

BAM

BUILD AMERICA MUTUAL

Quarterly Operating Supplement
September 30, 2021

Build America Mutual Assurance Company

Quarterly Operating Supplement

September 30, 2021

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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.

Build America Mutual Assurance Company

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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 25, 2021. 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.

In addition to the reinsurance protection provided by HG Re, BAM is also party to collateralized excess of loss reinsurance provided by Fidus Re, Ltd. ("Fidus"), a Bermuda based special purpose insurer formed in 2018 solely to provide reinsurance protection to BAM. Fidus was initially capitalized via the issuance of \$100,000,000 of insurance linked securities. The Fidus 2018-1 reinsurance agreement 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. In February 2021, BAM executed the Fidus 2021-1 collateralized excess of loss reinsurance transaction with Fidus via the issuance of \$150,000,000 of insurance linked securities. The Fidus 2021-1 reinsurance agreement provides reinsurance for 90% of aggregate losses exceeding \$135,000,000 on a portion of BAM's financial guarantee portfolio up to a total reimbursement of \$150,000,000.

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, 2021	As of December 31, 2020
ADMITTED ASSETS		
Bonds	\$ 461.4	\$ 418.2
Common Stock	0.1	0.1
Cash, Cash Equivalents and Short-term Investments	38.6	63.0
Total Cash and Invested Assets	<u>\$ 500.1</u>	<u>\$ 481.3</u>
Investment Income Due and Accrued	3.1	3.0
Other Assets	1.1	1.1
Total Admitted Assets	<u>\$ 504.3</u>	<u>\$ 485.4</u>
LIABILITIES		
Unearned Premiums	\$ 48.3	\$ 45.2
Ceded Reinsurance Premiums Payable	0.2	-
Contingency Reserve	102.7	86.4
Payable for Securities Purchased	5.4	-
Accounts Payable and Accrued Expenses	24.9	29.1
Total Liabilities	<u>\$ 181.5</u>	<u>\$ 160.7</u>
CAPITAL AND SURPLUS		
Surplus Notes	\$ 388.2	\$ 388.2
Member Surplus Contributions	373.6	328.7
Unassigned Funds - Deficit	(439.0)	(392.2)
Total Capital and Surplus	<u>\$ 322.8</u>	<u>\$ 324.7</u>
Total Liabilities, Capital and Surplus	<u>\$ 504.3</u>	<u>\$ 485.4</u>

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Statutory Statement of Operations

(in millions)	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Gross Risk Premiums Written	\$ 39.0	\$ 45.3
Ceded Risk Premiums Written	(33.4)	(38.8)
Net Risk Premiums Written	\$ 5.6	\$ 6.5
Premiums Earned, Net	2.5	2.2
Operating Expenses	\$ 42.7	\$ 43.3
Excise & Premium Taxes	1.1	1.6
Ceding Commission Income	(9.7)	(11.4)
Total Underwriting Expenses	\$ 34.1	\$ 33.5
Net Underwriting Gain (Loss)	\$ (31.6)	\$ (31.3)
Net Investment Income (Expense) ⁽¹⁾	0.9	(10.4)
Net Realized Capital Gains	0.1	0.6
Net Investment Gain	\$ 1.0	\$ (9.8)
Net (Loss) Before Federal Income Tax Expense	\$ (30.6)	\$ (41.1)
Federal Income Tax Expense Incurred	-	-
Net (Loss)	\$ (30.6)	\$ (41.1)

Adjusted Statutory Operating Income ⁽²⁾

(in millions)	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Net (Loss)	\$ (30.6)	\$ (41.1)
Surplus Note Interest Expense	-	17.1
Member Surplus Contributions Collected	44.9	46.9
Adjusted Statutory Operating Income ⁽²⁾	\$ 14.3	\$ 22.9

Statutory Comprehensive Income ⁽³⁾

(in millions)	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Net (Loss)	\$ (30.6)	\$ (41.1)
Member Surplus Contributions Collected	44.9	46.9
Statutory Comprehensive Income ⁽³⁾	\$ 14.3	\$ 5.8

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

(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

(in millions)	As of September 30, 2021	As of December 31, 2020
Member Surplus Contributions	\$ 373.6	\$ 328.7
Surplus Notes	388.2	388.2
Unassigned Funds ⁽¹⁾	(439.0)	(392.2)
Policyholder's Surplus	\$ 322.8	\$ 324.7
Contingency Reserve	102.7	86.4
Qualified Statutory Capital	\$ 425.5	\$ 411.1
HG Re, Ltd. Collateral Trusts ⁽²⁾	442.8	417.0
Fidus Re, Ltd. Collateral Trusts	250.0	100.0
Total Hard Capital	\$ 1,118.3	\$ 928.1
Unearned Premiums, Net of Reinsurance	48.3	45.2
Loss and Loss Adjustment Expense Reserves	-	-
Present Value of Installment Gross Risk Premiums and Member Surplus Contributions ⁽³⁾	13.9	14.0
Claims Paying Resources	\$ 1,180.5	\$ 987.3

Rollforward of Claims Paying Resources

	For Nine Months Ended September 30, 2021	For the Year Ended December 31, 2020
Claims Paying Resources, Beginning of Year	\$ 987.3	\$ 937.6
Statutory Basis Net Loss	(30.6)	(59.3)
Member Surplus Contribution	44.9	68.9
Payments of Surplus Notes Principal	-	(69.4)
Increase in HG Re, Ltd. Collateral Trusts	25.8	103.0
Increase in Fidus Re, Ltd. Collateral Trusts	150.0	-
Increase in Unearned Premium Reserve, Net of Reinsurance	3.1	5.9
Other	-	0.6
Claims Paying Resources, End of Period	\$ 1,180.5	\$ 987.3

(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 15.

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

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Leverage Statistics and Rating Distribution of Gross Par Outstanding ⁽¹⁾

(in millions)

Gross Par Outstanding

	As of September 30, 2021	As of December 31, 2020
Investment Grade ⁽¹⁾	\$ 83,829.0	\$ 75,287.7
Below Investment Grade ("BIG") ⁽¹⁾	-	-
Total Gross Par Outstanding	\$ 83,829.0	\$ 75,287.7

Gross Par Outstanding Leverage Statistics

Total Gross Par Outstanding ÷ Total Hard Capital	75.0x	81.1x
BIG Gross Par Outstanding ÷ Total Hard Capital	-	-
Total Gross Par Outstanding ÷ Claims Paying Resources	71.0x	76.3x
BIG Gross Par Outstanding ÷ Claims Paying Resources	-	-

Gross Total Debt Service ("TDS") Outstanding

Investment Grade ⁽¹⁾	\$ 122,357.4	\$ 111,736.5
Below Investment Grade ("BIG") ⁽¹⁾	-	-
Total Gross TDS Outstanding	\$ 122,357.4	\$ 111,736.5

Gross TDS Outstanding Leverage Statistics

Total Gross TDS Outstanding ÷ Total Hard Capital	109.4x	120.4x
BIG Gross TDS Outstanding ÷ Total Hard Capital	0.0x	0.0x
Total Gross TDS Outstanding ÷ Claims Paying Resources	103.6x	113.2x
BIG Gross TDS Outstanding ÷ Claims Paying Resources	0.0x	0.0x

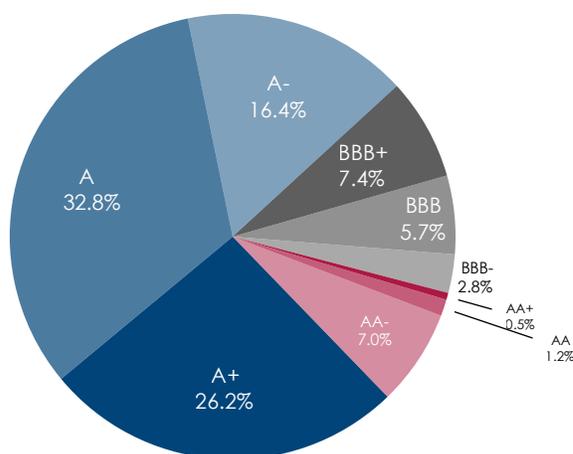
Weighted Average Rating ⁽¹⁾

A

A

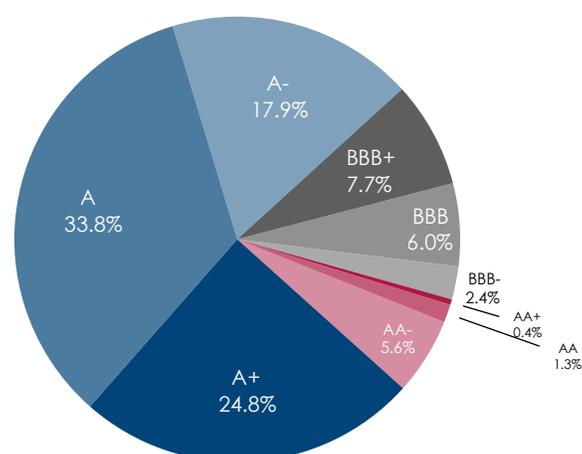
Rating Distribution of Gross Par Outstanding

As of September 30, 2021



Rating Distribution of Gross Par Outstanding

As of December 31, 2020



⁽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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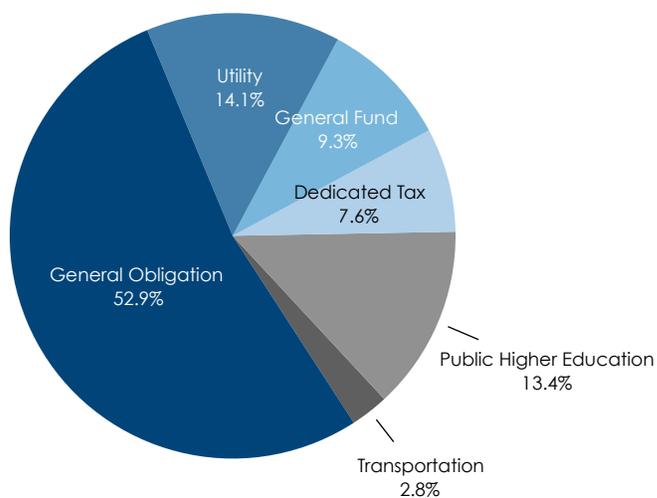
Business Production

(in millions)

	<u>Nine Months Ended September 30, 2021</u>	<u>Nine Months Ended September 30, 2020</u>
Gross Par Written		
General Obligation	\$ 6,675.9	\$ 6,397.2
Utility	1,778.5	1,439.3
Public Higher Education	1,689.9	870.3
General Fund	1,177.0	1,043.3
Dedicated Tax	954.1	1,443.5
Transportation	347.8	633.8
Total Gross Par Written	\$ 12,623.2	\$ 11,827.4
Gross Risk Premiums Written and Member Surplus Contributions Collected		
Gross Risk Premiums Written	\$ 39.0	\$ 45.3
Member Surplus Contributions Collected	44.9	46.9
Total Gross Risk Premiums and Member Surplus Contributions Collected	\$ 83.9	\$ 92.2

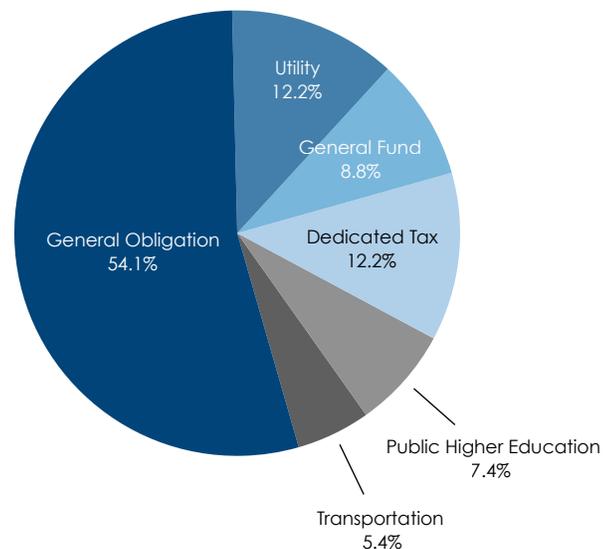
Gross Par Insured

Nine Months Ended September 30, 2021



Gross Par Insured

Nine Months Ended September 30, 2020



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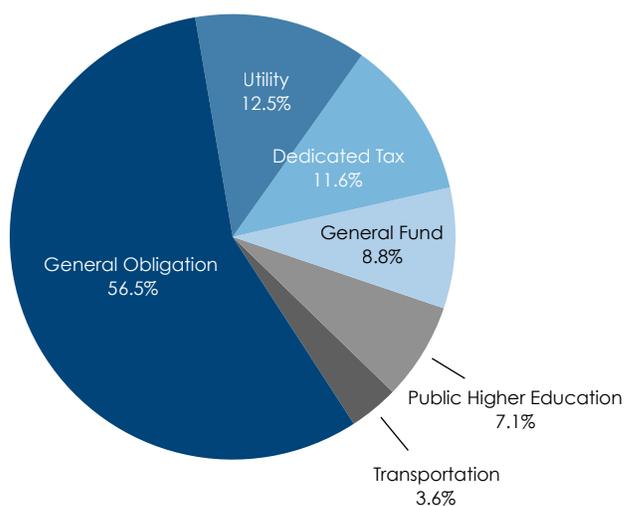
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Gross Par Outstanding by Sector

(in millions)	<u>As of September 30, 2021</u>	<u>As of December 31, 2020</u>
General Obligation	\$ 47,322.7	\$ 43,499.0
Utility	10,504.9	9,252.4
Dedicated Tax	9,726.2	9,073.3
General Fund	7,344.8	6,418.0
Public Higher Education	5,920.6	4,370.9
Transportation	3,009.8	2,674.1
Total Gross Par Outstanding	\$ 83,829.0	\$ 75,287.7

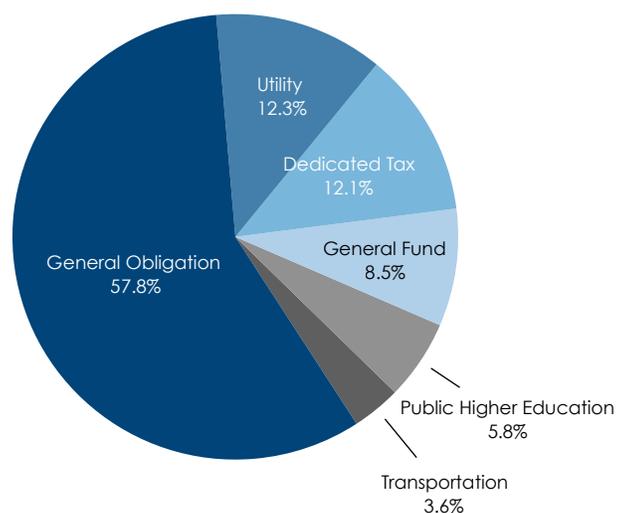
Gross Par Outstanding

As of September 30, 2021



Gross Par Outstanding

As of December 31, 2020



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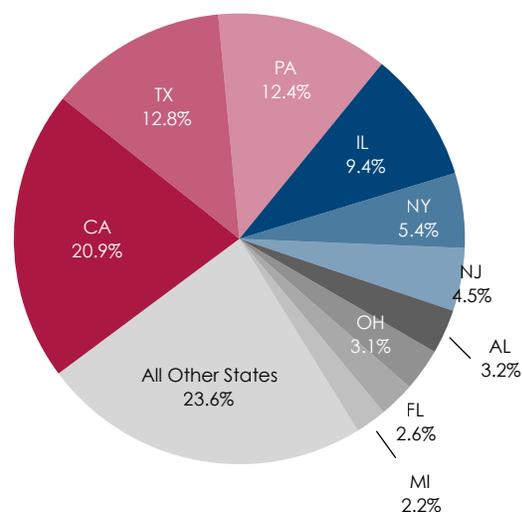
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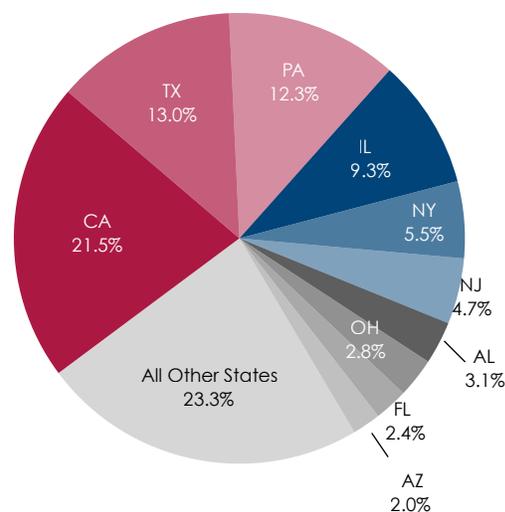
Gross Par Outstanding by State

(in millions)	As of September 30, 2021		As of December 31, 2020	
		% of Total		% of Total
California	\$ 17,511.9	20.9%	\$ 16,155.8	21.5%
Texas	10,731.9	12.8%	9,790.5	13.0%
Pennsylvania	10,375.3	12.4%	9,281.8	12.3%
Illinois	7,887.9	9.4%	7,014.5	9.3%
New York	4,503.3	5.4%	4,150.2	5.5%
New Jersey	3,788.7	4.5%	3,553.5	4.7%
Alabama	2,666.7	3.2%	2,311.7	3.1%
Ohio	2,561.8	3.1%	2,139.9	2.8%
Florida	2,142.0	2.6%	1,805.4	2.4%
Michigan	1,871.3	2.2%	1,599.7	2.1%
Louisiana	1,717.5	2.0%	1,500.5	2.0%
Indiana	1,615.1	1.9%	1,281.5	1.7%
Kansas	1,612.6	1.9%	1,178.3	1.6%
Connecticut	1,600.1	1.9%	1,484.0	2.0%
Arizona	1,558.4	1.9%	1,522.5	2.0%
Arkansas	1,204.2	1.4%	1,147.3	1.5%
Colorado	1,198.7	1.4%	1,072.1	1.4%
Iowa	1,133.8	1.4%	979.2	1.3%
Kentucky	917.7	1.1%	704.6	0.9%
Wisconsin	870.0	1.0%	736.5	1.0%
Mississippi	715.1	0.9%	662.4	0.9%
South Carolina	584.7	0.7%	553.1	0.7%
Oregon	567.5	0.7%	530.0	0.7%
Nevada	563.7	0.7%	527.6	0.7%
Missouri	442.6	0.5%	405.2	0.5%
Washington	382.9	0.5%	383.2	0.5%
Tennessee	381.2	0.5%	388.1	0.5%
Massachusetts	347.2	0.4%	307.2	0.4%
Utah	338.7	0.4%	335.6	0.4%
West Virginia	335.6	0.4%	222.4	0.3%
New Mexico	245.5	0.3%	229.1	0.3%
Georgia	245.4	0.3%	239.1	0.3%
Oklahoma	235.1	0.3%	240.7	0.3%
Rhode Island	194.0	0.2%	98.6	0.1%
Maryland	175.1	0.2%	99.1	0.1%
North Carolina	161.9	0.2%	173.8	0.2%
North Dakota	110.9	0.2%	89.3	0.2%
Minnesota	85.1	0.1%	81.2	0.1%
Idaho	64.9	0.2%	60.5	0.2%
Nebraska	29.4	0.0%	29.4	0.0%
Maine	26.8	0.1%	27.5	0.1%
Vermont	24.7	0.1%	24.7	0.1%
South Dakota	23.3	0.1%	20.6	0.1%
Hawaii	22.1	0.0%	22.1	0.0%
Delaware	18.8	0.0%	18.5	0.0%
Virginia	13.7	0.0%	13.7	0.0%
Wyoming	8.7	0.0%	86.8	0.1%
Montana	8.0	0.0%	8.3	0.0%
District of Columbia	7.5	0.0%	0.4	0.0%
Total Gross Par Outstanding	\$ 83,829	100%	\$ 75,287.7	100%

Gross Par Outstanding by State
As of September 30, 2021



Gross Par Outstanding by State
As of December 31, 2020



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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 September 30, 2021		\$ 83,829.0
October 1, 2021 to December 31, 2021	\$ 843.2	82,985.8
Year 2022	3,542.4	79,443.4
Year 2023	3,780.8	75,662.5
Year 2024	3,927.9	71,734.7
Year 2025	4,135.8	67,598.9
Subtotal	<u>\$ 16,230.1</u>	
2026-2030	21,021.2	46,577.7
2031-2035	18,816.2	27,761.5
2036-2040	13,972.2	13,789.3
2041-2045	8,209.5	5,579.8
2046-2050	3,854.5	1,725.3
2051-2055	1,235.3	489.9
2056-2060	489.3	-
2061-2065	0.6	
Total	<u>\$ 83,829.0</u>	

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

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Top 50 U.S. Public Finance Exposures

(in millions)

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Obligor	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	0.4%
Illinois, State of	BBB	Baa2	366.1	0.4%
Suffolk County, NY (Suffolk County)	BBB+	Baa2	353.8	0.4%
Metropolitan Transportation Authority (MTA), NY, Mass Transit - Farebox	BBB+	A3	344.6	0.4%
Pennsylvania Turnpike Commission, PA, Toll Roads	A	A3	325.0	0.4%
Pennsylvania, Commonwealth of	A+	A1	324.0	0.4%
Oregon State University, OR, Public Higher Education - Gross Revenue	NR	Aa3	320.7	0.4%
Municipal Authority of Westmoreland County, PA (Westmoreland County) Water	A+	NR	318.6	0.4%
Bridgeport, City of, CT (Fairfield County)	A	Baa1	308.1	0.4%
Kansas, State Of	A+	Aa3	301.2	0.4%
Chicago, City of, IL (Cook County)	BBB+	Ba1	295.7	0.4%
Clark County SD, NY (Clark County)	A+	A1	295.1	0.4%
Illinois (State of) Build Illinois Bonds (Sales Tax Revenue Bonds)	BBB+	Baa2	290.9	0.3%
New Jersey Transportation Trust Fund Authority, System & Program Bonds, NJ, Gas Tax - State	BBB	Baa1	278.3	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%
New Jersey, State Of	BBB	Baa1	275.7	0.3%
Compton USD, CA (Los Angeles County)	A	Aa3	263.0	0.3%
Yonkers, City of, NY (Westchester County)	A	A1	261.2	0.3%
Eastern Michigan University, MI (Lapeer County), Public Higher Education - Gross Revenue	NR	A2	261.0	0.3%
New Jersey Turnpike, NJ (State-Wide), Toll Roads	A+	A2	257.6	0.3%
Pennsylvania State System of Higher Education, PA, General Revenue	NR	Aa3	255.3	0.3%
Northern Illinois University, IL (De Kalb County)	NR	Ba2	254.3	0.3%
Connecticut, State of	A+	Aa3	253.7	0.3%
Hamden, Town of, CT (New Haven County)	BBB+	Baa3	244.9	0.3%
Shreveport, City of, LA (Caddo Parish), Water & Sewer	A-	A3	242.8	0.3%
O'Hare Airport, IL (Cook County) GARB	A	A2	234.1	0.3%
New Jersey Economic Development Authority (Motor Vehicle Surcharge)	BB+	Baa3	231.2	0.3%
Centinela Valley Union High School District, CA (Los Angeles County)	A+	NR	231.0	0.3%
Oxnard SD, CA (Ventura County)	A+	NR	224.4	0.3%
Chicago Park District, IL (Cook County)	AA-	Ba1	224.2	0.3%
Springdale, City of, AR (Washington County), Sales Tax - Local	A+	NR	218.1	0.3%
Metropolitan Pier & Exposition Authority, IL (Cook County)	BBB+	Baa1	216.5	0.3%
Tampa-Hillsborough County Expressway Authority	A+	A2	214.9	0.3%
Hayward USD, CA (Alameda County)	A+	NR	214.6	0.3%
Louisiana, State of	A+	A2	212.6	0.3%
New Brunswick, City of, NJ (Middlesex County)	A+	A2	206.3	0.2%
Sanger USD, CA (Fresno County)	A+	NR	204.7	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%
Massachusetts, Commonwealth of	AA	Aa1	200.6	0.2%
Kentucky, Commonwealth of	A-	A2	200.5	0.2%
Monroe County, NY (Monroe County)	AA-	A2	199.4	0.2%
San Leandro Unified School District, CA (Alameda County)	A+	A1	198.6	0.2%
Los Angeles USD, CA (Los Angeles County)	NR	Aa3	194.3	0.2%
Lackawanna, County of, PA (Lackawanna County)	A	NR	190.8	0.2%
Stockton, City of, CA (San Joaquin County), Water	A	NR	189.5	0.2%
Stratford, Town of, CT (Fairfield County)	AA-	A2	187.3	0.2%
Lancaster, City of, PA (Lancaster County)	NR	A3	184.6	0.2%
Northern Arizona University, AZ	A+	A1	184.3	0.2%
Sacramento City FA, CA (Sacramento County)	AA-	Aa3	179.7	0.2%
West Travis County Public Utility Agency, TX (Travis County), Water & Sewer	A	A1	179.3	0.2%
Total - Top 50 U.S. Public Finance Exposures			\$ 12,469.7	14.9%

(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.

Build America Mutual Assurance Company

Quarterly Operating Supplement

September 30, 2021

Build America Mutual Assurance Company Fixed Income Investment Portfolio

(in millions)

Investment Category	As of September 30, 2021		Book Yield ⁽¹⁾
	Fair Value	Amortized Cost	
Long-term Investments			
Municipal Obligations	\$ 293.4	\$ 276.1	2.85%
U.S. Agency Obligations - MBS	97.8	96.7	2.28%
U.S. Government Obligations	42.9	42.8	0.60%
Corporate Obligations	28.0	27.6	2.60%
Asset-backed Securities	18.4	18.2	1.98%
Subtotal Long-term Investments	\$ 480.5	\$ 461.4	2.47%
Short-term Investments and Cash Equivalents	20.7	20.7	0.04%
Total	\$ 501.2	\$ 482.1	2.39%

Rating Distribution of Fixed Income Investment Portfolio

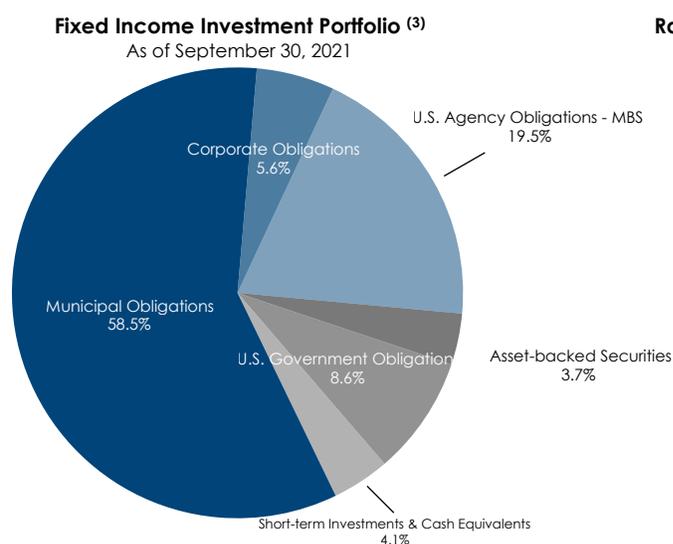
Rating ⁽²⁾	As of September 30, 2021	
	Fair Value	As a % of Investment Portfolio
U.S. Government Obligations	\$ 42.9	8.6%
U.S. Agency Obligations - MBS	97.8	19.5%
Cash Equivalents	20.7	4.1%
AAA	47.3	9.4%
AA	200.4	40.0%
A	78.7	15.7%
BBB	13.4	2.7%
Below Investment Grade	-	-
Not Rated	-	-
Total	\$ 501.2	100.0%

Weighted Average Rating

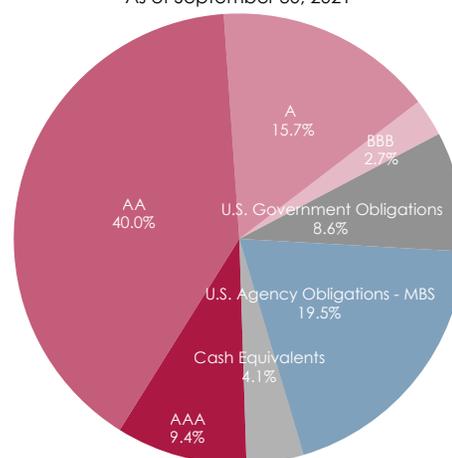
AA

Duration

3.9 years



Ratings Distribution of Fixed Income Investment Portfolio ⁽²⁾
As of September 30, 2021



(1) Represents the yield to worst of invested assets at September 30, 2021.
(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, 2021

HG Re Ltd. Fixed Income Investment Portfolio

(in millions)

Investment Category	As of September 30, 2021	
	Fair Value	Amortized Cost ⁽¹⁾
Long-term Investments		
Corporate Obligations	\$ 289.1	\$ 283.7
U.S. Agency Obligations - MBS	115.3	113.4
U.S. Government Obligations	15.7	16.1
Subtotal Long-term Investments	\$ 420.1	\$ 413.2
Cash Equivalents, net of payable for securities purchased	29.6	29.6
Total Fixed Income Investment Portfolio	\$ 449.7	\$ 442.8

Rating Distribution of Fixed Income Investment Portfolio

Rating ⁽²⁾	As of September 30, 2021	
	Fair Value	As a % of Investment Portfolio
U.S. Government Obligations	\$ 15.7	3.5%
U.S. Agency Obligations	115.3	25.6%
Cash Equivalents, net of payable for securities purchased	29.6	6.6%
AAA	11.4	2.5%
AA	46.6	10.4%
A	231.1	51.4%
BBB	-	-
Below Investment Grade	-	-
Not Rated	-	-
Total	\$ 449.7	100.0%

Weighted Average Rating

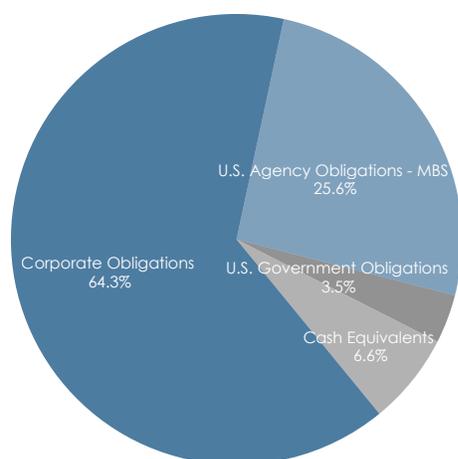
AA-

Duration

3.73 years

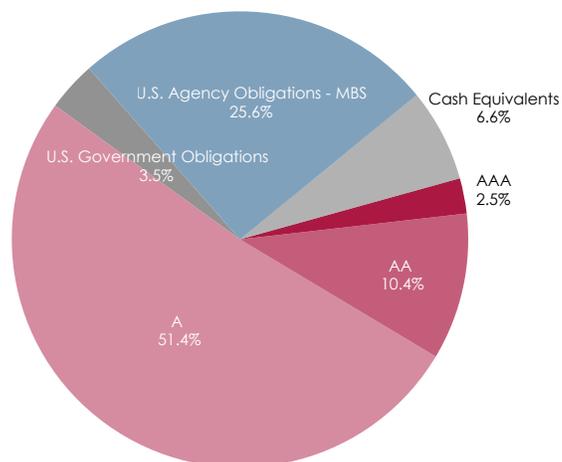
Fixed Income Investment Portfolio ⁽³⁾

As of September 30, 2021



Ratings Distribution of Fixed Income Investment Portfolio ⁽²⁾

As of September 30, 2021



(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.

Build America Mutual Assurance Company

Quarterly Operating Supplement

September 30, 2021

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

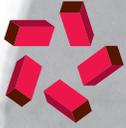
Gross Par Written – the principal amount of obligations insured during the period, excluding the effect of the first loss reinsurance treaty with HG Re.

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 plus Member Surplus Contributions collected during the period



BAMSM

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