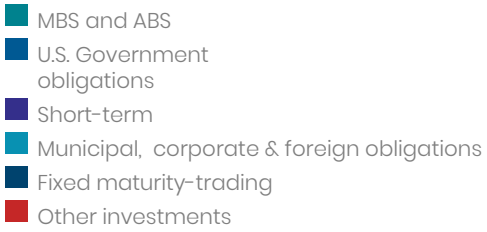
N.I.I. & Investment Portfolio as of December 31, 2022

Net investment income in 4Q22 was $23 million compared to $27 million in 4Q21 reflecting an $11 decline in income from funds from 4Q21, partially offset by higher yields on fixed income securities and short term holdings. Fund results were driven primarily by the impact of declining values of UK commercial real estate in 4Q22 and lower net performance of hedge funds and private equity.

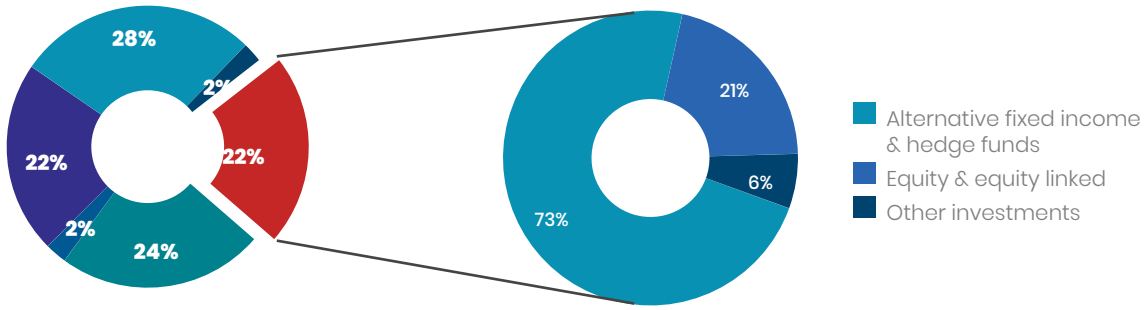
Net Investment Income (Loss)



Total Portfolio — $2.6 billion



Other Investments — $568 million

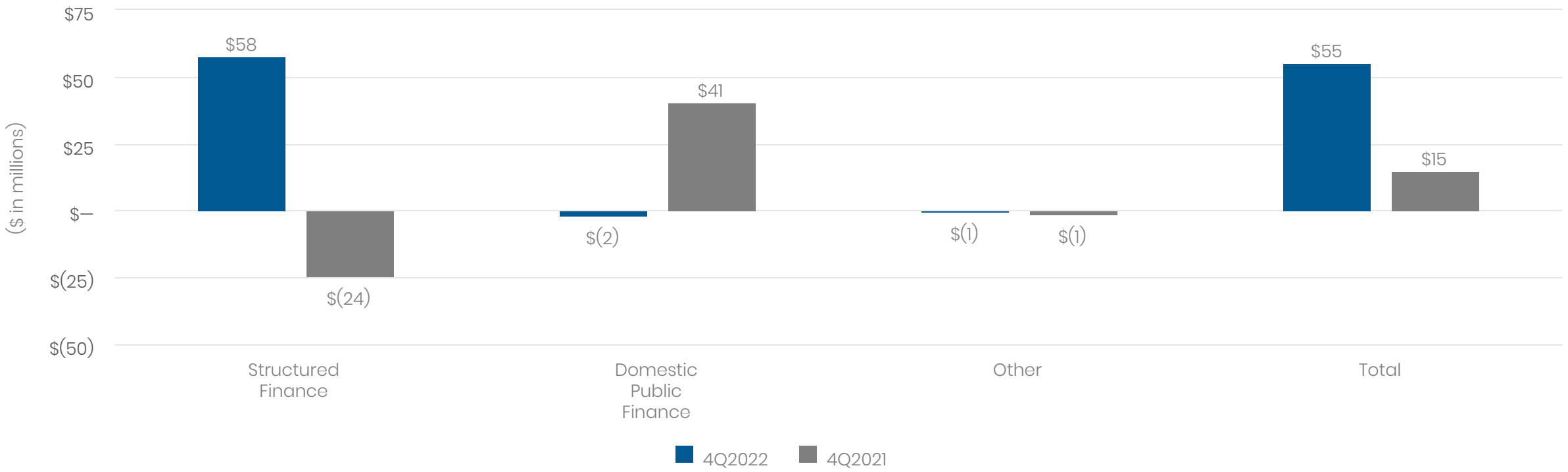


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Incurred Losses (Benefit) by Category[1] - 4Q22 vs 4Q21

Structured Finance benefit of $58 million in 4Q22 was primarily driven by the $43 million gain from the Nomura settlement whereas the fourth quarter of 2021 was driven by incremental loss adjustment expenses and a reduction in expected RMBS subrogation.

Domestic Public Finance loss of $2 million in 4Q22 was driven by the Puerto Rico HTA settlement whereas the fourth quarter of 2021 was primarily driven by benefits for all Puerto Rico credits.

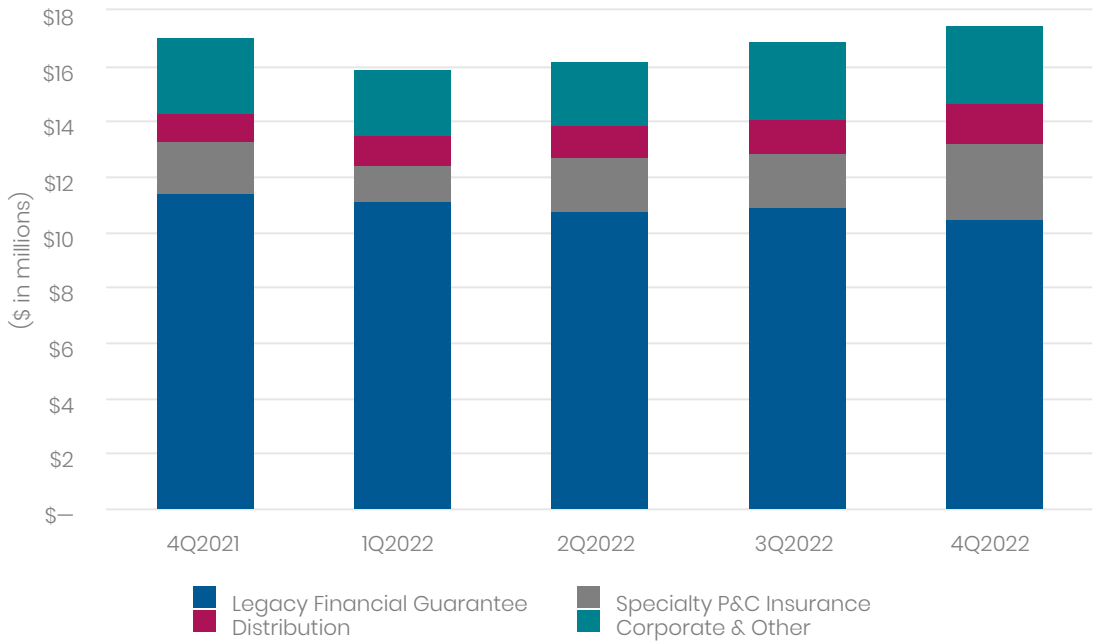


1. Components may not add to total due to rounding

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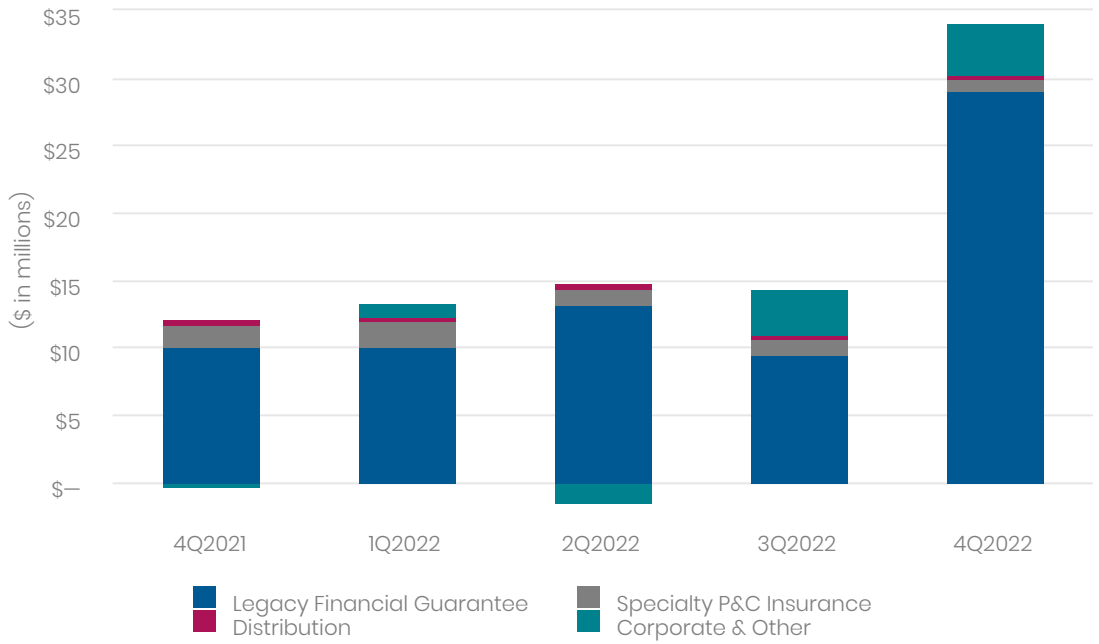
Expense Management

Compensation Expense



4Q22 Compensation expense of $18 million, an increase of less than $1 million from 4Q21, was mostly due to higher incentive performance compensation and increased headcount at Everspan and Cirrata.

Non-Compensation Expense



Non-Compensation expenses were $34 million in 4Q22, an increase of $22 million from 4Q21, was mostly due to Legacy FG increase in defensive litigation expenses.

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Non-GAAP Reconciliations

Ambac Non-GAAP Financial Data

Non-GAAP Financial Data

In addition to reporting Ambac's quarterly financial results in accordance with GAAP, the Company currently reports three non-GAAP financial measures: EBITDA, adjusted earnings and adjusted book value.

The most directly comparable GAAP measures are pre-tax net income for EBITDA, net income attributable to common stockholders for adjusted earnings and Total Ambac Financial Group, Inc. stockholders' equity for adjusted book value. A non-GAAP financial measure is a numerical measure of financial performance or financial position that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. We present such non-GAAP supplemental financial information because we believe such information is of interest to the investment community that provides greater transparency and enhanced visibility into the underlying drivers of our businesses on a basis that may not be otherwise apparent on a GAAP basis. We view these non-GAAP financial measures as important indicators when assessing and evaluating our performance on a segmented and consolidated basis. These non-GAAP financial measures are not substitutes for the Company's GAAP reporting, should not be viewed in isolation and may differ from similar reporting provided by other companies, which may define non-GAAP measures differently.

EBITDA reconciliation see slide 31

Adjusted Earnings reconciliation see slide 32

Adjusted Book Value reconciliation see slide 33

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EBITDA Reconciliation

	Legacy Financial Guarantee Insurance	Specialty Property & Casualty Insurance	Insurance Distribution	Corporate & Other	Consolidated
Three Months Ended December 31, 2022					
Pretax income (loss)	$ 178.0	$ (0.9)	$ 1.2	$ (5.4)	$ 172.9
Adjustments:					
Interest expense	30.4	—	—	—	30.4
Depreciation	0.4	—	—	—	0.5
Amortization of intangible assets	12.4	—	0.9	—	13.2
Net (gain) attributable to noncontrolling interest	—	—	(0.4)	—	(0.4)
Earnings before interest, taxes, depreciation and amortization	$ 221.2	$ (0.9)	$ 1.7	$ (5.4)	$ 216.7
Three Months Ended December 31, 2021					
Pretax income (loss)	$ (14.3)	$ (3.2)	$ 0.7	$ (2.2)	$ (19.1)
Adjustments:					
Interest expense	43.8	—	—	—	43.8
Depreciation	0.4	—	—	—	0.5
Amortization of intangible assets	10.7	—	0.7	—	11.3
Net (gain) attributable to noncontrolling interest	—	—	(0.3)	—	(0.3)
Earnings before interest, taxes, depreciation and amortization	$ 40.6	$ (3.2)	$ 1.1	$ (2.2)	$ 36.2

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

Adjusted Earnings [1,2]

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

($ in millions, except per share amounts)	4Q2022		3Q2022		2Q2022		1Q2022		4Q2021	
	$ Amount	P.D.S. [1,3]	$ Amount	P.D.S. [1,3]	$ Amount	P.D.S. [1,3]	$ Amount	P.D.S. [1,3]	$ Amount	P.D.S. [1,3]
Net income (loss) attributable to common shareholders	$ 175.2	$ 3.86	$ 340.0	$ 7.41	$ 5.2	$ 0.11	$ 2.0	$ 0.04	$ (22.1)	$ (0.42)
Adjustments:										
Insurance intangible amortization	12.4	0.27	5.1	0.11	12.8	0.29	13.7	0.29	10.7	0.23
Foreign exchange (gains) losses	2.3	0.05	(7.0)	(0.15)	(5.3)	(0.12)	(1.6)	(0.03)	1.5	0.03
Adjusted earnings (loss)	$ 189.8	$ 4.18	$ 338.1	$ 7.37	$ 12.7	$ 0.28	$ 14.0	$ 0.30	$ (9.9)	$ (0.16)

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

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Ambac Non-GAAP Financial Data - Adjusted Book Value

Adjusted Book Value

The following table reconciles Total Ambac Financial Group, Inc. stockholders' equity to the non-GAAP measure adjusted book value as of each date presented:

($ in millions, except per share data)	December 31, 2022		September 30, 2022		June 30, 2022		March 31, 2022		December 31, 2021	
	$ Amount	Per Share	$ Amount	Per Share	$ Amount	Per Share	$ Amount	Per Share	$ Amount	Per Share
Total Ambac Financial Group, Inc. Shareholders' Equity	$ 1,252.3	$ 27.85	$ 1,008.6	$ 22.43	$ 783.8	$ 17.44	$ 914.4	$ 19.65	$ 1,038.1	$ 22.42
Adjustments:										
Non-credit impairment fair value losses on credit derivatives	—	—	—	—	—	—	—	—	0.4	0.01
Insurance intangible asset	(265.7)	(5.91)	(271.9)	(6.04)	(284.0)	(6.32)	(303.5)	(6.52)	(320.0)	(6.91)
Net unearned premiums and fees in excess of expected losses	214.1	4.76	221.4	4.92	250.4	5.57	279.4	6.00	309.5	6.68
Net unrealized investment (gains) losses in Accumulated Other Comprehensive Income	71.4	1.59	81.9	1.82	22.7	0.51	(49.2)	(1.06)	(154.0)	(3.32)
Adjusted book value	$ 1,272.1	$ 28.29	$ 1,040.0	$ 23.13	$ 773.0	$ 17.20	$ 841.2	$ 18.07	$ 874.0	$ 18.88
Shares outstanding (in millions)		45.0		45.0		44.9		46.5		46.3

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LFG Segment Non-GAAP Financial Data - Adjusted Book Value

Adjusted Book Value

The following table reconciles Stockholders' equity of the subsidiaries in the Financial Guarantee Insurance Segment to the non-GAAP measure adjusted book value. Financial Guarantee Insurance segment adjusted book value eliminates the shareholders' equity impact of Ambac Financial Group's, Inc.'s ownership of surplus notes issued by Ambac Assurance:

($ in millions)	4Q2022	3Q2022	2Q2022	1Q2022
Ambac's Shareholders' Equity (Legacy Financial Guarantee Insurance Segment) [1]	$ 825.9	$ 680.9	$ 449.9	$ 567.4
Adjustments:				
Insurance intangible asset	(265.7)	(271.9)	(284.0)	(303.5)
Net unearned premiums and fees in excess of expected losses	214.1	221.4	250.4	279.4
Net unrealized investment (gains) losses in Accumulated Other Comprehensive Income	60.9	69.9	30.9	(81.5)
Surplus Notes held by AFG (Book Value)	—	(108.6)	(106.1)	(105.6)
Adjusted book value (Legacy Financial Guarantee Insurance Segment)	$ 835.3	$ 591.7	$ 341.2	$ 356.1

1. See slide 24 for a reconciliation to GAAP equity

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Appendix

Risk Adverse Credit Classifications

	Classification	Description
	Class I	**Fully Performing – Meets Ambac Criteria with Remote Probability of Claim and includes:** • Survey List - credits that may lack information or demonstrate a weakness but further deterioration is not expected • Watch list - credits that demonstrate the potential for future material adverse development due to such factors as long-term uncertainty about a particular sector, a certain structural element related to the issuer or transaction or overall financial and economic sustainability
Adversely Classified Credits	Class IA	**Potential Problem with Risks to be Dimensioned**
	Class II	**Substandard Requiring Intervention**
	Class III	**Doubtful with Clear Potential for Loss**
	Class IV	**Imminent Default or Defaulted**
	Class V	**Fully Reserved**

About Ambac

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

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

Contact

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ir@ambac.com

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