



BAM

BUILD AMERICA MUTUAL ASSURANCE COMPANY

Annual Investor Report

2022

Privileged and Confidential

BAM's Mission

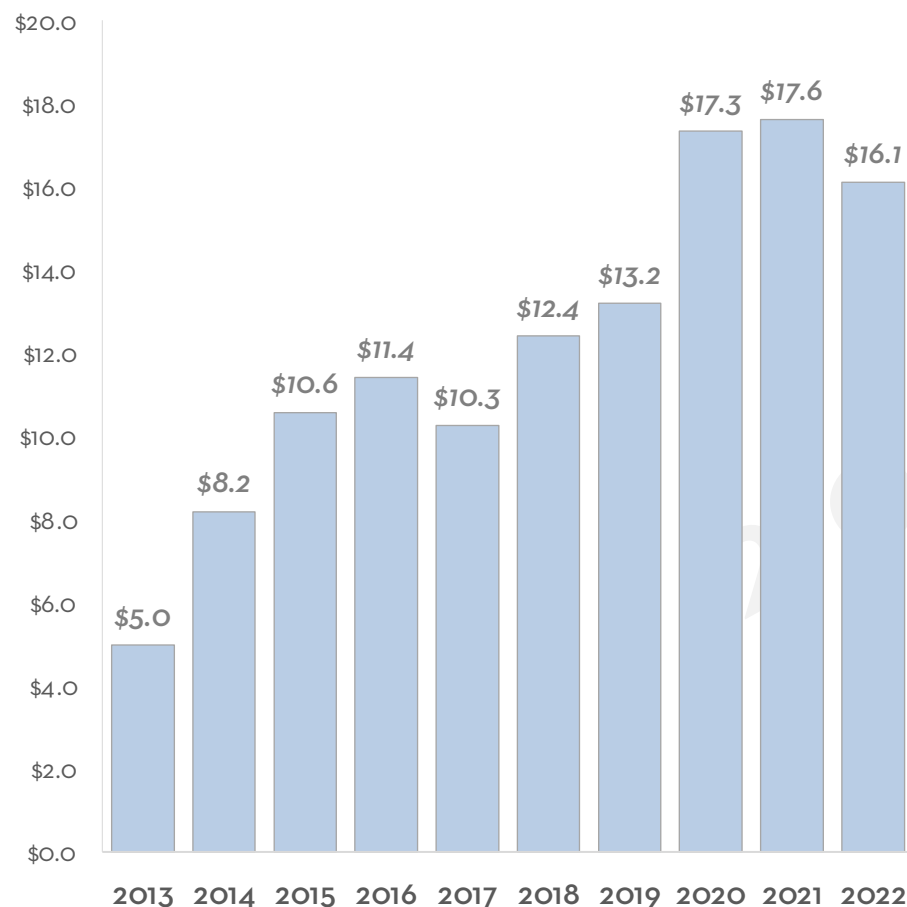
To be the premier municipal-only financial guaranty insurance company, serving investors with durable, transparent protection against default while acting as an industry utility providing efficient funding and savings to municipal issuers

- Build America Mutual

BAM's Insured Portfolio

As of December 31, 2022

ANNUAL PAR INSURED (\$B)



PORTFOLIO SECTOR DISTRIBUTION

\$ MILLIONS

	GROSS PAR OUTSTANDING	AVERAGE CREDIT RATING*
GENERAL OBLIGATION	\$54,479.0	A
UTILITY	\$13,305.6	A
DEDICATED TAX	\$10,649.4	A
GENERAL FUND	\$8,022.2	A+
HIGHER EDUCATION	\$6,924.6	A-
ENTERPRISE SYSTEMS	\$4,476.0	A
TOTAL GROSS PAR OUTSTANDING	\$97,856.8	A



*Includes all BAM insured activity. Average Credit Ratings are based on S&P public rating, or if unrated by S&P, the S&P equivalent of the Moody's public rating, or if unrated by Moody's, the BAM internal rating.

BAM's Insured Portfolio - \$97.9 Billion

As of December 31, 2022

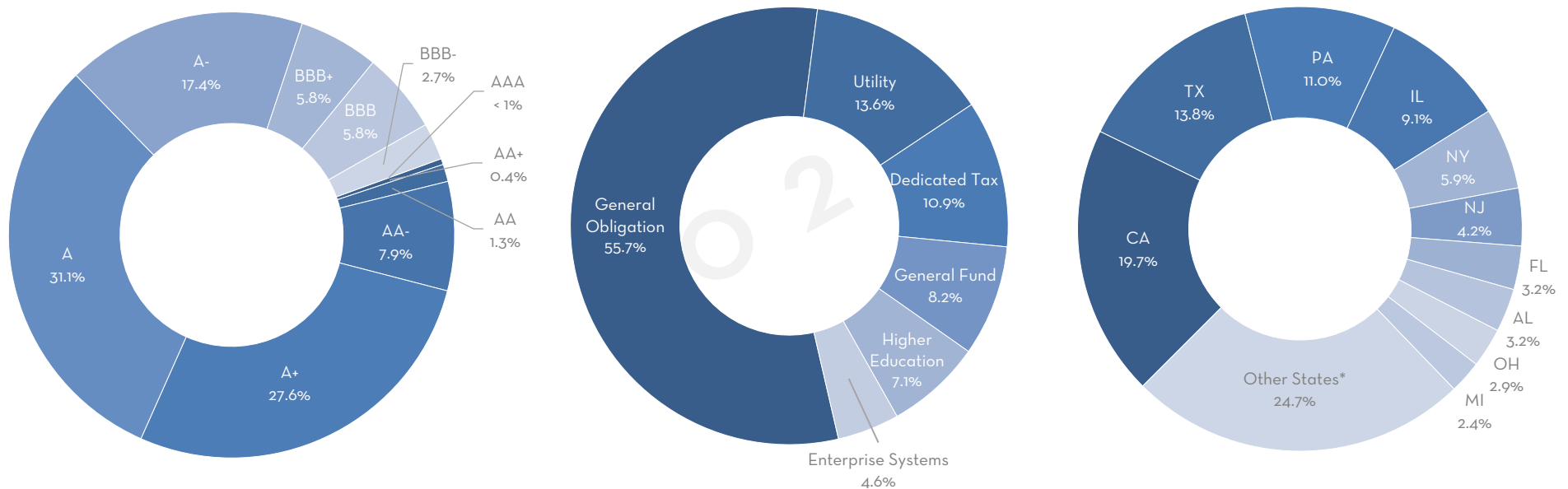
U.S. Muni Only with No Direct Exposure to Structured Finance, U.S. Territories, Derivatives or Liquidity Providers

S&P Global
Ratings

"BAM is a mutual bond insurer writing business solely in the U.S. public finance market with a broad, well-diversified presence across the U.S. Its insured portfolio comprises primarily general obligation bonds for school districts and municipalities, somewhat lessening volatility."

July 7, 2022

Gross Par Outstanding as of December 31, 2022: \$97.9 Billion / Weighted Average Rating: A / Weighted Average Life to Maturity: 11.9 years



- BAM's portfolio is conservative and well-diversified
 - 86% of the portfolio is rated in the **single-A category or higher**; double-A category credits are the fastest growing portion
 - 56% is comprised of **GO's** issued by school districts and local governments; **14%** is comprised of **public utilities**
 - BAM has exposure in 49 states and the District of Columbia
- BAM has incurred no losses since inception



Based on BAM internal ratings

*Includes all other states not shown except Alaska

BAM's Top 50 Exposures

As of December 31, 2022

(in millions)

Obligor	As of December 31, 2022			
	S&P Rating ⁽¹⁾⁽³⁾	Moody's Rating ⁽²⁾⁽³⁾	Gross Par Outstanding	% of Total Gross Par Outstanding
Pennsylvania Turnpike Commission, PA, Toll Roads	A	A3	\$ 435.3	0.4%
Chicago, City of, IL (Cook County), Sales Tax - Local	AA-	NR	409.0	0.4%
Clark County SD, NV (Clark County)	A+	A1	383.1	0.4%
Illinois, State of	BBB+	Baa1	369.8	0.4%
Miami-Dade County School Board, FL (Miami-Dade County)	A+	Aa3	366.8	0.4%
South Carolina Public Service Authority	A-	A3	366.0	0.4%
Sacramento City USD, CA (Sacramento County)	BBB	A3	349.4	0.4%
Metropolitan Transportation Authority (MTA), NY, Mass Transit - Farebox	BBB+	A3	344.6	0.4%
Yonkers, City of, NY (Westchester County)	A+	Aa3	337.5	0.3%
Port Authority of NY and NJ	AA-	Aa3	336.7	0.3%
Illinois (State of) Build Illinois Bonds (Sales Tax Revenue Bonds)	A-	Baa1	335.5	0.3%
Chicago Park District, IL (Cook County)	AA-	NR	334.7	0.3%
Pennsylvania, Commonwealth of	A+	A1	333.2	0.3%
Oregon State University, OR, Public Higher Education - Gross Revenue	NR	Aa3	320.7	0.3%
Municipal Authority of Westmoreland County, PA (Westmoreland County) Water	A+	NR	318.1	0.3%
Chicago Transit Authority, IL	AA-	A2	317.1	0.3%
Bridgeport, City of, CT (Fairfield County)	A	A3	310.8	0.3%
Oakland USD, CA (Alameda County)	A-	A1	301.4	0.3%
Kansas, State Of	A+	Aa3	301.2	0.3%
Pennsylvania State System of Higher Education, PA, General Revenue	NR	Aa3	298.7	0.3%
Suffolk County, NY (Suffolk County)	A+	Baa2	295.3	0.3%
Connecticut, State of	AA-	Aa3	281.9	0.3%
New Jersey, State Of	BBB+	A3	279.7	0.3%
CHF-Davis II, L.L.C. - Orchard Park Student Housing Project, CA (Yolo County), P3 Student Housing Revenue	NR	Baa3	277.4	0.3%
Hayward USD, CA (Alameda County)	A+	NR	277.3	0.3%
Chicago, City of, IL (Cook County)	BBB+	Baa3	262.2	0.3%
New Jersey Turnpike, NJ (State-Wide), Toll Roads	AA-	A2	261.2	0.3%
New Jersey Transportation Trust Fund Authority, System & Program Bonds, NJ, Gas Tax - State	BBB+	A3	258.8	0.3%
Eastern Michigan University, MI (Washtenaw County), General Revenue	NR	A3	258.1	0.3%
Metropolitan Pier & Exposition Authority, IL (Cook County)	A-	Baa1	254.9	0.3%
Northern Illinois University, IL (De Kalb County)	NR	Ba1	252.9	0.3%
Compton USD, CA (Los Angeles County)	A	Aa3	247.6	0.3%
Hamden, Town of, CT (New Haven County)	BBB+	Baa3	247.5	0.3%
O'Hare Airport, IL (Cook County) GARB	A+	NR	233.6	0.2%
New Jersey Economic Development Authority (Motor Vehicle Surcharge)	BB+	Baa3	231.2	0.2%
Centinela Valley Union High School District, CA (Los Angeles County)	A+	NR	231.2	0.2%
Shreveport, City of, LA (Caddo Parish), Water & Sewer	A-	A3	230.2	0.2%
Lancaster, City of, PA (Lancaster County)	NR	A3	229.7	0.2%
Tampa-Hillsborough County Expressway Authority	A+	A2	229.6	0.2%
Oxnard SD, CA (Ventura County)	A+	NR	220.3	0.2%
West Harris County Regional Water Authority, TX (Harris County), Water	AA-	A1	217.1	0.2%
Eastern Michigan University, MI (Washtenaw County), Housing and General Revenue	NR	Baa2	212.2	0.2%
Chicago Board of Education, IL (Cook County)	BB	Ba2	210.8	0.2%
CHF-Davis I, L.L.C. - West Village Student Housing Project, CA (Yolo County), Public Higher Education - Auxilliary	NR	Baa3	202.6	0.2%
Wichita, City of, KS (Sedgwick County), Water & Sewer	AA-	NR	201.4	0.2%
New Brunswick, City of, NJ (Middlesex County)	A+	A2	200.7	0.2%
Massachusetts, Commonwealth of	AA	Aa1	200.6	0.2%
Kentucky, Commonwealth of	A-	A2	198.0	0.2%
Los Angeles USD, CA (Los Angeles County)	NR	Aa3	197.8	0.2%
Stratford, Town of, CT (Fairfield County)	AA-	A2	195.7	0.2%
Total - Top 50 Exposures			\$ 13,967.0	14.3%



1. Represents the rating assigned by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") on the underlying obligation, excluding Build America's credit enhancement.
2. Represents the rating assigned by Moody's Investor Service, Inc. ("Moody's") on the underlying obligation, excluding Build America's credit enhancement.
3. For single risks with multiple obligations, the rating shown represents a weighted average of the ratings on the underlying obligations, excluding Build America's credit enhancement.

BAM's Capital Structure

As a mutual financial guaranty insurance company, BAM structures its capital to align with the inherently low risk nature of our municipal only insured portfolio, to be flexible as the insured portfolio grows and to avoid counter-party risk

Hard Capital Components

Qualified Statutory Capital

HG Re First Loss Reinsurance

Fidus Re Excess of Loss Reinsurance

Key Features

- Consists primarily of Surplus Notes and Member Surplus Contributions ("MSC")
- Surplus Notes are flexible and allow repayment to occur when BAM has excess capital driven by organic growth
 - Provided the initial funding for BAM as a mutual
 - Principal payments are retained in the HG Re First Loss Reinsurance Trusts
- Organic growth occurs with each policy issued through MSC collections

- 15% first loss reinsurance – more than covers the expected losses on the insured bonds and provides protection from high frequency, low severity risk
- Fully collateralized in a Regulation 114 Trust – no counterparty risk and very low credit risk (all fixed income securities rated A- or better)
- Grows as BAM cedes premium and makes payments on the Surplus Notes
- Market value must equal ceded UPR plus loss reserves (if any) plus \$600 million before funds can be released

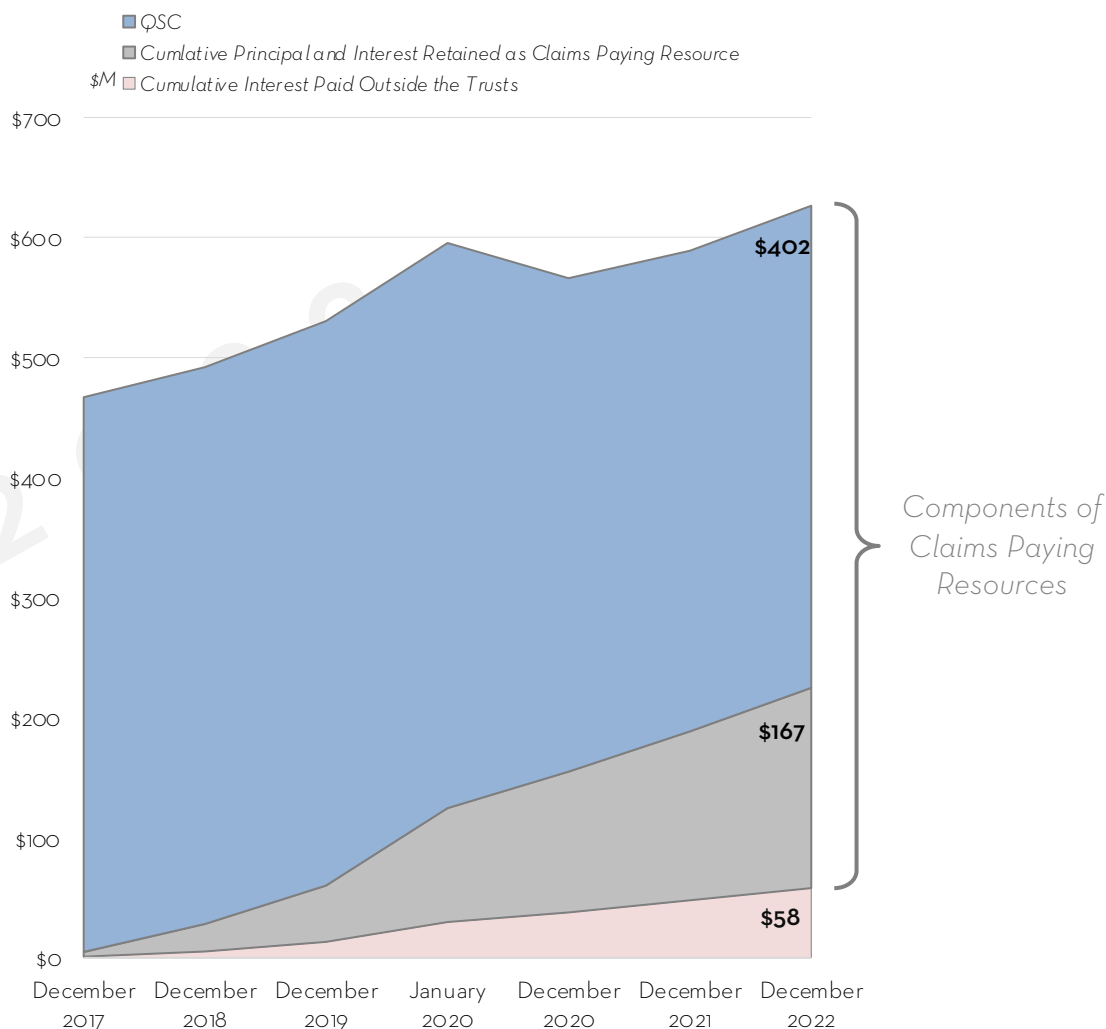
- Provides protection against extreme "tail risk" and complements the 15% first loss reinsurance as it covers low frequency, high severity risk
- Fully collateralized in a Regulation 114 Trust – no counterparty risk and very low credit risk (highly liquid AAAm funds)
- Flexible – transactions created for each discrete covered portfolio that include a call feature at BAM's discretion to optimize portfolio coverage
- No recourse to BAM
- Low-cost facility relative to other capital alternatives

BAM's Capital Structure

Surplus Note Payments have Minimal Impact on BAM's Hard Capital

BAM has made \$225 million Surplus Notes payments to date with 74% remaining part of BAM's Hard Capital

- Payments on the Surplus Notes are made at BAM's sole discretion subject to approval by the NYDFS
- BAM sizes annual payments to ensure that Claims Paying Resources remain well in excess of the amount required for 1x coverage under the S&P model and QSC's exceeds regulatory limits (currently approximately \$400 million)
- The outstanding principal and unassigned interest on the Surplus Notes are assets of the HG Re Collateral Trusts
 - 100% of the principal and unassigned interest payments on the Surplus Notes become assets of the HG Re Collateral Trusts
 - Priority of pay is principal plus accrued interest on the principal amount being paid
- \$167 million (74%) of the total \$225 million Surplus Note payments were made to the HG Re Collateral Trusts and remain part of BAM's Hard Capital



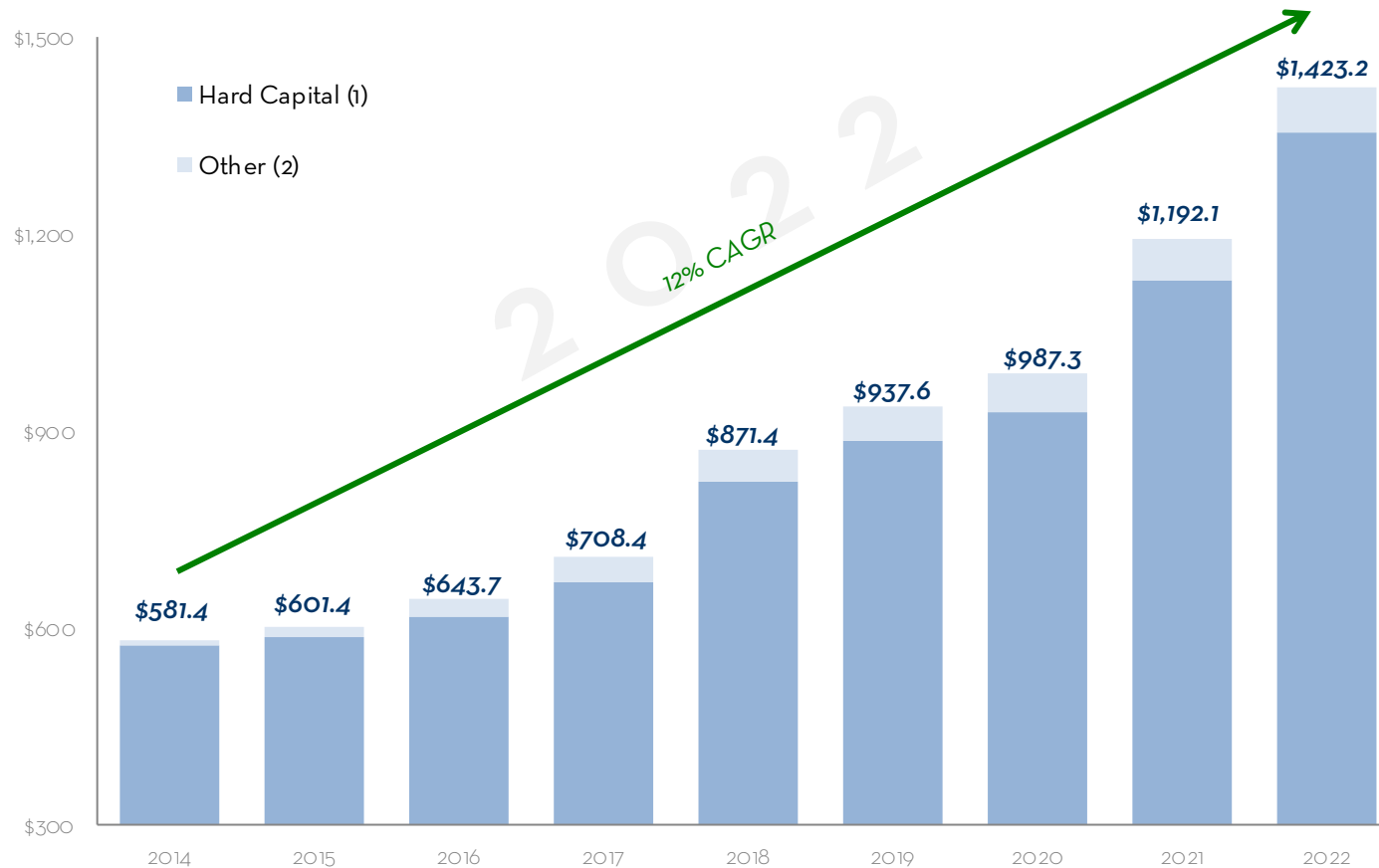
BAM's Capital Structure

Claims Paying Resources

BAM's claims paying resources now surpass \$1.4 billion

Claims Paying Resources (\$M)

95% OF BAM'S
CLAIMS PAYING RESOURCES
IS HARD CAPITAL¹

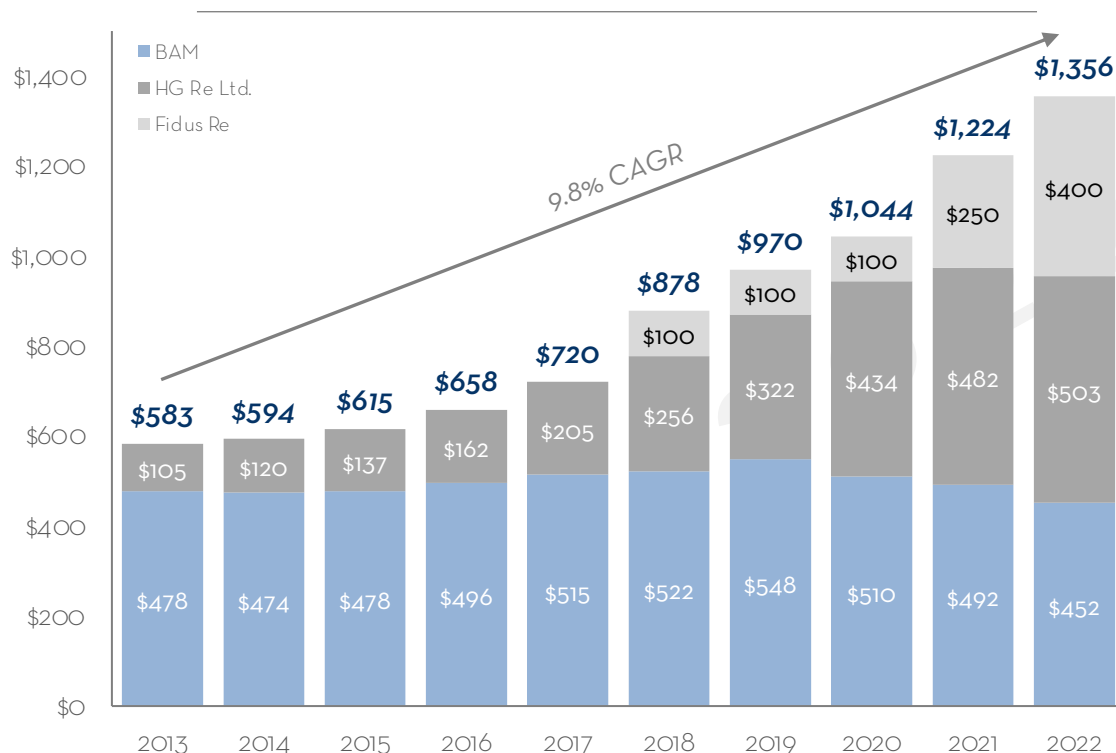


Assets Invested to Preserve Capital and Provide Liquidity

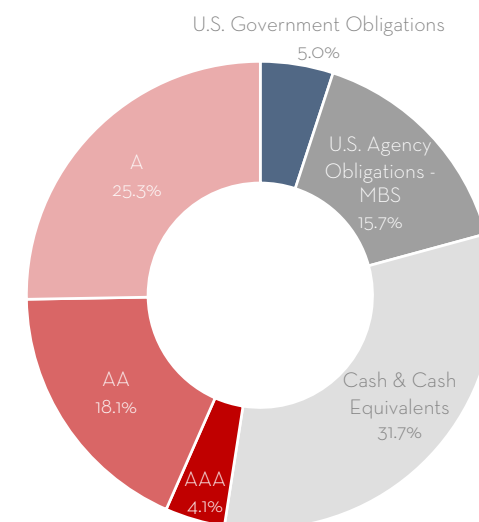
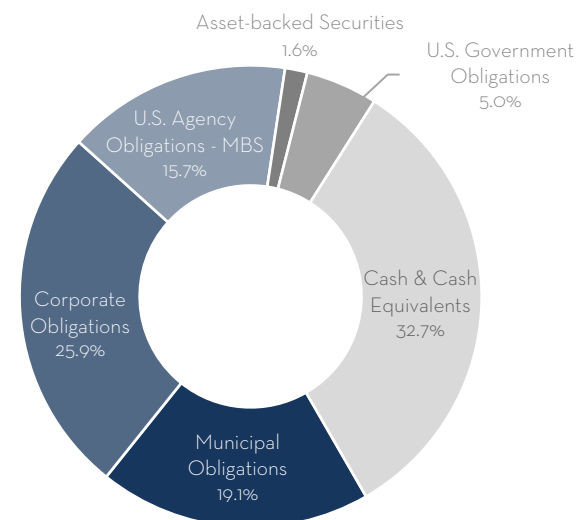
Cash & Investments Available to BAM Have Grown 9.8% on an Annual Basis Since 2013

**\$1.36 Billion Cash & Investments
as of December 31, 2022**

*Trend of Cash & Investments (\$M)**



*Fair market value. Includes cash and accrued investment income receivables and are net of receivables/payables.



BAM's liquidity is further augmented by its membership in the Federal Home Loan Bank of New York which provides same day liquidity in an amount equal to 5% of BAM's admitted assets

BAM GreenStar



BAM GreenStar bonds are U.S. municipal bonds sold to finance infrastructure that aligns with international standards for green bonds. The BAM GreenStar Assessment is an independent review of a bond issue's purpose and includes ongoing surveillance and reporting on the construction status of the eligible project to maximize secondary liquidity

*BAM GreenStar
Designated Transactions by State
(October 2018 – December 2022)*

\$M	Issue Par	Transaction Count
California	\$962,158,938	26
Texas	\$575,495,000	84
Pennsylvania	\$516,551,200	45
Arkansas	\$514,480,000	27
Indiana	\$285,885,000	17
Oregon	\$277,970,000	3
Arizona	\$186,695,000	2
Utah	\$112,585,000	4
New Jersey	\$109,600,000	3
Alabama	\$103,665,000	16
Illinois	\$102,125,000	14
Ohio	\$101,530,000	10
Colorado	\$97,265,000	6
West Virginia	\$84,275,000	4
Michigan	\$65,765,000	3
New York	\$63,503,588	5
Louisiana	\$58,165,000	8
Mississippi	\$56,000,000	3
Maryland	\$50,677,320	1
Washington	\$49,760,000	3
Iowa	\$39,905,000	8
Connecticut	\$18,205,000	1
Florida	\$15,500,000	1
New Mexico	\$13,550,000	1
Tennessee	\$13,292,000	2
Kansas	\$4,175,000	1
\$4,478,778,045		298

*BAM GreenStar
Designated Transactions by BAM Sector
(October 2018 – December 2022)*

