Ambac

Quarterly Operating Supplement

1Q2023

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	
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2022	December 31, 2021
Summary GAAP Financial Data:							
Net premiums earned	$ 13.9	$ 17.0	$ 10.8	$ 13.8	$ 14.6	$ 56.3	$ 47.0
Commission income	14.5	8.8	7.0	6.2	8.6	30.7	26.2
Program fees	1.5	1.4	0.9	0.5	0.3	3.1	0.2
Net investment income (loss)	34.1	22.6	10.7	(21.4)	5.0	16.8	139.3
Net gains (losses) on derivative contracts	(3.6)	5.0	37.2	29.3	57.1	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	(1.4)	6.9	(1.3)	(6.2)	21.5	21.0	7.0
Other income	3.0	7.0	0.3	0.4	2.1	9.9	1.1
Litigation recoveries	—	125.9	—	—	—	125.9	—
Losses and loss adjustment expenses (benefit)	17.7	(55.1)	(353.4)	(12.0)	24.0	(396.5)	(88.2)
Commission expense	7.6	5.1	4.2	3.9	4.5	17.6	14.5
General and administrative expenses	36.4	51.4	31.1	29.6	29.2	141.2	111.3
Intangible amortization	6.9	13.2	5.8	13.5	14.3	46.8	55.0
Interest expense	16.4	30.4	48.6	45.0	44.1	168.2	187.5
Pretax income (loss)	(28.8)	172.9	342.5	6.3	2.8	524.6	1.8
Net income (loss) attributable to common stockholders	$ (33.4)	$ 175.2	$ 340.0	$ 5.2	$ 2.0	$ 522.4	$ (16.9)
Net income (loss) per diluted share attributable to common stockholders	$ (0.73)	$ 3.86	$ 7.41	$ 0.11	$ 0.04	$ 11.31	$ (0.61)
Weighted average number of diluted shares outstanding	45.564	46.079	45.846	45.685	47.360	46.415	46.535
Non-GAAP Measurements:							
EBITDA [(1)]	$ (5.1)	$ 217.1	$ 397.3	$ 65.3	$ 61.8	$ 741.6	$ 246.1
Adjusted net income (loss)	(13.8)	182.7	339.4	(38.0)	11.0	495.0	7.2
Adjusted net income (loss) per diluted share	$ (0.30)	$ 4.03	$ 7.40	$ (0.84)	$ 0.23	$ 10.72	$ (0.07)

(1) EBITDA is prior to the impact of noncontrolling interests and relates to subsidiaries where Ambac does not own 100% in the amounts of $0.9, $0.4, $0.3, $0.2, $0.6 for the three months ended March 31, 2023, December 31, 2022, September 30, 2022, June 30, 2022, March 31, 2022, respectively and $1.5 and $1.3 for the years ended December 31, 2022 and December 31, 2021, respectively. Noncontrolling interests are primarily in the Insurance Distribution segment.

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Consolidated Quarterly Balance Sheet Data

(in millions, except per share data)	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	December 31, 2020
Summary GAAP Financial Data:							
Total non-VIE investments	$ 2,508.7	$ 2,593.1	$ 2,639.9	$ 2,546.8	$ 2,814.6	$ 2,954.9	$ 3,544.1
Premium receivables	272.3	269.3	268.0	310.8	316.7	322.6	370.3
Intangible assets	321.3	326.4	317.5	330.3	350.0	361.5	408.9
Goodwill	61.4	60.9	46.1	46.1	46.1	46.1	46.2
Subrogation recoverable	146.0	271.3	1,949.3	1,666.6	1,713.9	2,091.9	2,155.8
Unearned premiums	388.8	371.8	359.3	384.9	393.2	394.5	455.7
Loss and loss expense reserves	851.5	805.4	1,009.5	1,019.4	1,066.7	1,569.9	1,758.6
Long-term debt [1]	497.2	638.8	2,201.2	2,188.8	2,241.7	2,229.9	2,738.7
Accrued interest payable	438.2	426.5	575.7	559.4	592.8	575.9	516.6
Ambac stockholders' equity	1,253.6	1,252.3	1008.6	783.8	914.4	1,038.1	1,079.8
Number of shares outstanding (net of treasury shares)	45.322	44.974	44.964	44.940	46.545	46.304	45.809
Ambac Financial Group, Inc. book value per share	$ 27.66	$ 27.85	$ 22.43	$ 17.44	$ 19.65	$ 22.42	$ 23.57
Non-GAAP Measurements:							
Adjusted book value	$ 1,264.2	$ 1,272.1	$ 1,040.0	$ 773.0	$ 841.2	$ 874.0	$ 918.5
Adjusted book value per share	$ 27.89	$ 28.29	$ 23.13	$ 17.20	$ 18.07	$ 18.88	$ 20.05

(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)	YTD 2023	Year ended December 31, 2022	2021	2020	2019
Summary GAAP Financial Data:					
Net premiums earned	$ 13.9	$ 56.3	$ 47.0	$ 54.1	$ 65.7
Commission income	14.5	30.7	26.2	—	—
Program fees	1.5	3.1	0.2	—	—
Net investment income	34.1	16.8	139.3	121.7	227.4
Net gains (losses) on derivative contracts	(3.6)	128.6	22.3	(49.6)	(49.6)
Net realized gains on extinguishment of debt	—	81.3	32.8	—	—
Income (loss) on variable interest entities	(1.4)	21.0	7.0	5.5	37.6
Other income [1]	3.0	9.9	1.1	2.7	134.4
Litigation recoveries	—	125.9	—	—	—
Losses and loss adjustment expenses (benefit)	17.7	(396.5)	(88.2)	224.7	12.9
Commission expense	7.6	17.6	14.5	—	—
General and administrative expenses	36.4	141.2	111.3	92.4	102.8
Intangible amortization	6.9	46.8	55.0	56.7	295.3
Interest expense	16.4	168.2	187.5	221.9	268.5
Pretax income (loss)	(28.8)	524.6	1.8	(439.7)	(183.3)
Net income (loss) attributable to common stockholders	(33.4)	522.4	(16.9)	(437.2)	(215.7)
Net income (loss) per diluted share attributable to common stockholders	$ (0.73)	$ 11.31	$ (0.61)	$ (9.47)	$ (4.69)
Weighted average number of diluted shares outstanding	45.564	46.415	46.535	46.147	45.955
Non-GAAP Measurements:					
EBITDA [2]	$ (5.1)	$ 741.6	$ 246.1	$ (159.8)	$ 381.0
Adjusted net income (loss)	(13.8)	495.0	7.2		
Adjusted net income (loss) per diluted share	$ (0.30)	$ 10.72	$ (0.07)		
Adjusted earnings (losses)				$ (377.8)	$ 66.3
Adjusted earnings (losses) per diluted share				$ (8.19)	$ 1.44

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

(2) EBITDA is prior to the impact of noncontrolling interests, relating to subsidiaries where Ambac does not own 100% of $0.9 for the three months ended March 31, 2023 and of $1.5 and $1.3 for the years ended December 31, 2022 and 2021, respectively.

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Earnings Measures by Reporting Segment (First Quarter 2023)

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 March 31, 2023

($ in millions)	LFG	SPC	ID	CORP	CONS
Gross premiums written	$ 8.9	$ 51.8			$ 60.7
Net premiums written	8.8	9.2			18.0
Premiums placed			$ 77.3		77.3
Revenues:					
Net premiums earned	6.9	7.0			13.9
Program fees and commission income		1.5	14.5		16.0
Net investment income	31.2	0.8		$ 2.1	34.1
Net investment gains (losses), including impairments	(4.5)	—		0.1	(4.4)
Net gains (losses) on derivative contracts	(3.4)			(0.2)	(3.6)
Net realized gains on extinguishment of debt	—				—
Other income	1.6	—	—	—	1.7
Litigation recoveries	—				—
Total revenues and other income	**$ 31.8**	**$ 9.2**	**$ 14.5**	**$ 2.0**	**$ 57.5**

($ in millions)	LFG	SPC	ID	CORP	CONS
Expenses:					
Losses and loss adjustment expenses	$ 13.0	$ 4.7			$ 17.7
Amortization of deferred acquisition costs, net	—	1.4			1.4
General and administrative expenses [1]	28.1	4.0	$ 2.4	$ 1.5	36.0
Commission expense			7.6		7.6
Total expenses	**41.1**	**10.0**	**10.0**	**1.5**	**62.6**
EBITDA	**(9.3)**	**(0.8)**	**4.5**	**0.5**	**(5.1)**
Less: Interest expense	16.4				16.4
Less: Depreciation expense [1]	0.4	—	—	—	0.5
Less: Intangible amortization	5.9		1.0		6.9
Pretax income (loss)	**$ (32.1)**	**$ (0.8)**	**$ 3.6**	**$ 0.4**	**$ (28.8)**
Income tax expense (benefit)	3.8	—	0.1	—	3.9
Net income (loss)	(35.9)	(0.8)	3.5	0.4	(32.8)
Less: Net (gain) attributable to noncontrolling interest		—	(0.7)		(0.7)
Net income (loss) attributable to common stockholders	**$ (35.9)**	**$ (0.8)**	**$ 2.8**	**$ 0.4**	**$ (33.4)**

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) EBITDA is prior to the impact of noncontrolling interests and relates to subsidiaries where Ambac does not own 100% in the amounts of $0.9 three months ended March 31, 2023. Noncontrolling interests are primarily in the Insurance Distribution segment.

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Earnings Measures by Reporting Segment (First Quarter 2022)

Three Months Ended March 31, 2022

($ in millions)	LFG	SPC	ID	CORP	CONS
Gross premiums written	$ 6.3	$ 24.0			$ 30.3
Net premiums written	6.9	4.9			11.8
Premiums placed			$ 44.9		44.9
Revenues:					
Net premiums earned	13.4	1.2			14.6
Program fees and commission income		0.3	8.6		8.9
Net investment income	4.5	0.3		$ 0.2	5.0
Net investment gains (losses), including impairments	10.1	—		—	10.0
Net gains (losses) on derivative contracts	57.1				57.1
Net realized gains on extinguishment of debt	—				—
Other income	23.7	—	—	—	23.7
Litigation recoveries	—				—
Total revenues and other income	$ 108.8	$ 1.7	$ 8.6	$ 0.2	$ 119.2

($ in millions)	LFG	SPC	ID	CORP	CONS
Expenses:					
Losses and loss adjustment expenses	$ 23.2	$ 0.8			$ 24.0
Amortization of deferred acquisition costs, net	—	0.2			0.2
General and administrative expenses [1]	20.7	3.2	$ 1.3	$ 3.4	28.7
Commission expense			4.5		4.5
Total expenses	**44.0**	**4.2**	**5.8**	**3.4**	**57.4**
EBITDA [2]	**64.8**	**(2.5)**	**2.8**	**(3.2)**	**61.8**
Less: Interest expense	44.1				44.1
Less: Depreciation expense [1]	0.5	—	—	—	0.5
Less: Intangible amortization	13.7		0.7		14.3
Pretax income (loss)	$ 6.5	$ (2.5)	$ 2.1	$ (3.3)	$ 2.8
Income tax expense (benefit)	0.3	—	—	0.1	0.4
Net income (loss)	6.2	(2.5)	2.1	(3.4)	2.4
Less: Net (gain) attributable to noncontrolling interest			(0.4)		(0.4)
Net income (loss) attributable to common stockholders	**6.2**	**(2.5)**	**1.7**	**(3.4)**	**2.0**

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) EBITDA is prior to the impact of noncontrolling interests and relates to subsidiaries where Ambac does not own 100% in the amount of $0.6 for the three months ended March 31,2022. Noncontrolling interests are primarily in the Insurance Distribution segment.

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Consolidated Investment Portfolio

As of March 31, 2023

INVESTMENTS BY CATEGORY ($ in millions)	U.S. GAAP Carrying Value	U. S. GAAP [3] 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	491.9	529.7	2.58 %
Mortgage and asset-backed securities	615.8	611.3	7.66 %
Short-term investments	195.1	195.1	4.66 %
Total fixed maturity - available-for-sale securities	**1,306.7**	**1,340.1**	5.20 %
Fixed maturity securities - trading	28.6	28.6	
Other investments			
Alternative fixed income & hedge funds	212.6	212.6	
Equity & equity linked	32.7	32.7	
Total other investments	245.3	245.3	
Total Ambac Assurance and Subsidiaries investments excluding Ambac UK	**$ 1,580.7**	**$ 1,614.0**	**5.20 %**
Ambac UK:			
Fixed maturity securities:			
U.S. government and agency obligations	$ 24.1	$ 25.3	2.61 %
Municipal, corporate and foreign obligations	235.5	251.7	3.50 %
Short-term investments	34.5	34.5	3.51 %
Total fixed maturity securities	**294.1**	**311.6**	3.43 %
Duration of Legacy Financial Guarantee Insurance fixed maturity investment portfolio [2]			3.36

INVESTMENTS BY CATEGORY ($ in millions)	U.S. GAAP Carrying Value	U. S. GAAP [3] Book Value	Pre-tax Yield to Maturity [1]
Ambac UK (continued)			
Other investments			
Real estate	22.3	22.3	
Alternative fixed income & hedge funds	184.4	184.4	
Equity & equity linked	89.6	89.6	
Total other investments	**296.3**	**296.3**	
Total Ambac UK investments	**$ 590.4**	**$ 607.8**	
Specialty Property & Casualty Insurance:			
Fixed maturity securities:			
U.S. government and agency obligation	$ 35.0	$ 36.3	1.32 %
Municipal & corporate obligations	75.3	81.9	2.44 %
Short-term investments	22.8	22.8	4.43 %
Total Specialty Property & Casualty Insurance investments	**$ 133.1**	**$ 141.0**	2.47 %
Corporate & Other:			
Corporate obligations	$ 12.6	$ 13.3	
Short-term investments	176.5	176.5	
Total fixed maturity securities	**189.1**	**189.7**	
Other investments:	15.6	15.6	
Total Corporate & Other investments	**$ 204.7**	**$ 205.3**	
Total Consolidated Investments	**$ 2,508.7**	**$ 2,568.1**	
Duration of Specialty Property & Casualty Insurance fixed maturity investment portfolio			2.34

(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 18% of the fair value of Ambac Assurance and Subsidiaries' fixed maturity investment portfolio of $1,629 at March 31, 2023.
(3) Book value is net of allowance for credit losses.

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Consolidated General & Administrative Expenses

($ in millions)	2022 1Q	2022 2Q	2022 3Q	2022 4Q	Full Year	2023 1Q	2023 2Q	2023 3Q	2023 4Q	Year to-Date
Compensation										
Salaries	$ 6.9	$ 7.1	$ 7.2	$ 7.5	**$ 28.7**	$ 8.0	$ —	$ —	$ —	**$ 8.0**
Incentive Compensation [1]	7.2	7.3	8.1	8.5	**31.1**	5.7	—	—	—	**5.7**
Other [2]	1.8	1.8	1.5	1.4	**6.6**	2.8	—	—	—	**2.8**
Total Compensation	**15.9**	**16.2**	**16.8**	**17.5**	**66.4**	**16.4**	**—**	**—**	**—**	**16.4**
Non-Compensation										
Legal, Consulting & Advisory Services	7.4	7.0	8.4	27.7	**50.4**	13.9	—	—	—	**13.9**
Premises	1.1	1.1	1.2	1.1	**4.6**	1.1	—	—	—	**1.1**
Audit	0.8	0.9	0.9	0.7	**3.4**	0.8	—	—	—	**0.8**
Regulator Advisory Costs	0.4	0.4	0.4	0.4	**1.7**	0.4	—	—	—	**0.4**
Other	3.5	3.8	3.5	4.0	**14.8**	3.9	—	—	—	**3.9**
Total Non-Compensation	**13.3**	**13.3**	**14.3**	**33.9**	**74.8**	**20.0**	**—**	**—**	**—**	**20.0**
Total General and Administrative Expenses	**29.2**	**29.6**	**31.1**	**51.4**	**141.2**	**36.4**	**—**	**—**	**—**	**36.4**

(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)	2022 1Q	2022 2Q	2022 3Q	2022 4Q	Full Year	2023 1Q	2023 2Q	2023 3Q	2023 4Q	YTD
Legacy Financial Guarantee Insurance										
Compensation	$ 11.1	$ 10.8	$ 10.9	$ 10.5	**$ 43.2**	$ 9.3	$ —	$ —	$ —	**$ 9.3**
Non-Compensation	10.1	13.1	9.1	28.7	**61.0**	19.2	—	—	—	**19.2**
Total Legacy Financial Guarantee Insurance	**21.2**	**23.9**	**20.0**	**39.2**	**104.2**	**28.6**	**—**	**—**	**—**	**28.6**
Specialty Property & Casualty Insurance										
Compensation	1.3	1.9	2.0	2.7	**7.8**	2.7	—	—	—	**2.7**
Non-Compensation	1.9	1.2	1.3	0.9	**5.4**	1.3	—	—	—	**1.3**
Total Specialty Property & Casualty Insurance	**3.2**	**3.1**	**3.3**	**3.6**	**13.2**	**4.0**	**—**	**—**	**—**	**4.0**
Insurance Distribution										
Compensation	1.1	1.2	1.2	1.5	**5.0**	1.7	—	—	—	**1.7**
Non-Compensation	0.2	0.4	0.3	0.4	**1.3**	0.6	—	—	—	**0.6**
Total Insurance Distribution	**1.3**	**1.6**	**1.5**	**1.9**	**6.3**	**2.4**	**—**	**—**	**—**	**2.4**
Corporate & Other										
Compensation	2.4	2.3	2.8	2.8	**10.3**	2.7	—	—	—	**2.7**
Non-Compensation [(1)]	1.1	(1.3)	3.5	3.8	**7.1**	(1.1)	—	—	—	**(1.1)**
Total Corporate & Other	**3.5**	**1.0**	**6.3**	**6.7**	**17.4**	**1.6**	**—**	**—**	**—**	**1.6**
Gross Operating Expenses										
Compensation	**15.9**	**16.2**	**16.8**	**17.5**	**66.4**	**16.4**	**—**	**—**	**—**	**$ 16.4**
Non-Compensation	**13.3**	**13.3**	**14.3**	**33.9**	**74.8**	**20.0**	**—**	**—**	**—**	**20.0**
Total General and Administrative Expenses	**$ 29.2**	**$ 29.6**	**$ 31.1**	**$ 51.4**	**$ 141.2**	**$ 36.4**	**$ —**	**$ —**	**$ —**	**36.4**

(1) 1Q 2023 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	$ 353	2009	2030	$ 353	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	—
2023	2044	3	2023	2044	1	2023	2044	2
Total NOL Carryforwards		3,461			1,635			1,825
IRS 163(j) Interest Expense Limitation [(1)]		310			(9)			318
Total NOL & Interest Expense Limitation		$ 3,770			$ 1,627			$ 2,144

(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.

Ambac

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Specialty Property & Casualty Insurance Information

Specialty Property & Casualty Insurance Segment Quarterly Information

As of March 31, 2023

($ in millions)	1Q2023	4Q2022	3Q2022	2Q2022	1Q2022
Gross written premiums by line of business:					
Commercial auto liability	$ 31.4	$ 37.1	$ 20.6	$ 36.9	$ 22.6
Commercial auto physical damage	4.8	5.1	5.2	1.8	0.5
General liability	4.6	4.3	1.0	0.4	0.3
Excess liability	5.1	2.3	1.2	0.9	0.4
Surety	4.9	2.3	1.3	0.7	0.1
Other	1.0	0.5	0.4	0.3	0.1
Gross written premiums	**$ 51.8**	**$ 51.7**	**$ 29.8**	**$ 40.9**	**$ 24.0**
Net written premiums	9.2	10.0	5.6	8.1	4.9
Net premiums earned	$ 7.0	$ 5.7	$ 4.2	$ 2.8	$ 1.2
Net investment income	0.8	0.5	0.5	0.4	0.3
Net investment gains (losses), including impairments	—	—	—	—	—
Program fees	1.5	1.4	0.9	0.6	0.3
Total revenues	9.2	7.5	5.6	3.7	1.7
Expenses:					
Loss and loss expenses	4.7	3.7	2.7	1.9	0.8
Amortization of deferred acquisition costs, net	1.4	1.1	1.0	0.2	0.2
General and administrative expenses	4.0	3.6	3.3	3.1	3.2
Total expenses	10.0	8.4	7.1	5.2	4.2
GAAP pretax income (loss)	$ (0.8)	$ (0.9)	$ (1.5)	$ (1.5)	$ (2.5)
Net Income (loss)	(0.8)	(0.8)	(1.5)	(1.5)	(2.5)
EBITDA	(0.8)	(0.9)	(1.5)	(1.5)	(2.5)

Ambac

Specialty Property & Casualty Insurance Segment Quarterly Information

As of March 31, 2023

($ in millions)	1Q2023	4Q2022	3Q2022	2Q2022	1Q2022
NWP / GWP	18 %	19 %	19 %	20 %	20 %
Loss ratio	66.6 %	65.1 %	65.2 %	66.5 %	65.3 %
Expense ratio [1]	63.1 %	67.2 %	85.6 %	95.3 %	237.0 %
Combined ratio	129.7 %	132.3 %	150.8 %	161.8 %	302.3 %
Program fees collected	$ 2.2	$ 2.3	$ 1.2	$ 1.7	$ 1.0
Program fees deferred	4.2	3.5	2.6	2.2	1.1
Ambac stockholders' equity [2]	$ 111.2	$ 110.4	$ 109.6	$ 111.7	$ 115.3
Number of programs	15	14	13	11	10
Statutory net income	(1.3)	(1.8)	(1.8)	(2.4)	(2.0)
Statutory surplus	106.3	107.5	109.1	108.8	110.1

(1) Expense ratio presented as operating expenses (includes general and administrative expenses and amortization of deferred acquisition costs, net) 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

Ambac

Ambac

Insurance Distribution Information

Insurance Distribution Segment Quarterly Information

As of March 31, 2023

($ in millions)	1Q2023	4Q2022	3Q2022	2Q2022	1Q2022
Gross premiums placed by line of business:					
Employee stop loss	$ 37.9	$ 13.6	$ 15.5	$ 10.6	$ 32.7
Limited and Short-term medical	12.6	12.4	11.8	12.2	11.6
Commercial auto	18.1	10.6	—	—	—
Other	8.7	1.8	1.1	1.0	0.6
Total	$ 77.3	$ 38.3	$ 28.4	$ 23.9	$ 44.9
Gross commission income	$ 14.5	$ 8.8	$ 7.0	$ 6.2	$ 8.6
Other income	—	0.2	0.3	0.2	—
Total revenues	14.5	9.1	7.3	6.4	8.6
Commission expense	7.6	5.1	4.2	3.9	4.5
General and administrative expenses	2.4	1.9	1.5	1.6	1.3
Total expenses	10.0	7.0	5.7	5.4	5.8
EBITDA	4.5	2.1	1.6	1.0	2.8
EBITDA margin [1]	31.3 %	23.2 %	22.0 %	15.5 %	32.3 %
Intangible amortization	1.0	0.9	0.7	0.7	0.7
Depreciation	—	—	—	—	—
GAAP Pretax income	$ 3.6	$ 1.2	$ 0.9	$ 0.3	$ 2.1
Pretax income margin [2]	24.6 %	13.4 %	12.3 %	4.7 %	24.5 %
Net income	3.5	1.2	0.9	0.3	2.1
Ambac stockholders' equity	93.8	92.8	64.2	65.4	66.1

(1) EBITDA Margin calculated as EBITDA/Total (Segment) Revenue

(2) Pretax Income Margin calculated as GAAP Pretax Income/Total (Segment) Revenue

Ambac

Ambac

Legacy Financial Guarantee Insurance Information

Legacy Financial Guarantee Segment Quarterly Information

As of March 31, 2023

($ in millions)	1Q2023	4Q2022	3Q2022	2Q2022	1Q2022
Gross premiums written	$ 8.9	$ (8.0)	$ (13.5)	$ (4.3)	$ 6.3
Net premiums written	8.8	(7.9)	(6.1)	1.1	6.9
Net premiums earned	$ 6.9	$ 11.4	$ 6.6	$ 11.0	$ 13.4
Net investment income (loss)	31.2	20.8	9.3	(22.3)	4.5
Net investment gains (losses), including impairments	(4.5)	0.3	14.4	6.8	10.1
Net gains (losses) on derivative contracts	(3.4)	5.0	37.5	28.1	57.1
Net realized gains on extinguishment of debt	—	24.3	—	57.0	—
Other income	1.6	13.7	(1.3)	(5.8)	23.7
Litigation recoveries	—	125.9	—	—	—
Total revenues	31.8	201.3	66.5	74.8	108.8
Expenses					
Loss and loss expenses (benefit)	13.0	(58.7)	(356.1)	(13.9)	23.2
Amortization of deferred acquisition costs, net	—	—	0.3	0.1	—
General and administrative expenses	28.1	38.7	19.5	23.4	20.7
Total	41.1	(20.0)	(336.3)	9.6	44.0
EBITDA	(9.3)	221.2	402.8	65.2	64.8
Interest expense	16.4	30.4	48.6	45.0	44.1
Depreciation expense	0.4	0.4	0.4	0.5	0.5
Intangible amortization	5.9	12.4	5.1	12.8	13.7
Total expenses	63.9	23.2	(282.2)	67.9	102.3
GAAP pretax income (loss)	$ (32.1)	$ 178.0	$ 348.7	$ 6.9	$ 6.5
Ambac GAAP Stockholders' Equity [(1)]	824.2	825.9	680.9	449.9	567.4

(1) Represents Ambac stockholders equity in the Legacy Financial Guarantee segment, including intercompany eliminations and insurance intangible assets.

Ambac

Statutory Data for Ambac Assurance Corporation

As of March 31, 2023

($ in millions)	1Q2023	4Q2022	3Q2022	2Q2022	1Q2022
Statutory Invested assets	$ 1,607.7	$ 1,730.3	$ 1,901.8	$ 1,722.3	$ 2,070.0
Statutory loss and loss expense reserves [1]	438.0	514.1	826.2	651.6	940.4
Statutory Net Income	(9.2)	117.2	179.0	(29.3)	61.2
Statutory Policyholders' Surplus	595.4	598.3	870.2	699.5	805.0
Qualified statutory capital	1,192.6	1,191.4	1,456.7	1,282.9	1,378.2
Surplus Notes[2]	519.2	519.2	787.9	787.9	852.9
Surplus Notes Accrued and Unpaid Interest	438.2	426.5	629.4	611.6	643.5
Auction Market Preferred Shares (AMPS) Liquidation Preference [2]	114.9	114.9	137.5	137.5	137.5

(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) Amounts are included in Statutory Policyholders' Surplus

Ambac

Financial Guarantee Insurance Claims Paying Ratio

($ in millions, except ratios)	March 31, 2023	December 31, 2022
Ambac Assurance Corporation Policyholders' surplus [1]	$ 595.4	$ 598.3
Contingency reserve	597.2	593.1
Qualified statutory capital	1,192.6	1,191.4
Unearned premiums	76.2	80.9
Loss and loss adjustment expenses [2]	438.0	514.1
Estimated impairment losses on subsidiary guarantees	0.5	1.3
Tier 2 Notes	—	145.8
Present value of future installment premiums [3]	126.7	128.5
Ambac Assurance claims-paying resources	**1,834.0**	**2,062.1**
Ambac UK claims-paying resources [4]	805.5	783.2
Total claims-paying resources	**$ 2,639.5**	**$ 2,845.4**
Net financial guarantees in force [5]		
Ambac Assurance	$ 23,778.8	$ 24,304.8
Ambac UK	10,812.6	10,670.6
Total net financial guarantees in force	**$ 34,591.4**	**$ 34,975.4**
Claims-paying ratio [6]		
Ambac Assurance	13 : 1	12 : 1
Ambac UK	13 : 1	14 : 1
Total claims-paying ratio	**13 : 1**	**12 : 1**

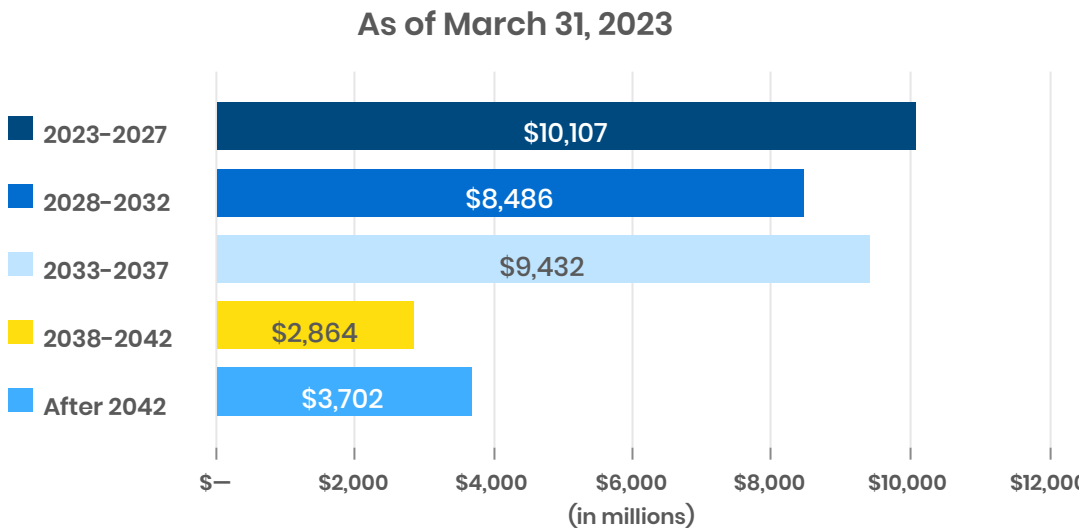
(1) Surplus notes with an aggregate par value of $519.2 and $519.2 as of March 31, 2023 and December 31, 2022, respectively, are included in policyholders' surplus.
(2) Loss and loss expense reserves are presented gross of the recorded statutory benefit for expected subrogation receipts of $161.1 and $293.6 (including R&W subrogation receipts of $139.9) at March 31, 2023 and December 31, 2022, 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 $160.9 at March 31, 2023.
(5) Financial guarantees in force represents the amount of principal and interest outstanding on a guaranteed obligation.
(6) Claims-paying ratio is net financial guarantees in force divided by claims-paying resources.

Ambac

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 (Nine months)	$ 15.5	$ 17.9	$ 8.4
2024	19.8	24.7	9.6
2025	19.1	23.9	8.9
2026	19.0	23.1	8.2
2027	17.9	22.3	7.4
2023 (Nine months) - 2027	91.2	111.8	42.6
2028-2035	73.2	93.8	28.5
2036-2041	43.6	56.7	14.0
2042-2027	17.3	25.9	—
After 2027	9.9	14.4	—
Total	**$ 235.1**	**$ 302.7**	**$ 85.1**

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 March 31, 2023. 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 March 31, 2023. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay guaranteed obligations.

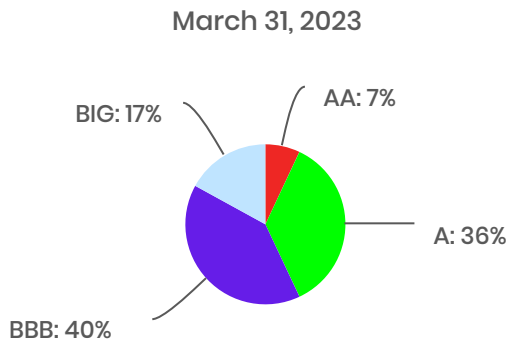
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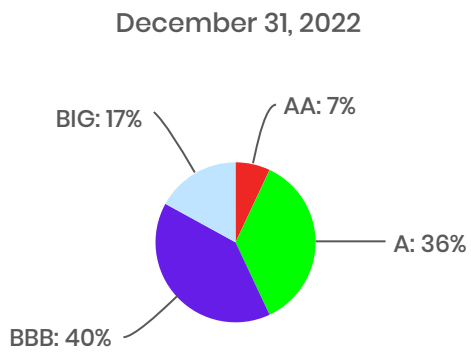
Historical Net Financial Guarantee Insurance Exposures Outstanding[1]

($ in millions net par value)	March 31, 2023	December 31, 2022	2021	2020
Public Finance [2]:				
Housing revenue	$ 5,456	$ 5,491	$ 5,610	$ 5,855
Lease and tax-backed revenue	1,813	1,979	3,196	4,179
General obligation	1,296	1,301	1,612	2,345
Transportation revenue	533	535	555	771
Utility revenue	493	508	583	675
Other	727	733	804	1,672
Total Public Finance	10,318	10,547	12,360	15,497
Structured Finance:				
Mortgage-backed and home equity	1,880	1,930	2,724	3,635
Investor-owned utilities	1,085	1,103	1,556	1,617
Other	559	579	624	1,085
Total Structured Finance	3,524	3,612	4,904	6,337
International Finance [3]:				
Sovereign/sub-sovereign	4,130	4,077	5,141	5,270
Investor-owned and public utilities	2,678	2,583	3,283	3,899
Asset-backed and other	1,078	1,083	1,276	1,374
Transportation	712	711	1,056	1,511
Total International Finance	8,598	8,454	10,756	12,054
Total	**$ 22,440**	**$ 22,613**	**$ 28,020**	**$ 33,888**

	March 31, 2023	December 31, 2022	2021	2020
Percent of Total Net Par Outstanding				
Public Finance	46 %	47 %	44 %	46 %
Structured Finance	16 %	16 %	18 %	19 %
International Finance	38 %	37 %	38 %	35 %
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 $8,344, $8,194, $10,292 and $11,186 at March 31, 2023, December 31, 2022, December 31, 2021 and December 31, 2020, 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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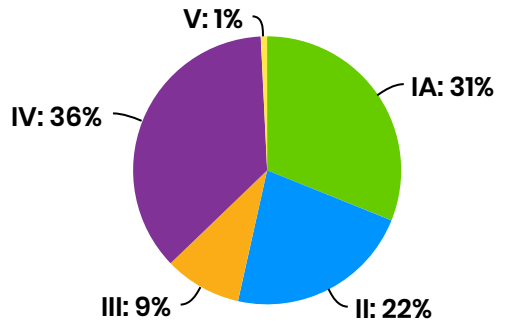
Adversely Classified Credit Exposures Outstanding [1][2] As of March 31, 2023

($ in millions)	Market Type	Net Par Outstanding	% of Total Net Par Outstanding
RMBS Exposures	Structured Finance	$ 1,796	8.0 %
UK Pub Securitization[3]	International Finance	737	3.3 %
Italian Sub Sovereign Exposure[3]	International Finance	599	2.7 %
Military Housing	Public Finance	365	1.6 %
Student Loans Exposures	Structured Finance	326	1.5 %
International Infrastructure Exposures[3]	International Finance	315	1.4 %
Other		412	1.8 %
Total		**$ 4,550**	**20.3 %**

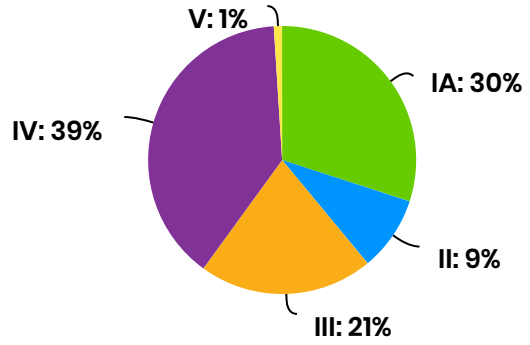
(1.) Adversely classified credits are assigned a rating of Class IA through Class V. Refer to Ambac's 2022 Form 10-K for descriptions of credit classifications.
(2.) Net Par includes capital appreciation bonds, which are reported at the par amount at the time of issuance of the insurance policy as opposed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

March 31, 2023



December 31, 2022



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Appendix

Other Consolidated Non-GAAP Financial Measures[1]

Adjusted Net Income (Loss):	1Q2023		4Q2022		3Q2022		2Q2022		1Q2022		Full Year 2022		Full Year 2021	
	$ Amount	P.D.S. [2] [3]	$ Amount	P.D.S. [2] [3]	$ Amount	P.D.S. [2] [3]	$ Amount	P.D.S. [2] [3]	$ Amount	P.D.S. [2] [3]	$ Amount	P.D.S. [2] [3]	$ Amount	P.D.S. [2] [3]
Net income (loss) attributable to common stockholders	$ (33.4)	$ (0.73)	$ 175.2	$ 3.86	$ 340.0	$ 7.41	$ 5.2	$ 0.11	$ 2.0	$ 0.04	$ 522.4	$ 11.31	$ (16.9)	$ (0.61)
Adjustments:														
Net investment (gains) losses, including impairments	4.4	0.10	(0.3)	(0.01)	(14.4)	(0.31)	(6.8)	(0.15)	(10.0)	(0.21)	(31.5)	(0.68)	(6.7)	(0.14)
Intangible amortization	6.9	0.15	13.2	0.29	5.8	0.13	13.5	0.29	14.3	0.30	46.8	1.01	55.0	1.19
Litigation costs	8.8	0.19	22.5	0.49	3.9	0.08	3.0	0.07	3.8	0.08	33.1	0.71	6.8	0.15
Foreign exchange (gains) losses	(0.3)	(0.01)	(3.4)	(0.07)	2.3	0.05	2.7	0.06	1.1	0.02	2.7	0.06	2.6	0.06
Workforce change costs	0.8	0.02	0.5	0.01	0.3	0.01	0.6	0.01	(0.1)	—	1.3	0.03	0.5	0.01
Net (gain) loss on extinguishment of debt	—	—	(24.3)	(0.53)	—	—	(57.0)	(1.25)	—	—	(81.3)	(1.75)	(32.8)	(0.70)
	(12.8)	$ (0.28)	183.5	$ 4.04	337.9	$ 7.37	(38.8)	$ (0.86)	11.0	$ 0.23	493.6	$ 10.69	8.6	$ (0.04)
Income tax effects	(0.8)	(0.02)	(0.7)	(0.01)	1.6	0.03	1.0	0.02	0.1	—	2.0	0.04	(0.9)	(0.02)
Net (gains) attributable to noncontrolling interests	(0.2)	—	(0.2)	—	(0.1)	—	(0.1)	—	(0.1)	—	(0.6)	(0.01)	(0.6)	(0.01)
Adjusted net income (loss)	$ (13.8)	$ (0.30)	$ 182.7	$ 4.03	$ 339.4	$ 7.40	$ (38.0)	$ (0.84)	$ 11.0	$ 0.23	$ 495.0	$ 10.72	$ 7.2	$ (0.07)

(1) In addition to reporting the Company's quarterly financial results in accordance with GAAP, the Company is reporting non-GAAP financial measures: EBITDA, Adjusted Net Income and Adjusted Book Value. These amounts are derived from our consolidated financial information, but are not presented in our consolidated financial statements prepared in accordance with GAAP. We present non-GAAP supplemental financial information because we believe such information is of interest to the investment community, and that it provides greater transparency and enhanced visibility into the underlying drivers and performance 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 and they are presented to improve the comparability of our results between periods by eliminating the impact of the items that may not be representative of our core operating performance. 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..

(2) Per diluted share ("P.D.S.").

(3) Per Diluted Share includes the impact of adjusting redeemable noncontrolling interest to it's redemption value.

Ambac

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

Adjusted Book Value:	March 31, 2023 $	March 31, 2023 P.S. [(2)]	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)]
Total Ambac Financial Group, Inc. stockholders' equity	$ 1,253.6	$ 27.66	$ 1,252.3	$ 27.85	$ 1,008.6	$ 22.43	$ 783.8	$ 17.44	$ 914.4	$ 19.65
Adjustments:										
Insurance intangible asset	(261.5)	(5.77)	(265.7)	(5.91)	(271.9)	(6.04)	(284.0)	(6.32)	(303.5)	(6.52)
Net unearned premiums and fees in excess of expected losses	218.2	4.81	214.1	4.76	221.4	4.92	250.4	5.57	279.4	6.00
Net unrealized investment (gains) losses in Accumulated Other Comprehensive Income	54.0	1.19	71.4	1.59	81.9	1.82	22.7	0.51	(49.2)	(1.06)
Adjusted book value	$ 1,264.2	$ 27.89	$ 1,272.1	$ 28.29	$ 1,040.0	$ 23.13	$ 773.0	$ 17.20	$ 841.2	$ 18.07

Adjusted Book Value:	December 31, 2022 $	December 31, 2022 P.S. [(2)]	December 31, 2021 $	December 31, 2021 P.S. [(2) (3)]	December 31, 2020 $	December 31, 2020 P.S. [(2) (3)]	December 31, 2019 $	December 31, 2019 P.S. [(2)(3)]
Total Ambac Financial Group, Inc. stockholders' equity	$ 1,252.3	$ 27.85	$ 1,038.1	$ 22.42	$ 1,079.8	$ 23.57	$ 1,476.5	$ 32.41
Adjustments:								
Non-credit impairment fair value losses on credit derivatives	—	—	0.4	0.01	0.4	0.01	0.3	0.01
Insurance intangible asset	(265.7)	(5.91)	(320.0)	(6.91)	(373.2)	(8.14)	(426.6)	(9.37)
Net unearned premiums and fees in excess of expected losses	214.1	4.76	309.5	6.68	377.7	8.24	414.2	9.09
Net unrealized investment (gains) losses in Accumulated Other Comprehensive Income	71.4	1.59	(154.0)	(3.32)	(166.1)	(3.63)	(151.0)	(3.31)
Adjusted book value	$ 1,272.1	$ 28.29	$ 874.0	$ 18.88	$ 918.5	$ 20.05	$ 1,313.3	$ 28.83

(1) In addition to reporting the Company's quarterly financial results in accordance with GAAP, the Company is reporting non-GAAP financial measures: EBITDA, Adjusted Net Income and Adjusted Book Value. These amounts are derived from our consolidated financial information, but are not presented in our consolidated financial statements prepared in accordance with GAAP. We present non-GAAP supplemental financial information because we believe such information is of interest to the investment community, and that it provides greater transparency and enhanced visibility into the underlying drivers and performance 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 and they are presented to improve the comparability of our results between periods by eliminating the impact of the items that may not be representative of our core operating performance. 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.

(2) Per share outstanding at balance sheet date ("P.S.").

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