

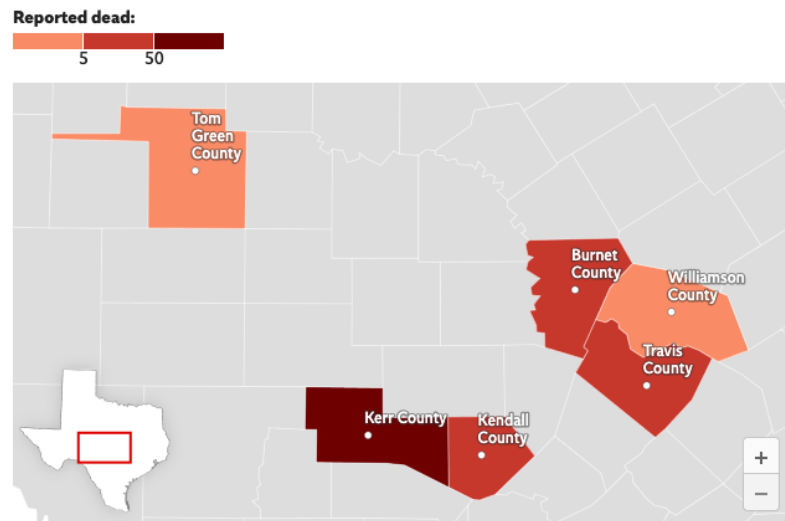


BAM SM

Credit Update

July 2025 Texas Flooding

On July 4, 2025, Central Texas experienced catastrophic flash flooding, primarily affecting Kerr and surrounding Hill Country counties. The shocking event has resulted in hundreds of deaths, and caused widespread damage to homes, roads, utilities, and critical infrastructure. Everyone at BAM Mutual expresses our sympathy to members of the municipal finance community who are directly impacted by the loss of life or property, and we thank everyone in the public sector who is working to help the affected communities recover.



As of 04:00 AM, local time (San Antonio Texas), 7/10/25

BAM's insured portfolio includes \$143.2 million of outstanding exposure to Kerr and Kendall counties, two of the most severely impacted areas. Both counties are receiving a combination of state and FEMA Individual and Public Assistance. This support provides funding for debris removal, emergency protective measures, and the repair or replacement of damaged public infrastructure. **While recovery efforts continue and the ultimate damage is still being assessed, BAM does not anticipate any defaults from the impacts of this disaster.**

Preliminary estimates indicated economic losses will total between \$18 billion and \$22 billion. The municipally-owned utilities in Kerrville and nearby communities sustained extensive infrastructure damage, including submerged electrical substations, dozens of downed power lines, and disruptions to water and sewer systems. As of July 10, nearly all power has been restored, with fewer than 150 customers still affected. The Texas Commission on Environmental

Quality (TCEQ) continues to monitor water quality and service interruptions across impacted systems.

Governor Abbott declared a state disaster on July 5, followed by a federal declaration on July 6. FEMA has opened a Disaster Recovery Center in Kerrville and added Kerr County to its Individual Assistance program, with surrounding areas under review. While funding totals are pending, FEMA is actively issuing grants, loans, and infrastructure aid, despite concerns over potential delays.

The City of Kerrville's primary water treatment plant (BAM-insured outstanding exposure of \$12M) sustained significant damage during the flooding. In response, the city immediately transitioned to its backup supply from deep groundwater wells, which are currently meeting demand. According to the city, this well system can reliably provide service for up to 12 months, giving officials time to assess and repair the water treatment plant.

BAM Exposure by Impacted County

County > Single Risk Name	Outstanding Par
Kerr	\$ 111,574,006
Kerrville Public Utility Board, TX (Kerr County), Electric	\$ 81,719,006
Kerrville, City of, TX (Kerr County), Sales Tax - Local	\$ 17,765,000
Kerrville, City of, TX (Kerr County), Water & Sewer	\$ 12,090,000
Kendall	\$ 31,620,000
Kendall County WCID No. 2A, TX (Kendall County)	\$ 24,095,000
Kendall County WCID No. 3A, TX (Kendall County)	\$ 7,525,000
Grand Total	\$ 143,194,006

City crews are clearing debris, inspecting damaged water intake structures, and working closely with the TCEQ to plan phased reconstruction. No permanent damage has been reported to the wastewater treatment system, and all critical services are currently being maintained. The city council has emphasized that this temporary water plan will ensure continuous service while long-term repairs proceed.

BAM's Surveillance Team will continue to actively monitor the post-flood damage assessments.

For more information about BAM's exposure to the affected region, investors can contact Don Farrell, Head of Investor Relations at IR@bambonds.com.