Ambac

Quarterly Operating Supplement

4Q2022

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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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

Consolidated Quarterly Comprehensive Income Data

(in millions, except per share data)	Three Months Ended					Year Ended	
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Summary GAAP Financial Data:							
Net premiums earned	$ 17.0	$ 10.8	$ 13.8	$ 14.6	$ 10.5	$ 56.3	$ 47.0
Commission income	8.8	7.0	6.2	8.6	6.4	30.7	26.2
Program fees	1.4	0.9	0.5	0.3	0.2	3.1	0.2
Net investment income (loss)	22.6	10.7	(21.4)	5.0	27.1	16.8	139.3
Net gains (losses) on derivative contracts	5.0	37.2	29.3	57.1	3.4	128.6	22.3
Net realized gains on extinguishment of debt	24.3	—	57.0	—	—	81.3	32.8
Income (loss) on variable interest entities	6.9	(1.3)	(6.2)	21.5	1.6	21.0	7.0
Other income	7.0	0.3	0.4	2.1	1.4	9.9	1.1
Litigation recoveries	125.9	—	—	—	—	125.9	—
Losses and loss adjustment expenses (benefit)	(55.1)	(353.4)	(12.0)	24.0	(15.2)	(396.5)	(88.2)
Commission expense	5.1	4.2	3.9	4.5	3.6	17.6	14.5
General and administrative expenses	51.4	31.1	29.6	29.2	28.8	141.2	111.3
Intangible amortization	13.2	5.8	13.5	14.3	11.3	46.8	55.0
Interest expense	30.4	48.6	45.0	44.1	43.8	168.2	187.5
Pretax income (loss)	172.9	342.5	6.3	2.8	(19.1)	524.6	1.8
Net income (loss) attributable to common stockholders	$ 175.2	$ 340.0	$ 5.2	$ 2.0	$ (22.1)	$ 522.4	$ (16.9)
Net income (loss) per diluted share attributable to common stockholders	$ 3.86	$ 7.41	$ 0.11	$ 0.04	$ (0.42)	$ 11.31	$ (0.61)
Weighted average number of diluted shares outstanding	46.079	45.846	45.685	47.360	46.629	46.415	46.535
Non-GAAP Measurements:							
EBITDA	$ 216.7	$ 397.0	$ 65.1	$ 61.3	$ 36.2	$ 740.1	$ 244.8
Adjusted earnings (loss)	189.8	338.1	12.7	14.0	(9.9)	554.6	42.8
Adjusted earnings (loss) per diluted share	$ 4.18	$ 7.37	$ 0.28	$ 0.30	$ (0.16)	$ 12.01	$ 0.66

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Consolidated Quarterly Balance Sheet Data

(in millions, except per share data)	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Summary GAAP Financial Data (continued):							
Total non-VIE investments	$ 2,593.1	$ 2,639.9	$ 2,546.8	$ 2,814.6	$ 2,954.9	$ 3,544.1	$ 3,792.3
Premium receivables	269.3	268.0	310.8	316.7	322.6	370.3	416.0
Intangible assets	326.4	317.5	330.3	350.0	361.5	408.9	426.6
Goodwill	60.9	46.1	46.1	46.1	46.1	46.2	—
Subrogation recoverable	271.3	1,949.3	1,666.6	1,713.9	2,091.9	2,155.8	2,029.2
Unearned premiums	371.8	359.3	384.9	393.2	394.5	455.7	517.9
Loss and loss expense reserves	805.4	1,009.5	1,019.4	1,066.7	1,569.9	1,758.6	1,547.5
Long-term debt [1]	638.8	2,201.2	2,188.8	2,241.7	2,229.9	2,738.7	2,821.5
Accrued interest payable	426.5	575.7	559.4	592.8	575.9	516.6	440.5
Ambac stockholders' equity	1,252.3	1,008.6	783.8	914.4	1,038.1	1,079.8	1,476.5
Number of shares outstanding (net of treasury shares)	44.974	44.964	44.940	46.545	46.304	45.809	45.555
Ambac Financial Group, Inc. book value per share	$ 27.85	$ 22.43	$ 17.44	$ 19.65	$ 22.42	$ 23.57	$ 32.41
Non-GAAP Measurements:							
Adjusted book value	$ 1,272.1	$ 1,040.0	$ 773.0	$ 841.2	$ 874.0	$ 918.5	$ 1,313.3
Adjusted book value per share	$ 28.29	$ 23.13	$ 17.20	$ 18.07	$ 18.88	$ 20.05	$ 28.83

(1) 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

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Consolidated Yearly Comprehensive Income Data

(in millions, except per share data)	2022	2021	2020	2019	2018
Summary GAAP Financial Data:					
Net premiums earned	$ 56.3	$ 47.0	$ 54.1	$ 65.7	$ 111.1
Commission income	30.7	26.2	—	—	—
Program fees	3.1	0.2	—	—	—
Net investment income	16.8	139.3	121.7	227.4	272.7
Net gains (losses) on derivative contracts	128.6	22.3	(49.6)	(49.6)	7.0
Net realized gains on extinguishment of debt	81.3	32.8	—	—	3.1
Income (loss) on variable interest entities	21.0	7.0	5.5	37.6	3.4
Other income [1]	9.9	1.1	2.7	134.4	4.9
Litigation recoveries	125.9	—	—	—	—
Losses and loss adjustment expenses (benefit) [2]	(396.5)	(88.2)	224.7	12.9	(223.6)
Commission expense	17.6	14.5	—	—	—
General and administrative expenses	141.2	111.3	92.4	102.8	112.2
Intangible amortization	46.8	55.0	56.7	295.3	107.3
Interest expense	168.2	187.5	221.9	268.5	242.3
Pretax income (loss)	524.6	1.8	(439.7)	(183.3)	238.1
Net income (loss) attributable to common stockholders	$ 522.4	$ (16.9)	$ (437.2)	$ (215.7)	$ 185.7
Net income (loss) per diluted share attributable to common stockholders	$ 11.31	(0.61)	(9.47)	(4.69)	3.99
Weighted average number of diluted shares outstanding	46.415	46.535	46.147	45.955	46.560
Non-GAAP Measurements:					
EBITDA	$ 740.1	$ 244.8	$ (159.8)	$ 381.0	$ 622.8
Adjusted earnings (loss)	554.6	42.8	(377.8)	66.3	301.1
Adjusted earnings (loss) per diluted share	$ 12.01	$ 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 (Fourth 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 Annual Report on Form 10-K for a description of each of the Company's business segments.

Three Months Ended December 31, 2022

($ in millions)	LFG	SPC	ID	CORP	CONS
Gross premiums written	$ (8.0)	$ 51.7			$ 43.7
Net premiums written	(7.9)	10.0			2.1
Premiums placed			$ 38.3		38.3
Revenues:					
Net premiums earned	11.4	5.7			17.0
Net investment income	20.8	0.5		$ 1.2	22.6
Net investment gains (losses), including impairments	0.3	—		—	0.3
Net gains (losses) on derivative contracts	5.0			—	5.0
Net realized gains on extinguishment of debt	24.3				24.3
Fees and commission income		1.4	8.8		10.2
Other income	13.7	—	0.2	—	13.9
Litigation recoveries	125.9				125.9
Total revenues and other income	**$ 201.3**	**$ 7.5**	**$ 9.1**	**$ 1.2**	**$ 219.1**

($ in millions)	LFG	SPC	ID	CORP	CONS
Expenses:					
Losses and loss adjustment expenses (benefit)	$ (58.7)	$ 3.7			$ (55.1)
Amortization of deferred acquisition costs, net	—	1.1			1.2
General and administrative expenses [1]	38.7	3.6	$ 1.9	$ 6.6	50.9
Commission expense			5.1		5.1
Total expenses	(20.0)	8.4	7.0	6.6	2.1
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
Add back NCI EBITDA adjustment		—	0.4		0.4
Less: Interest expense	30.4				30.4
Less: Depreciation expense [1]	0.4	—	—	—	0.5
Less: Intangible amortization	12.4		0.9		13.2
Pretax income (loss) [2]	**$ 178.0**	**$ (0.9)**	**$ 1.2**	**$ (5.4)**	**$ 172.9**

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 General and Administrative Expenses.
(2) Pretax income (loss) is prior to the impact of noncontrolling interests.

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Earnings Measures by Reporting Segment (Fourth Quarter 2021)

Three Months Ended December 31, 2021

($ in millions)	LFG	SPC	ID	CORP	CONS
Gross premiums written	$ 1.6	$ 6.8			$ 8.4
Net premiums written	2.3	1.3			3.6
Premiums placed			$ 26.3		26.3
Revenues:					
Net premiums earned	10.1	0.5			10.5
Net investment income	26.7	0.3		$ 0.2	27.1
Net investment gains (losses), including impairments	2.9	(0.2)		—	2.8
Net gains (losses) on derivative contracts	3.4				3.4
Net realized gains on extinguishment of debt	—				—
Fees and commission income		0.1	6.4		6.5
Other income	3.0	0.1	—	—	3.1
Litigation recoveries	—				—
Total revenues and other income	**$ 46.2**	**$ 0.7**	**$ 6.4**	**$ 0.2**	**$ 53.5**

($ in millions)	LFG	SPC	ID	CORP	CONS
Expenses:					
Losses and loss adjustment expenses (benefit)	$ (15.5)	$ 0.3			$ (15.2)
Amortization of deferred acquisition costs, net	—	0.1			0.1
General and administrative expenses [1]	21.1	3.5	$ 1.4	$ 2.4	28.4
Commission expense			3.6		3.6
Total expenses	5.6	3.9	5.1	2.4	17.0
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
Add back NCI EBITDA adjustment			0.3		0.3
Less: Interest expense	43.8				43.8
Less: Depreciation expense [1]	0.4	—	—	—	0.5
Less: Intangible amortization	10.7		0.7		11.3
Pretax income (loss) [2]	**$ (14.3)**	**$ (3.2)**	**$ 0.7**	**$ (2.2)**	**$ (19.1)**

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

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

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Earnings Measures by Reporting Segment (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 4Q2022 Form 10-Q for a description of each of the Company's business segments.

Year Ended December 31, 2022

($ in millions)	LFG	SPC	ID	CORP	CONS
Gross premiums written	$ (19.5)	$ 146.4			$ 126.9
Net premiums written	(5.9)	28.6			22.6
Net premiums placed			$ 135.5		135.5
Revenues:					
Net premiums earned	42.4	13.9			56.3
Net investment income	12.3	1.6		$ 2.9	16.8
Net investment gains (losses), including impairments	31.5	—		—	31.5
Net gains (losses) on derivative contracts	127.6			0.9	128.6
Net realized gains on extinguishment of debt	81.3				81.3
Fees and commission income		3.1	30.7		33.8
Other income	30.3	(0.1)	0.7	(0.1)	30.8
Litigation recoveries	125.9				125.9
Total revenues and other income	**$ 451.3**	**$ 18.5**	**$ 31.4**	**$ 3.7**	**$ 504.9**

($ in millions)	LFG	SPC	ID	CORP	CONS
Expenses:					
Losses and loss adjustment expenses (benefit)	$ (405.5)	$ 9.1			$ (396.5)
Amortization of deferred acquisition costs, net	0.4	2.5			3.0
General and administrative expenses [1]	102.4	13.2	$ 6.3	$ 17.3	139.2
Commission expense			17.6		17.6
Total expenses	(302.7)	24.8	23.9	17.3	(236.7)
Net (gain) attributable to noncontrolling interest		—	(1.5)		(1.4)
Earnings before interest, taxes, depreciation and amortization	754.0	(6.3)	6.0	(13.6)	740.1
Add back NCI EBITDA adjustment		—	1.5		1.4
Less: Interest expense	168.2				168.2
Less: Depreciation expense [1]	1.8	—	—	0.1	2.0
Less: Intangible amortization	43.9		2.9		46.8
Pretax income (loss) [2]	**$ 540.1**	**$ (6.3)**	**$ 4.5**	**$ (13.7)**	**$ 524.6**

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

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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)

Year Ended December 31, 2021

($ in millions)	LFG	SPC	ID	CORP	CONS
Gross premiums written	$ (11.1)	$ 13.0			$ 1.9
Net premiums written	(35.4)	2.6			(32.9)
Net Premiums places			$ 117.5		117.5
Revenues:					
Net premiums earned	46.3	0.7			47.0
Net investment income	138.0	0.9		$ 0.5	139.3
Net investment gains (losses), including impairments	2.9	(0.2)		4.0	6.7
Net gains (losses) on derivative contracts	22.3				22.3
Net realized gains on extinguishment of debt	32.8				32.8
Fees and commission income		0.2	26.2		26.3
Other income	8.1	—	—	—	8.1
Litigation recoveries	—				—
Total revenues and other income	**$ 250.3**	**$ 1.5**	**$ 26.2**	**$ 4.5**	**$ 282.5**

($ in millions)	LFG	SPC	ID	CORP	CONS
Expenses:					
Losses and loss adjustment expenses (benefit)	$ (88.7)	$ 0.5			$ (88.2)
Amortization of deferred acquisition costs, net	0.4	0.1			0.5
General and administrative expenses [1]	76.7	8.5	$ 5.3	$ 19.1	109.5
Commission expense			14.5		14.5
Total expenses	(11.6)	9.1	19.8	19.1	36.4
Net (gain) attributable to noncontrolling interest			(1.3)		(1.3)
Earnings before interest, taxes, depreciation and amortization	261.9	(7.6)	5.1	(14.6)	244.8
Add back NCI EBITDA adjustment			1.3		1.3
Less: Interest expense	187.5				187.5
Less: Depreciation expense (1)	1.8	—	—	—	1.8
Less: Intangible amortization	52.4		2.6		55.0
Pretax income (loss) [2]	**$ 20.3**	**$ (7.6)**	**$ 3.7**	**$ (14.6)**	**$ 1.8**

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 General and Administrative Expenses.
(2) Pretax income (loss) is prior to the impact of noncontrolling interests.

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Consolidated Investment Portfolio
As of December 31, 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	$ 3.9	$ 4.0	1.88 %
Municipal, corporate & foreign obligations	461.3	508.5	2.46 %
Mortgage and asset-backed securities	613.6	612.0	7.43 %
Short-term investments	296.6	296.6	4.11 %
Total fixed maturity - available-for-sale securities	**1,375.3**	**1,421.1**	**4.94 %**
Fixed maturity securities - trading	59.0	59.0	
Other investments			
Alternative fixed income & hedge funds	219.1	219.1	
Equity & equity linked	31.2	31.2	
Total other investments	**250.3**	**250.3**	
Total Ambac Assurance and Subsidiaries investments excluding Ambac UK	**$ 1,684.7**	**$ 1,730.4**	**4.94 %**
Ambac UK:			
Fixed maturity securities:			
U.S. government and agency obligations	$ 26.8	$ 28.4	2.68 %
Municipal, corporate and foreign obligations	174.8	191.9	2.88 %
Short-term investments	70.7	70.7	2.86 %
Total fixed maturity securities	**272.3**	**291.0**	**2.86 %**
Ambac UK (continued)			
Other investments			
Real estate	22.1	22.1	
Alternative fixed income & hedge funds	194.7	194.7	
Equity & equity linked	84.8	84.8	
Total other investments	**301.7**	**301.7**	
Total Ambac UK investments	**$ 573.9**	**$ 592.7**	
Specialty Property & Casualty Insurance:			
Fixed maturity securities:			
U.S. government and agency obligation	$ 34.0	$ 35.8	1.19 %
Municipal & corporate obligations	67.8	75.5	2.25 %
Short-term investments	29.3	29.3	4.08 %
Total Specialty Property & Casualty Insurance investments	**$ 131.1**	**$ 140.6**	**2.36 %**
Corporate & Other:			
Corporate obligations	$ 12.3	$ 13.3	
Short-term investments	175.4	175.3	
Total fixed maturity securities	**187.7**	**188.6**	
Other investments:	15.6	15.6	
Total Corporate & Other investments	**$ 203.3**	**$ 204.2**	
Total Consolidated Investments	**$ 2,593.1**	**$ 2,667.9**	

Duration of Legacy Financial Guarantee Insurance fixed maturity investment portfolio [2]	3.67
Duration of Specialty Property & Casualty Insurance fixed maturity investment portfolio	2.32

(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 17% of the fair value of Ambac Assurance and Subsidiaries' fixed maturity investment portfolio of $1,707 at December 31, 2022.

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Consolidated General & Administrative Expenses

($ 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	$ 7.5	$ 28.7
Incentive Compensation (1)	6.9	6.6	7.3	9.0	29.8	7.2	7.3	8.1	8.5	31.1
Other (2)	2.1	0.9	1.1	1.1	5.3	1.8	1.8	1.5	1.4	6.6
Total Compensation	**15.6**	**14.2**	**15.4**	**17.1**	**62.3**	**15.9**	**16.2**	**16.8**	**17.5**	**66.4**
Non-Compensation										
Legal, Consulting & Advisory Services	8.4	5.2	7.0	6.0	26.6	7.4	7.0	8.4	27.7	50.4
Premises	1.3	1.2	1.3	1.1	4.9	1.1	1.1	1.2	1.1	4.6
Audit	1.2	0.8	0.8	0.8	3.5	0.8	0.9	0.9	0.7	3.4
Regulator Advisory Costs	0.5	0.5	0.5	0.5	2.0	0.4	0.4	0.4	0.4	1.7
Other	2.6	2.5	3.5	3.4	12.1	3.5	3.8	3.5	4.0	14.8
Total Non-Compensation	**13.9**	**10.3**	**13.1**	**11.8**	**49.1**	**13.3**	**13.3**	**14.3**	**33.9**	**74.8**
Total General and Administrative Expenses	**29.5**	**24.5**	**28.5**	**28.9**	**111.4**	**29.2**	**29.6**	**31.1**	**51.4**	**141.2**

(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.

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Consolidated General & Administrative Expenses [1] by Segment

($ in millions)	2021 1Q	2021 2Q	2021 3Q	2021 4Q	2021 Full Year	2022 1Q	2022 2Q	2022 3Q	2022 4Q	2022 Full Year
Legacy Financial Guarantee Insurance										
Compensation	$ 10.9	$ 9.7	$ 10.7	$ 11.4	**$ 42.7**	$ 11.1	$ 10.8	$ 10.9	$ 10.5	**$ 43.2**
Non-Compensation	6.1	11.5	8.1	10.1	**35.8**	10.1	13.1	9.1	28.7	**61.0**
Total Legacy Financial Guarantee Insurance	**17.0**	**21.2**	**18.8**	**21.5**	**78.5**	**21.2**	**23.9**	**20.0**	**39.2**	**104.2**
Specialty Property & Casualty Insurance										
Compensation	0.7	1.4	1.4	1.9	**5.4**	1.3	1.9	2.0	2.7	**7.8**
Non-Compensation	**0.4**	**0.4**	**0.7**	**1.6**	**3.1**	1.9	1.2	1.3	0.9	**5.4**
Total Specialty Property & Casualty Insurance	**1.1**	**1.8**	**2.1**	**3.5**	**8.5**	**3.2**	**3.1**	**3.3**	**3.6**	**13.2**
Insurance Distribution										
Compensation	1.0	1.0	1.0	1.1	**4.1**	1.1	1.2	1.2	1.5	**5.0**
Non-Compensation	0.2	0.3	0.3	0.4	**1.2**	0.2	0.4	0.3	0.4	**1.3**
Total Insurance Distribution	**1.2**	**1.3**	**1.3**	**1.5**	**5.3**	**1.3**	**1.6**	**1.5**	**1.9**	**6.3**
Corporate & Other										
Compensation	3.0	2.1	2.3	2.7	**10.1**	2.4	2.3	2.8	2.8	**10.3**
Non-Compensation [1]	7.1	(1.8)	3.9	(0.3)	**8.9**	1.1	(1.3)	3.5	3.8	**7.1**
Total Corporate & Other	**10.1**	**0.3**	**6.2**	**2.4**	**19.0**	**3.5**	**1.0**	**6.3**	**6.7**	**17.4**
Gross Operating Expenses										
Compensation	15.6	14.2	15.4	17.1	**62.3**	15.9	16.2	16.8	17.5	**$ 66.4**
Non-Compensation	13.8	10.4	13.0	11.8	**49.0**	13.3	13.3	14.3	33.9	**74.8**
Total Gross Operating Expenses	**$ 29.4**	**$ 24.6**	**$ 28.4**	**$ 28.9**	**$ 111.3**	**$ 29.2**	**$ 29.6**	**$ 31.1**	**$ 51.4**	**141.2**

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

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Net Operating Losses — By Company and Year-of-Expiration

(in millions)

Ambac Financial Group, Inc. - Consolidated			Ambac Financial Group, Inc. - Standalone			Ambac Assurance Corporation		
Origination Year	Expiration Year	NOL Net of IRC 163(j)	Origination Year	Expiration Year	NOL Net of IRC 163(j)	Origination Year	Expiration Year	NOL Net of IRC 163(j)
2009	2030	$ 348	2009	2030	$ 348	2009	2030	$ —
2010	2031	1,431	2010	2031	727	2010	2031	704
2011	2032	1,037	2011	2032	395	2011	2032	642
2012	2033	226	2012	2033	24	2012	2033	202
2020	2041	276	2020	2041	—	2020	2041	276
2021	2042	124	2021	2042	124	2021	2042	—
2022	2043	13	2022	2043	13	2022	2043	—
Total NOL Carryforwards		3,454			1,630			1,824
IRS 163(j) Interest Expense Limitation (1)		314			(4)			318
Total NOL & Interest Expense Limitation		$ 3,768			$ 1,626			$ 2,142

(1) NOLs related to the Interest Expense Limitation of IRC Section 163(j) have an indefinite carryforward period and are available to offset future taxable income, subject to certain provisions.

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Specialty Property & Casualty Insurance Information

Specialty Property & Casualty Insurance Segment Quarterly Information

As of December 31, 2022

($ in millions)	4Q2022	3Q2022	2Q2022	1Q2022	4Q2021	FY 2022	FY 2021
Gross written premiums by line of business:							
Commercial auto liability	$ 37.1	$ 20.6	$ 36.9	$ 22.6	$ 6.3	$ 117.2	$ 12.6
Commercial auto physical damage	5.1	5.2	1.8	0.5	—	12.6	—
General liability	4.3	1.0	0.4	0.3	—	6.0	—
Excess liability	2.3	1.2	0.9	0.4	0.5	4.8	0.5
Surety	2.3	1.3	0.7	0.1	—	4.4	—
Other	0.5	0.4	0.3	0.1	—	1.3	—
Gross written premiums	$ 51.7	$ 29.8	$ 40.9	$ 24.0	$ 6.8	$ 146.4	$ 13.0
Net written premiums	10.0	5.6	8.1	4.9	1.3	28.6	2.6
Net premiums earned	$ 5.7	$ 4.2	$ 2.8	$ 1.2	$ 0.5	$ 13.9	$ 0.7
Net investment income	0.5	0.5	0.4	0.3	0.3	1.6	0.9
Net investment gains (losses), including impairments	—	—	—	—	(0.2)	—	(0.2)
Program fees	1.4	0.9	0.6	0.3	0.1	3.1	0.2
Total revenues	7.5	5.6	3.7	1.7	0.7	18.5	1.5
Expenses:							
Loss and loss expenses	3.7	2.7	1.9	0.8	0.3	9.1	0.5
Amortization of deferred acquisition costs, net	1.1	1.0	0.2	0.2	0.1	2.5	0.1
General and administrative expenses	3.6	3.3	3.1	3.2	3.5	13.2	8.5
Total expenses	8.4	7.1	5.2	4.2	3.9	24.8	9.1
EBITDA	(0.9)	(1.5)	(1.5)	(2.5)	(3.2)	(6.3)	(7.6)
GAAP pretax income (loss)	$ (0.9)	$ (1.5)	$ (1.5)	$ (2.5)	$ (3.2)	$ (6.3)	$ (7.6)

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Specialty Property & Casualty Insurance Segment Quarterly Information

As of December 31, 2022

($ in millions)	4Q2022	3Q2022	2Q2022	1Q2022	4Q2021	YTD 2022	YTD 2021
NWP / GWP	19 %	19 %	20 %	20 %	19 %	20 %	20 %
Loss ratio	65.1 %	65.2 %	66.5 %	65.3 %	72.3 %	65.4 %	71.4 %
Expense ratio [1]	67.2 %	85.6 %	95.3 %	237.0 %	623.1 %	92.7 %	NM
Combined ratio	132.3 %	150.8 %	161.8 %	302.3 %	695.4 %	158.1 %	NM
Program fees collected	$ 2.3	$ 1.2	$ 1.7	$ 1.0	$ 0.3	$ 6.2	$ 0.6
Program fees deferred	3.5	2.6	2.2	1.1	0.4		
Ambac stockholders' equity [2]	$ 110.4	$ 109.6	$ 111.7	$ 115.3	$ 109.2		
Number of programs	14	13	11	10	7		
Statutory net income	(1.8)	(1.8)	(2.4)	(2.0)	(2.5)	(8.0)	(7.0)
Statutory surplus	107.5	109.1	108.8	110.1	105.9		

(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

Insurance Distribution Segment Quarterly Information

As of December 31, 2022

($ in millions)	4Q2022	3Q2022	2Q2022	1Q2022	4Q2021	FY 2022	FY 2021
Gross premiums placed by line of business:							
Employee stop loss	$ 13.6	$ 15.5	$ 10.6	$ 32.7	$ 14.0	$ 72.4	$ 70.5
Limited and Short-term medical	12.4	11.8	12.2	11.6	11.8	48.1	45.1
Commercial auto	10.6	—	—	—	—	10.6	—
Other	1.8	1.1	1.0	0.6	0.5	4.4	1.8
Total	$ 38.3	$ 28.4	$ 23.9	$ 44.9	$ 26.3	$ 135.5	$ 117.5
Gross commission income	$ 8.8	$ 7.0	$ 6.2	$ 8.6	$ 6.4	$ 30.7	$ 26.2
Other income	0.2	0.3	0.2	—	—	0.7	—
Total revenues	9.1	7.3	6.4	8.6	6.4	31.4	26.2
Commission expense	5.1	4.2	3.9	4.5	3.6	17.6	14.5
General and administrative expenses	1.9	1.5	1.6	1.3	1.4	6.3	5.3
Total expenses	7.0	5.7	5.4	5.8	5.1	23.9	19.8
EBITDA @ 100%	2.1	1.6	1.0	2.8	1.3	7.5	6.3
EBITDA margin [1] @ 100%	55.4 %	56.8 %	42.4 %	67.9 %	47.8 %	57.3 %	54.5 %
Net (gain) attributable to noncontrolling interest	(0.4)	(0.3)	(0.2)	(0.6)	(0.3)	(1.5)	(1.3)
EBITDA [2]	1.7	1.3	0.8	2.2	1.1	6.0	5.1
Add back noncontrolling interest EBITDA adjustment	0.4	0.3	0.2	0.6	0.3	1.5	1.3
Intangible amortization	0.9	0.7	0.7	0.7	0.7	2.9	2.6
Depreciation	—	—	—	—	—	—	—
GAAP Pretax income	$ 1.2	$ 0.9	$ 0.3	$ 2.1	$ 0.7	$ 4.5	$ 3.7

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

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Legacy Financial Guarantee Insurance Information

Legacy Financial Guarantee Segment Quarterly Information

As of December 31, 2022

($ in millions)	4Q2022	3Q2022	2Q2022	1Q2022	4Q2021	FY 2022	FY 2021
Gross premiums written	$ (8.0)	$ (13.5)	$ (4.3)	$ 6.3	$ 1.6	$ (19.5)	$ (11.1)
Net premiums written	(7.9)	(6.1)	1.1	6.9	2.3	(5.9)	(35.4)
Net premiums earned	$ 11.4	$ 6.6	$ 11.0	$ 13.4	$ 10.1	$ 42.4	$ 46.3
Net investment income (loss)	20.8	9.3	(22.3)	4.5	26.7	12.3	138.0
Net investment gains (losses), including impairments	0.3	14.4	6.8	10.1	2.9	31.5	2.9
Net gains on derivative contracts	5.0	37.5	28.1	57.1	3.4	127.6	22.3
Net realized gains on extinguishment of debt	24.3	—	57.0	—	—	81.3	32.8
Other income	13.7	(1.3)	(5.8)	23.7	3.0	30.3	8.1
Litigation recoveries	125.9	—	—	—	—	125.9	—
Total revenues	201.3	66.5	74.8	108.8	46.2	451.3	250.3
Expenses							
Loss and loss expenses	(58.7)	(356.1)	(13.9)	23.2	(15.5)	(405.5)	(88.7)
Amortization of deferred acquisition costs, net	—	0.3	0.1	—	—	0.4	0.4
General and administrative expenses	38.7	19.5	23.4	20.7	21.1	102.4	76.7
Total	(20.0)	(336.3)	9.6	44.0	5.6	(302.7)	(11.6)
EBITDA	221.2	402.8	65.2	64.8	40.6	754.0	261.9
Interest expense	30.4	48.6	45.0	44.1	43.8	168.2	187.5
Depreciation expense	0.4	0.4	0.5	0.5	0.4	1.8	1.8
Intangible amortization	12.4	5.1	12.8	13.7	10.7	43.9	52.4
Total expenses	23.2	(282.2)	67.9	102.3	60.5	(88.8)	230.0
GAAP pretax income (loss)	$ 178.0	$ 348.7	$ 6.9	$ 6.5	$ (14.3)	$ 540.1	$ 20.3

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Statutory Data for Ambac Assurance Corporation

As of December 31, 2022

($ in millions)	4Q2022	3Q2022	2Q2022	1Q2022	4Q2021
Statutory Invested assets	$ 1,730.3	$ 1,901.8	$ 1,722.3	$ 2,070.0	$ 1,877.0
Statutory loss and loss expense reserves [1]	514.1	826.2	651.6	940.4	1,085.8
Statutory Net Income	117.2	179.0	(29.3)	61.2	(11.4)
Policyholders' Surplus	598.3	870.2	699.5	805.0	756.8
Qualified statutory capital	1,191.4	1,456.7	1,282.9	1,378.2	1,321.9
Ambac Stockholders' Equity [2]	825.9	680.9	449.9	567.4	684.0

(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 and insurance intangible assets.

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Legacy Financial Guarantee Liability and Capital Summary

Category	(in millions) 12/31/22		Comments
Claim liabilities	$	791	Before estimated subrogation, Unearned Premium Revenue ("UPR") and reinsurance
5.1% Surplus notes	$	946	Includes $427 million of accrued and unpaid interest
Tier 2 notes (1)	$	146	Includes paid-in-kind interest of $49 million
Ambac UK debt	$	16	Zero coupon note payable at maturity on May 2, 2036
Auction Market Preferred Shares (AMPS)	$	115	Liquidation preference

(1) Tier 2 notes have been fully redeemed on January 15, 2023.

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Financial Guarantee Insurance Claims Paying Ratio

($ in millions, except ratios)	December 31, 2022	December 31, 2021
Ambac Assurance Corporation Policyholders' surplus [1]	$ 598.3	$ 756.8
Contingency reserve	593.1	565.1
Qualified statutory capital	1,191.4	1,321.9
Unearned premiums	80.9	116.1
Loss and loss adjustment expenses [2]	514.1	1,085.8
Estimated impairment losses on subsidiary guarantees	1.3	—
Sitka AAC Note (par value of $1,175 at December 31, 2021)	—	1,164.3
Tier 2 Notes	145.8	332.8
Present value of future installment premiums [3]	128.5	144.0
Ambac Assurance claims-paying resources	**2,062.1**	**4,164.9**
Ambac UK claims-paying resources [4]	783.2	869.2
Total claims-paying resources	**$ 2,845.4**	**$ 5,034.1**
Net financial guarantees in force [5]		
Ambac Assurance	$ 24,304.8	$ 29,061.7
Ambac UK	10,670.6	13,591.0
Total net financial guarantees in force	**$ 34,975.4**	**$ 42,652.7**
Claims-paying ratio [6]		
Ambac Assurance	12 : 1	7 : 1
Ambac UK	14 : 1	16 : 1
Total claims-paying ratio	**12 : 1**	**8 : 1**

(1) Surplus notes with an aggregate par value of $519.2 and $852.9 as of December 31, 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 $293.6 (R&W subrogation receipts of $139.9 and other subrogation receipts of $153.6) and $2,205 (R&W subrogation receipts of $1,673.4 and other subrogation receipts of $531.7) at December 31, 2022, and December 31, 2021, respectively.

(3) Present value of future installment premiums includes premiums on installment financial guarantee insurance contracts (excluding Ambac UK). 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 $160.1 at December 31, 2022.

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

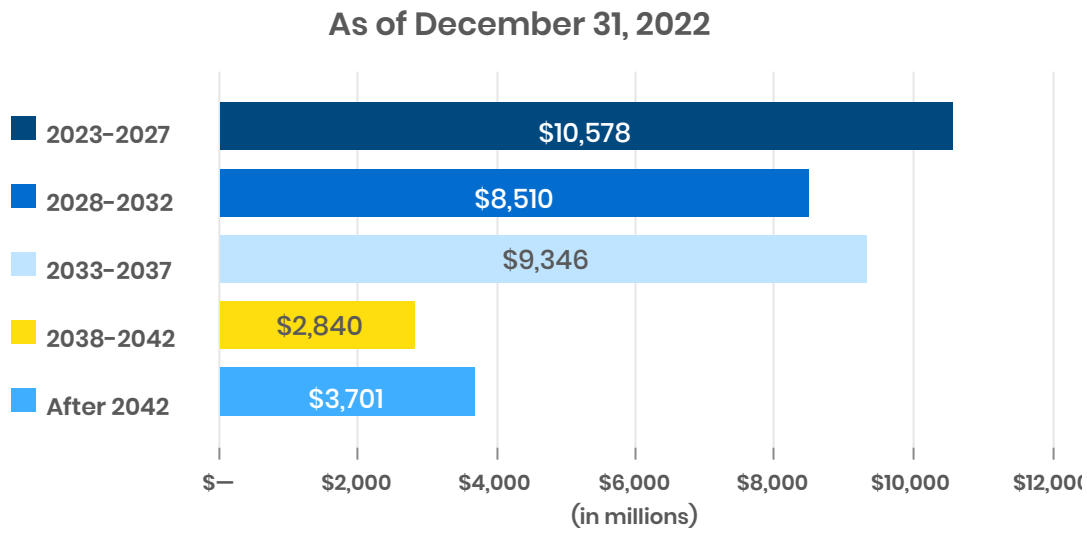
(6) Claims-paying ratio is net financial guarantees in force divided by claims-paying resources.

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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]
2023	$ 19.7	$ 25.5	$ 10.1
2024	19.0	24.4	9.4
2025	18.3	23.6	8.7
2026	18.2	22.8	8.0
2027	17.2	21.9	7.3
2023 - 2027	92.4	118.1	43.5
2028 - 2032	70.3	92.1	27.7
2033 - 2037	42.0	55.4	13.6
2038 - 2042	16.7	25.3	—
After 2042	9.8	14.3	—
Total	$ 231.2	$ 305.3	$ 84.8

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 December 31, 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 December 31, 2022. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay guaranteed obligations.

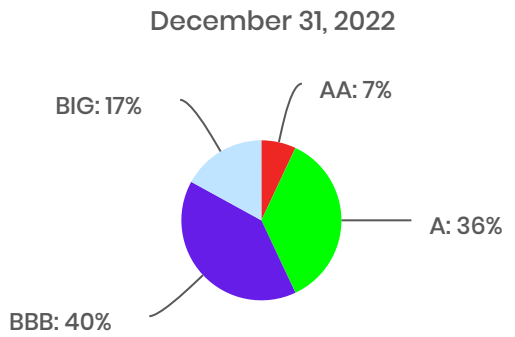
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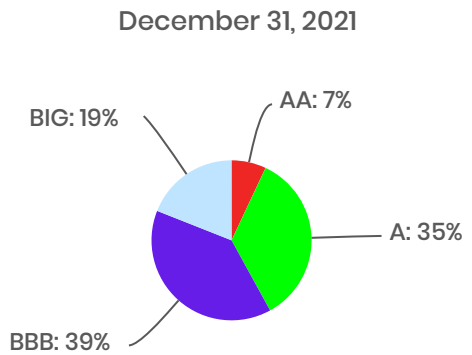
Historical Net Financial Guarantee Insurance Exposures Outstanding [1]

($ in millions net par value)	December 31, 2022	2021	2020	December 31, 2019
Public Finance [2]:				
Housing revenue	$ 5,491	$ 5,610	$ 5,855	$ 5,991
Lease and tax-backed revenue	1,979	3,196	4,179	5,102
General obligation	1,301	1,612	2,345	3,011
Transportation revenue	535	555	771	855
Utility revenue	508	583	675	768
Other	733	804	1,672	1,926
Total Public Finance	10,547	12,360	15,497	17,653
Structured Finance:				
Mortgage-backed and home equity	1,930	2,724	3,635	4,423
Investor-owned utilities	1,103	1,556	1,617	1,675
Other	579	624	1,085	1,410
Total Structured Finance	3,612	4,904	6,337	7,508
International Finance [3]:				
Sovereign/sub-sovereign	4,077	5,141	5,270	5,264
Investor-owned and public utilities	2,583	3,283	3,899	4,436
Asset-backed and other	1,083	1,276	1,374	1,625
Transportation	711	1,056	1,511	1,532
Total International Finance	8,454	10,756	12,054	12,857
Total	**$ 22,613**	**$ 28,020**	**$ 33,888**	**$ 38,018**

	December 31, 2022	2021	2020	December 31, 2019
Percent of Total Net Par Outstanding				
Public Finance	47 %	44 %	45 %	46 %
Structured Finance	16 %	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 $8,194, $10,292, $11,186 and $11,862 at December 31, 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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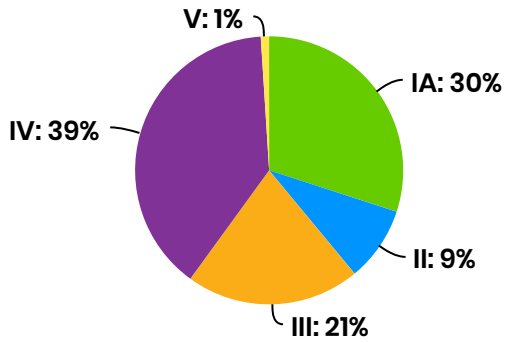
Adversely Classified Credit Exposures Outstanding [1][2] As of December 31, 2022

($ in millions)	Market Type	Net Par Outstanding	% of Total Net Par Outstanding
RMBS Exposures	Structured Finance	$ 1,841	8.1 %
UK Pub Securitization[3]	International Finance	744	3.3 %
Italian Sub Sovereign Exposure[3]	International Finance	591	2.6 %
Puerto Rico & Related Issuers	Public Finance	244	1.1 %
Military Housing	Public Finance	366	1.6 %
Student Loans Exposures	Structured Finance	334	1.5 %
International Infrastructure Exposures[3]	International Finance	313	1.4 %
Other		301	1.3 %
Total		$ 4,734	20.9 %

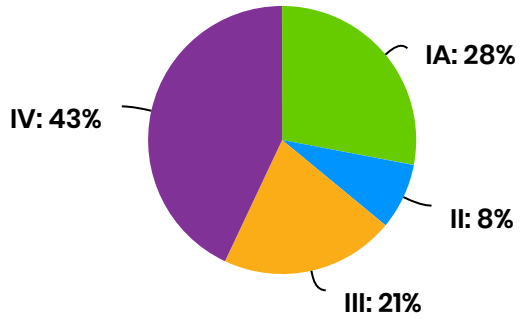
(1.) Adversely classified credits are assigned a rating of Class IA through Class V. Refer to Ambac's 2022 Form 10-K for descriptions of credit classifications.
(2.) Net Par includes capital appreciation bonds, which are reported at the par amount at the time of issuance of the insurance policy as opposed 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]

December 31, 2022



December 31, 2021



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Appendix

Other Consolidated Non-GAAP Financial Measures (1)

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

Adjusted Book Value:	December 31, 2022 $	December 31, 2022 P.S. (2)	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)
Total Ambac Financial Group, Inc. stockholders' 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**

(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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