

BAM

BUILD AMERICA MUTUAL

Quarterly Operating Supplement
September 30, 2020

Build America Mutual Assurance Company

Quarterly Operating Supplement

September 30, 2020

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

The information contained in this report may contain "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included or referenced in this report which address activities, events or developments which Build America Mutual Assurance Company ("Build America" or the "Company") expects or anticipates will or may occur in the future are forward-looking statements. The words "will," "believe," "intend," "expect," "anticipate," "project," "estimate," "predict" and similar expressions are also intended to identify forward looking statements. These forward looking statements include, among others, statements with respect to Build America's:

- changes in U.S. statutory basis surplus or claims paying resources;
- business strategy;
- financial and operating targets or plans;
- incurred losses and the adequacy of its loss and loss adjustment expense reserves and related reinsurance;
- projections of revenues, income (or loss), earnings (or loss), dividends, market share or other financial forecasts;
- expansion and growth of its business and operations; and
- future capital expenditures.

These statements are based on certain assumptions and analyses made by Build America in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors believed to be appropriate in the circumstances. However, whether actual results and developments will conform with its expectations and predictions is subject to a number of risks and uncertainties that could cause actual results to differ materially from expectations, including:

- claims arising from catastrophic events, such as hurricanes, earthquakes, floods or terrorist attacks;
- the continued availability of capital and financing;
- general economic, market or business conditions;
- business opportunities (or lack thereof) that may be presented to it and pursued;
- competitive forces, including the conduct of other property and casualty insurers and reinsurers;
- changes in domestic or foreign laws or regulations, or their interpretation, applicable to Build America, its competitors or its clients;
- an economic downturn or other economic conditions adversely affecting its financial position, including the impact of the COVID-19 pandemic;
- recorded loss reserves subsequently proving to have been inadequate;
- actions taken by ratings agencies from time to time, such as financial strength or credit ratings downgrades or placing ratings on negative watch; and
- other factors, most of which are beyond Build America's control.

Consequently, all of the forward looking statements made in this report are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by Build America will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on Build America or its business or operations. Build America assumes no obligation to update publicly any such forward looking statements, whether as a result of new information, future events or otherwise.

Company Profile

Build America Mutual Assurance Company (“Build America” or the “Company”) is a New York domiciled mutual financial guaranty insurance company. The Company was capitalized on July 17, 2012 and received its license to write financial guaranty insurance from the New York State Department of Financial Services and commenced operations on July 20, 2012. Build America is also licensed in the District of Columbia and the remaining 49 states. Build America’s financial strength and counterparty credit ratings of ‘AA/Stable Outlook’, from Standard & Poor’s Ratings Services, were reaffirmed on June 29, 2020. Build America is not licensed to write financial guaranty insurance in Puerto Rico or any other territory or possession of the United States and it has no exposure to debt issued in Puerto Rico or any other territory or possession of the United States.

The first mutual bond insurance company, Build America is owned by and operated for the benefit of the cities, states and other municipal agencies—the municipal issuers—that use the Company’s ‘AA/Stable Outlook’ rated financial guaranty to lower their cost of funding in the U.S. municipal market.

Build America benefits from both first loss and excess of loss reinsurance protection provided by HG Re, Ltd. (“HG Re”), The first loss reinsurance protection is provided via a reinsurance treaty (the “First Loss Reinsurance Treaty”), whereby HG Re assumes losses in an amount up to 15% of the par outstanding for each insurance policy. The excess of loss reinsurance treaty (the “Excess of Loss Reinsurance Treaty”) provides last dollar protection for exposures on municipal bonds insured by the Company in excess of regulatory single issuer limits, subject to an aggregate limit equal to \$75,000,000. HG Re’s obligations under the reinsurance treaties are secured by, and limited to the value of the assets held in HG Re Collateral Trusts, which include a beneficial interest in the Company’s Series 2018 Surplus Notes as well as other high quality assets, which are pledged for the benefit of Build America.

BAM is also party to a collateralized excess of loss reinsurance agreement provided by Fidus Re, Ltd. (“Fidus”), a Bermuda based special purpose insurer created solely to provide reinsurance protection to BAM. Fidus was capitalized by the issuance of \$100,000,000 of insurance linked securities. Fidus provides reinsurance for 90% of aggregate losses exceeding \$165,000,000 on a portion of BAM’s financial guarantee portfolio up to a total reimbursement of \$100,000,000.

The Company became a member of the Federal Home Loan Bank of New York on June 13, 2019.

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Statutory Statements of Assets, Liabilities and Capital and Surplus

(in millions)	As of September 30, 2020	As of December 31, 2019
ADMITTED ASSETS		
Bonds	\$ 426.6	\$ 481.1
Common Stock	0.1	0.1
Cash, Cash Equivalents and Short-term Investments	74.6	45.0
Total Cash and Invested Assets	\$ 501.3	\$ 526.2
Investment Income Due and Accrued	3.1	3.7
Receivable for Securities Sold	-	3.9
Other Assets	0.9	1.1
Total Admitted Assets	<u>\$ 505.3</u>	<u>\$ 534.9</u>
LIABILITIES		
Unearned Premiums	\$ 43.6	\$ 39.3
Ceded Reinsurance Premiums Payable	3.6	-
Contingency Reserve	81.6	68.2
Payable for Securities Purchased	6.4	-
Accounts Payable and Accrued Expenses	22.9	25.0
Total Liabilities	<u>\$ 158.1</u>	<u>\$ 132.5</u>
CAPITAL AND SURPLUS		
Surplus Notes	\$ 409.7	\$ 457.6
Member Surplus Contributions	306.7	259.8
Unassigned Funds - Deficit	(369.2)	(315.0)
Total Capital and Surplus	<u>\$ 347.2</u>	<u>\$ 402.4</u>
Total Liabilities, Capital and Surplus	<u>\$ 505.3</u>	<u>\$ 534.9</u>

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Statutory Statement of Operations

(in millions)	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Gross Risk Premiums Written	\$ 45.3	\$ 40.9
Ceded Risk Premiums Written	(38.8)	(35.1)
Net Risk Premiums Written	6.5	5.8
Premiums Earned, Net	\$ 2.2	\$ 1.5
Underwriting Deductions:		
Operating Expenses	\$ 43.5	\$ 40.2
Excise & Premium Taxes	1.6	1.0
Ceding Commission Income	(11.6)	(10.5)
Total Underwriting Expenses	\$ 33.5	\$ 30.7
Net Underwriting Gain (Loss)	(31.3)	(29.1)
Net Investment Income ⁽¹⁾	\$ (10.4)	\$ 8.2
Net Realized Capital Gains	0.6	-
Net Investment Gain	\$ (9.8)	\$ 8.2
Net (Loss) Before Federal Income Tax Expense	(41.1)	(20.9)
Federal Income Tax Expense Incurred	-	-
Net (Loss)	<u>\$ (41.1)</u>	<u>\$ (20.9)</u>

Adjusted Statutory Operating Income ⁽²⁾

(in millions)	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Net (Loss)	\$ (41.1)	\$ (20.9)
Surplus Note Interest Expense	17.1	-
Member Surplus Contributions Collected	46.9	42.9
Adjusted Statutory Operating Income ⁽²⁾	<u>\$ 22.9</u>	<u>\$ 22.0</u>

Statutory Comprehensive Income ⁽³⁾

(in millions)	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Net (Loss)	\$ (41.1)	\$ (20.9)
Member Surplus Contributions Collected	46.9	42.9
Statutory Comprehensive Income ⁽³⁾	<u>\$ 5.8</u>	<u>\$ 22.0</u>

⁽¹⁾ Net Investment Income for the nine months ended September 30, 2020 is net of \$17.1 million of Surplus Note interest expense.

⁽²⁾ In addition to reporting Build America's financial results in accordance with the U.S. Statutory basis of accounting ("Statutory"), the Company reports Adjusted Statutory Operating Income, a non-Statutory financial measure. A non-Statutory financial 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 the U.S. Statutory basis of accounting. We are presenting this non-Statutory financial measure because it provides greater transparency and enhanced visibility into the underlying drivers of our business. Adjusted Statutory Operating Income is not a substitute for Build America's U.S. Statutory basis of accounting, should not be viewed in isolation and may differ from similar reporting provided by other companies, which may define non-Statutory financial measures differently.

⁽³⁾ In addition to reporting Build America's financial results in accordance with the U.S. Statutory basis of accounting ("Statutory"), the Company reports Statutory Comprehensive Income, a non-Statutory financial measure. A non-Statutory financial 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 the U.S. Statutory basis of accounting. We are presenting this non-Statutory financial measure because it provides greater transparency and enhanced visibility into the underlying drivers of our business. Statutory Comprehensive Income is not a substitute for Build America's U.S. Statutory basis of accounting, should not be viewed in isolation and may differ from similar reporting provided by other companies, which may define non-Statutory financial measures differently.

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Claims Paying Resources and Leverage Statistics

(in millions)	As of September 30, 2020	As of December 31, 2019
Member Surplus Contributions	\$ 306.7	\$ 259.8
Surplus Notes	409.7	457.6
Unassigned Funds ⁽¹⁾	(369.2)	(315.0)
Policyholders' Surplus	\$ 347.2	\$ 402.4
Contingency Reserve	81.6	68.2
Qualified Statutory Capital	\$ 428.8	\$ 470.6
HG Re, Ltd. Collateral Trusts ⁽²⁾	381.0	314.0
Fidus Re, Ltd. Collateral Trust	100.0	100.0
Total Hard Capital	\$ 909.8	\$ 884.6
Unearned Premiums, Net of Reinsurance	43.6	39.3
Loss and Loss Adjustment Expense Reserves	-	-
Present Value of Installment Gross Risk Premiums and Member Surplus Contributions ⁽³⁾	14.4	13.7
Claims Paying Resources	\$ 967.8	\$ 937.6
<u>Gross Par Outstanding</u>		
Investment Grade ⁽⁴⁾	\$ 70,954.1	\$ 62,250.5
Below Investment Grade ("BIG") ⁽⁴⁾	-	-
Total Gross Par Outstanding	\$ 70,954.1	\$ 62,250.5
<u>Gross Par Outstanding Leverage Statistics</u>		
Total Gross Par Outstanding ÷ Total Hard Capital	78.0x	70.4x
BIG Gross Par Outstanding ÷ Total Hard Capital	-	-
Total Gross Par Outstanding ÷ Claims Paying Resources	73.3x	66.4x
BIG Gross Par Outstanding ÷ Claims Paying Resources	-	-
<u>Gross Total Debt Service ("TDS") Outstanding</u>		
Investment Grade ⁽⁴⁾	\$ 105,797.0	\$ 94,050.3
Below Investment Grade ("BIG") ⁽⁴⁾	-	-
Total Gross TDS Outstanding	\$ 105,797.0	\$ 94,050.3
<u>Gross TDS Outstanding Leverage Statistics</u>		
Total Gross TDS Outstanding ÷ Total Hard Capital	116.3x	106.3x
BIG Gross TDS Outstanding ÷ Total Hard Capital	-	-
Total Gross TDS Outstanding ÷ Claims Paying Resources	109.3x	100.3x
BIG Gross TDS Outstanding ÷ Claims Paying Resources	-	-

⁽¹⁾ Represents the sum of inception to date Statutory Net (Loss) and direct charges relating to contributions to the Contingency Reserve and for the non-admission of certain assets.

⁽²⁾ See details of investments held in the HG Re, Ltd. Collateral Trusts on page 14.

⁽³⁾ Represents the present value of future installment Gross Risk Premiums and Member Surplus Contributions, discounted at a risk-free rate.

⁽⁴⁾ Based on internal Build America ratings, which are provided in this Operating Supplement solely to indicate the underlying credit quality of guaranteed obligations, without the benefit of financial guaranty insurance, based on the view of the Company. Build America credit ratings are subject to revision at any time and do not constitute investment advice.

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Business Production

(in millions)

Gross Par Written

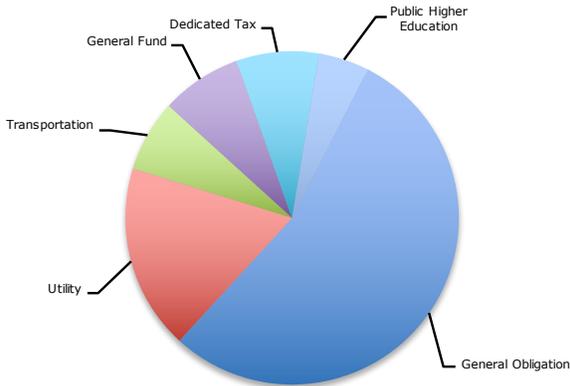
Total Gross Par Written

	Three Months Ended September 30, 2020	Nine Months Ended September 30 2020
General Obligation	\$ 2,574.2	\$ 6,318.4
Dedicated Tax	379.6	1,443.8
Public Higher Education	232.8	950.5
General Fund	370.6	1,041.8
Utility	852.5	1,432.1
Transportation	329.9	633.8
Other Public Finance	-	7.1
U.S. Public Finance	\$ 4,739.6	\$ 11,827.5

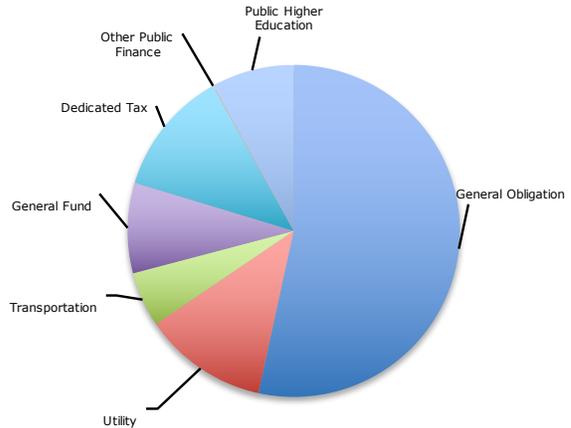
**Gross Risk Premiums Written and Member
Surplus Contributions Collected**

Gross Risk Premiums Written	\$ 14.6	\$ 45.3
Member Surplus Contributions Collected	15.3	46.9
Total Gross Risk Premiums and Member Surplus Contributions Collected	\$ 29.9	\$ 92.2

**Gross Par Written
For the Three Months Ended September 30, 2020**



**Gross Par Written
For the Nine Months Ended September 30, 2020**



Build America Mutual Assurance Company

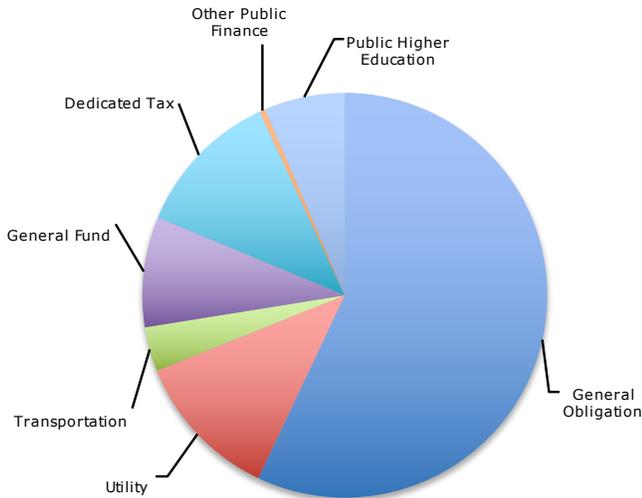
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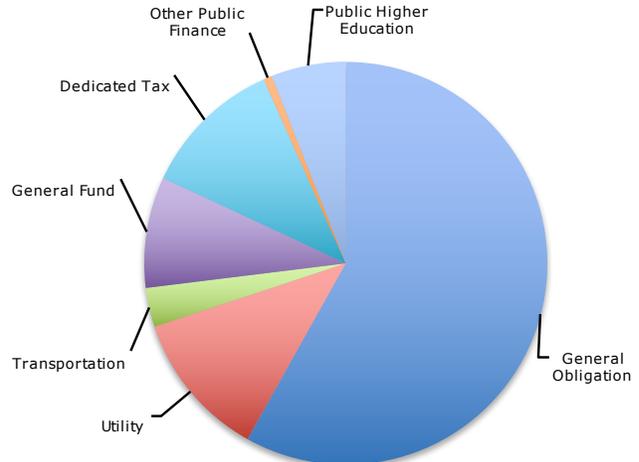
Gross Par Outstanding by Sector

(in millions)	<u>As of September 30, 2020</u>	<u>As of December 31, 2019</u>
U.S. Public Finance		
General Obligation	\$ 40,463.7	\$ 36,173.8
Utility	8,433.8	7,344.0
Dedicated Tax	8,375.7	7,070.4
General Fund	6,261.8	5,550.2
Public Higher Education	4,565.1	3,724.5
Transportation	2,518.8	1,952.7
Other Public Finance	335.2	434.9
Total Gross Par Outstanding	<u>\$ 70,954.1</u>	<u>\$ 62,250.5</u>

**Gross Par Outstanding
As of September 30, 2020**



**Gross Par Outstanding
As of December 31, 2019**



Build America Mutual Assurance Company

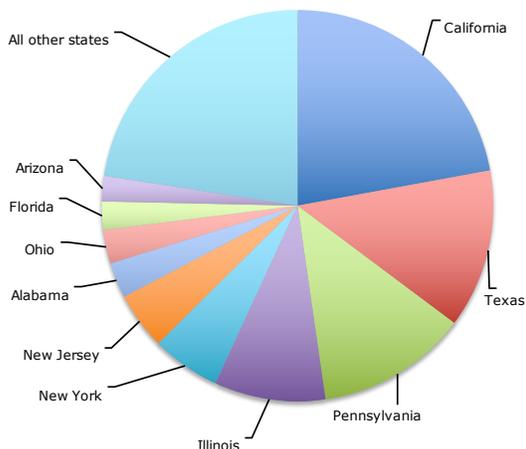
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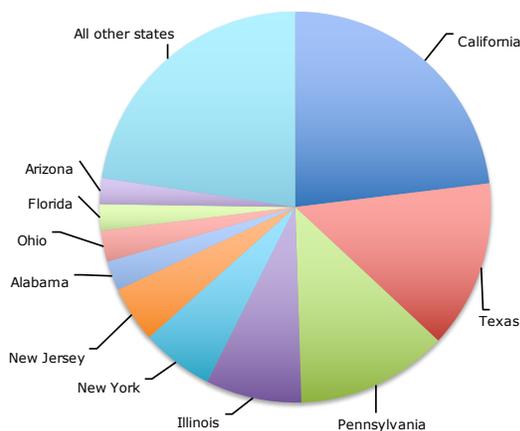
Gross Par Outstanding by State

(in millions)	As of <u>September 30, 2020</u>	% of <u>Total</u>	As of <u>December 31, 2019</u>	% of <u>Total</u>
California	\$ 15,688.2	22.1%	\$ 14,354.6	23.1%
Texas	9,311.9	13.1%	8,656.2	13.9%
Pennsylvania	8,852.1	12.5%	7,800.5	12.5%
Illinois	6,525.7	9.2%	4,939.9	7.9%
New York	4,022.5	5.7%	3,718.5	6.0%
New Jersey	3,350.3	4.7%	2,886.7	4.6%
Alabama	2,079.6	2.9%	1,523.0	2.4%
Ohio	1,966.6	2.8%	1,599.9	2.6%
Florida	1,665.2	2.3%	1,355.4	2.2%
Arizona	1,488.7	2.1%	1,343.2	2.2%
Louisiana	1,484.5	2.1%	1,400.3	2.2%
Michigan	1,447.8	2.0%	1,360.5	2.2%
Connecticut	1,348.3	1.9%	1,260.2	2.0%
Indiana	1,184.5	1.7%	1,026.8	1.6%
Kansas	1,102.1	1.6%	968.2	1.6%
Arkansas	1,075.8	1.5%	797.1	1.3%
Colorado	942.0	1.3%	778.9	1.3%
Iowa	884.3	1.2%	629.8	1.0%
Kentucky	727.4	1.0%	609.8	1.0%
Wisconsin	705.7	1.0%	637.6	1.0%
Mississippi	666.1	0.9%	567.3	0.9%
South Carolina	537.1	0.8%	518.3	0.8%
Missouri	398.1	0.6%	284.9	0.5%
Tennessee	377.3	0.5%	354.6	0.6%
Washington	353.4	0.5%	352.7	0.6%
Utah	337.0	0.5%	232.4	0.4%
Nevada	318.7	0.4%	264.1	0.4%
Massachusetts	295.7	0.4%	289.0	0.5%
Oklahoma	241.4	0.3%	225.2	0.4%
Georgia	239.7	0.3%	249.4	0.4%
New Mexico	215.9	0.3%	218.2	0.4%
West Virginia	179.9	0.3%	167.4	0.3%
North Carolina	173.8	0.2%	173.4	0.3%
Oregon	140.5	0.2%	130.3	0.2%
Maryland	99.1	0.1%	100.5	0.2%
Rhode Island	98.9	0.1%	105.9	0.2%
Wyoming	86.8	0.1%	88.3	0.1%
Minnesota	82.7	0.1%	84.8	0.1%
Idaho	60.5	0.2%	18.9	0.1%
Nebraska	29.4	0.0%	29.4	0.0%
North Dakota	29.0	0.1%	23.5	0.1%
Maine	29.0	0.1%	18.7	0.0%
Vermont	25.6	0.1%	25.6	0.1%
Hawaii	22.1	0.0%	22.1	0.1%
South Dakota	21.2	0.1%	20.6	0.0%
Virginia	16.8	0.0%	16.8	0.1%
Delaware	16.5	0.0%	16.5	0.0%
Montana	8.3	0.0%	4.6	0.0%
District of Columbia	0.4	0.0%	-	0.0%
Total Gross Par Outstanding	\$ 70,954.1	100%	\$ 62,250.5	100%

**Gross Par Outstanding by State
As of September 30, 2020**



**Gross Par Outstanding by State
As of December 31, 2019**

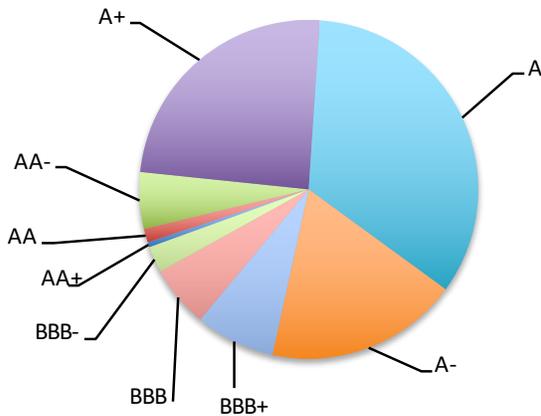


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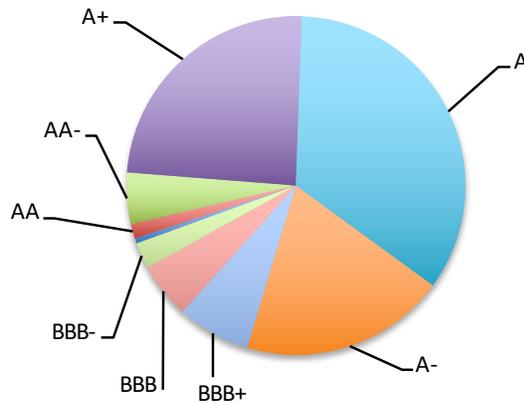
Rating Distribution of Gross Par Outstanding⁽¹⁾

(in millions)	<u>Percentage of Gross Par Outstanding as of September 30, 2020</u>	<u>Percentage of Gross Par Outstanding as of December 31, 2019</u>
AA+	0.5%	0.5%
AA	1.3%	1.4%
AA-	5.4%	4.9%
A+	24.4%	24.3%
A	34.0%	34.5%
A-	18.4%	19.6%
BBB+	7.6%	7.0%
BBB	5.9%	5.3%
BBB-	2.5%	2.5%
BIG	0.0%	0.0%
Total Gross Par Outstanding	100.0%	100.0%
 Weighted Average Rating	 A	 A

Rating Distribution of Gross Par Outstanding⁽¹⁾ As of September 30, 2020



Rating Distribution of Gross Par Outstanding⁽¹⁾ As of December 31, 2019



⁽¹⁾ Based on internal Build America ratings, which are provided in this Operating Supplement solely to indicate the underlying credit quality of guaranteed obligations, without the benefit of financial guaranty insurance, based on the view of the Company. Build America credit ratings are subject to revision at any time and do not constitute investment advice.

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Contractual Amortization of Gross Par Outstanding⁽¹⁾

(in millions)	<u>Contractual Par Amortization</u>	<u>Ending Gross Par Outstanding</u>
As of Sep 30, 2020		\$ 70,954.1
Oct 1, 2020 to December 31, 2020	\$ 723.7	70,230.4
Year 2021	2,942.6	67,287.8
Year 2022	3,118.0	64,169.8
Year 2023	3,273.9	60,895.9
Year 2024	3,366.3	57,529.6
Subtotal	<u>13,424.5</u>	
Years 2025 to 2029	17,702.6	39,827.0
Years 2030 to 2034	16,088.6	23,738.4
Years 2035 to 2039	12,186.5	11,551.9
Years 2040 to 2044	7,242.6	4,309.3
Years 2045 to 2049	3,130.5	1,178.8
Years 2050 to 2054	885.4	293.4
Year 2054 and thereafter	293.4	-
Total	<u>\$ 70,954.1</u>	

⁽¹⁾ Depicts contractual amortization of existing guaranteed portfolio (principal only) and assumes no unscheduled, advance refundings.

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Top 25 U.S. Public Finance Exposures

(in millions)

Obligor	As of September 30, 2020			
	S&P Rating ⁽¹⁾⁽³⁾	Moody's Rating ⁽²⁾⁽³⁾	Gross Par Outstanding	% of Total Gross Par Outstanding
Chicago, City of, IL (Cook County), Sales Tax - Local	AA-	NR	\$ 376.8	0.5%
Illinois, State of	BBB-	Baa3	376.1	0.5%
Metropolitan Transportation Authority (MTA), NY, Mass Transit - Farebox	BBB+	A3	344.6	0.5%
Pennsylvania Turnpike Commission, PA, Toll Roads	A	A3	325.0	0.5%
Municipal Authority of Westmoreland County, PA (Westmoreland County) Water	A+	NR	319.1	0.4%
Bridgeport, City of, CT (Fairfield County)	A	Baa1	306.5	0.4%
Pennsylvania, Commonwealth of	A+	A1	298.5	0.4%
New Jersey, State Of	BBB+	Baa1	289.8	0.4%
Suffolk County, NY (Suffolk County)	BBB+	Baa1	284.5	0.4%
Compton USD, CA (Los Angeles County)	A	Aa3	277.6	0.4%
Yonkers, City of, NY (Westchester County)	A	Aa3	268.7	0.4%
Chicago, City of, IL (Cook County)	BBB+	Ba1	265.5	0.4%
Shreveport, City of, LA (Caddo Parish), Water & Sewer	A-	A3	262.0	0.4%
New Jersey Transportation Trust Fund Authority, System & Program Bonds, NJ, Gas Tax - State	BBB+	Baa1	261.1	0.4%
New Jersey Turnpike, NJ (State-Wide), Toll Roads	A+	A2	258.4	0.4%
Connecticut, State of	A	A1	255.7	0.4%
Eastern Michigan University, MI (Lapeer County), Public Higher Education - Gross Revenue	NR	A2	255.3	0.4%
Centinela Valley Union High School District, CA (Los Angeles County)	A+	NR	236.7	0.3%
Illinois (State of) Build Illinois Bonds (Sales Tax Revenue Bonds)	BBB	Baa2	235.2	0.3%
Kentucky, Commonwealth of	A-	A1	235.0	0.3%
New Jersey Economic Development Authority (Motor Vehicle Surcharge)	BBB+	Baa2	231.2	0.3%
Springdale, City of, AR (Washington County), Sales Tax - Local	A+	NR	229.3	0.3%
Hamden, Town of, CT (New Haven County)	BBB+	Baa3	228.9	0.3%
Oxnard SD, CA (Ventura County)	A+	NR	227.6	0.3%
Monroe County, NY (Monroe County)	A+	A2	226.0	0.3%
Total - Top 25 U.S. Public Finance Exposures			\$ 6,875.0	9.7%

⁽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.

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Build America Mutual Assurance Company Fixed Income Investment Portfolio

(in millions)

Investment Category	As of September 30, 2020		
	Fair Value	Amortized Cost	Book Yield ⁽¹⁾
Long-term Investments			
Municipal Obligations	\$ 271.2	\$ 251.0	3.24%
U.S. Agency Obligations - MBS	74.6	72.1	2.49%
U.S. Government Obligations	44.1	43.4	1.82%
Corporate Obligations	39.7	38.5	2.60%
Asset-backed Securities	21.9	21.6	2.36%
Subtotal Long-term Investments	\$ 451.5	\$ 426.6	2.86%
Short-term Investments and Cash Equivalents	39.0	39.0	0.15%
Total	\$ 490.5	\$ 465.6	2.67%

Rating Distribution of Fixed Income Investment Portfolio

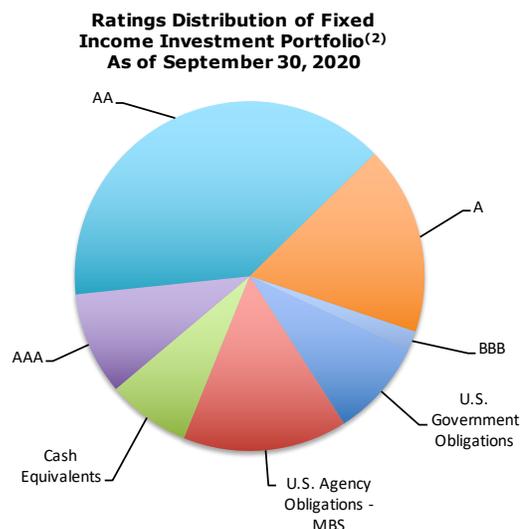
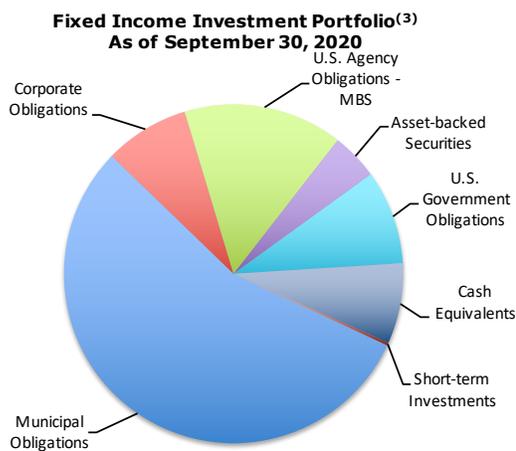
Rating ⁽²⁾	As of September 30, 2020	
	Fair Value	As a % of Investment Portfolio
U.S. Government Obligations	\$ 44.1	9.0%
U.S. Agency Obligations - MBS	74.6	15.2%
Cash Equivalents	37.7	7.7%
AAA	46.4	9.5%
AA	192.8	39.3%
A	85.7	17.5%
BBB	9.2	1.8%
Below Investment Grade	-	-
Not Rated	-	-
Total	\$ 490.5	100.0%

Weighted Average Rating

AA

Duration

3.5 years



(1) Represents the yield to worst of invested assets at September 30, 2020.

(2) Ratings are based on the lower of S&P's or Moody's rating. Rating distribution is calculated based on fair value.

(3) Based on fair value.

Build America Mutual Assurance Company

Quarterly Operating Supplement

September 30, 2020

HG Re Ltd. Fixed Income Investment Portfolio

(in millions)

Investment Category	As of September 30, 2020	
	Fair Value	Amortized Cost ⁽¹⁾
Long-term Investments		
Corporate Obligations	\$ 242.6	\$ 229.5
U.S. Agency Obligations - MBS	114.7	110.3
U.S. Government Obligations	24.9	24.1
Subtotal Long-term Investments	<u>\$ 382.2</u>	<u>\$ 363.9</u>
Cash Equivalents, net of payable for securities purchased	17.1	17.1
Total Fixed Income Investment Portfolio	<u><u>\$ 399.3</u></u>	<u><u>\$ 381.0</u></u>

Rating Distribution of Fixed Income Investment Portfolio

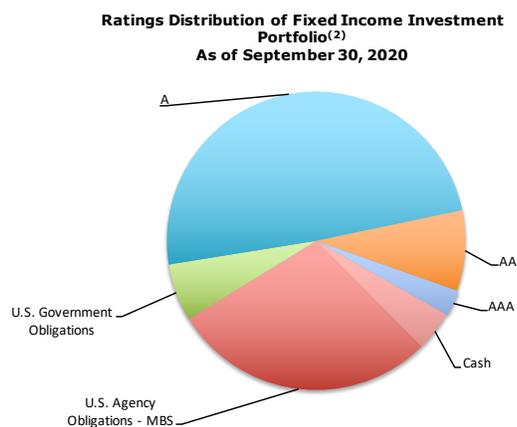
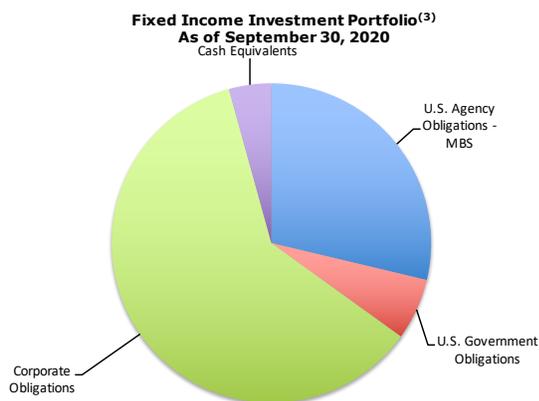
Rating ⁽²⁾	As of September 30, 2020	
	Fair Value	As a % of Investment Portfolio
U.S. Government Obligations	\$ 24.9	6.2%
U.S. Agency Obligations - MBS	114.7	28.7%
Cash Equivalents, net of payable for securities purchased	17.1	4.3%
AAA	11.2	2.8%
AA	34.8	8.7%
A	196.6	49.2%
BBB	-	-
Below Investment Grade	-	-
Not Rated	-	-
Total	<u><u>\$ 399.3</u></u>	<u><u>100.0%</u></u>

Weighted Average Rating

AA-

Duration of Fixed Income Investment Portfolio

3.26 years



(1) Amortized cost includes the accrued investment income.

(2) Ratings are based on the lower of Standard & Poor's or Moody's rating. Rating distribution is calculated based on fair value.

(3) Based on fair value.

Glossary

Adjusted Statutory Operating Income – Statutory net income (loss) less Surplus Note Interest Expense, plus Member Surplus Contributions collected during the period

Contingency Reserve – a mandatory liability, required by New York State Insurance Law and the insurance laws of the other states in which Build America is licensed, established to protect policyholders against the effect of adverse economic developments or cycles or other unforeseen circumstances

Fidus Re Ltd. Collateral Trust - trust established by Fidus for the sole benefit of Build America to fund Fidus' obligations to the Company

Gross Par Outstanding – amount of remaining future contractual bond principal insured by Build America

Gross Par Written – the principal amount of obligations insured during the period, excluding the effect of the first loss reinsurance treaty with HG Re.

Gross Risk Premiums Written – a fee charged by Build America to insure the contractual principal and interest of a bond

HG Re Ltd. Collateral Trusts – trusts established by HG Re for the sole benefit of Build America to fund HG Re's first loss and excess of loss reinsurance claim obligations to the Company

Member Surplus Contribution – a fee charged by Build America for the bond issuer to become a member of the Company

Statutory Comprehensive Income – Statutory net income (loss) plus Member Surplus Contributions collected during the period



BAMSM

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COMPANY**

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