

BAM

BUILD AMERICA MUTUAL

Quarterly Operating Supplement
December 31, 2015

Build America Mutual Assurance Company

Quarterly Operating Supplement

December 31, 2015

<u>Table of Contents</u>	<u>Page</u>
Cautionary Statement Regarding Forward Looking Statements	2
Company Profile.....	3
Statutory Statements of Assets, Liabilities and Capital and Surplus	4
Claims Paying Resources and Leverage Statistics.....	5
Business Production	6
Gross Par Outstanding by Sector	7
Gross Par Outstanding by State	8
Rating Distribution of Gross Par Outstanding.....	9
Contractual Amortization of Gross Par Outstanding	10
Top 25 U.S. Public Finance Exposures	11
Fixed Income Investment Portfolio	12
Glossary	13

Build America Mutual Assurance Company

Quarterly Operating Supplement

December 31, 2015

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 "BAM") 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;
- 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

Quarterly Operating Supplement

December 31, 2015

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 (the "Department") 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, 2015. 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's insured portfolio benefits from a first loss reinsurance treaty with HG Re Ltd. ("HG Re"), a Bermuda domiciled special purpose insurance company. Build America is HG Re's sole primary insurer, and HG Re currently does not assume risks from any other insurers or reinsurers. Under the terms of the first loss reinsurance treaty, HG Re assumes all of Build America's directly insured losses in an amount up to 15% of the par outstanding for each insured obligation. HG Re's obligations under the reinsurance agreement are secured by, and limited to the value of, assets held in trust, which are pledged for the benefit of Build America.

Build America Mutual Assurance Company

Quarterly Operating Supplement

December 31, 2015

Statutory Statements of Assets, Liabilities and Capital and Surplus

(in millions)	As of	As of
	December 31, 2015	December 31, 2014
ADMITTED ASSETS		
Bonds	\$ 418.1	\$ 420.9
Cash, Cash Equivalents and Short-term Investments	59.1	52.1
Total Cash and Invested Assets	\$ 477.2	\$ 473.0
Investment Income Due and Accrued	2.2	2.6
Other Assets	0.2	0.1
Total Admitted Assets	<u>\$ 479.6</u>	<u>\$ 475.7</u>
LIABILITIES		
Unearned Premiums	\$ 12.5	\$ 6.5
Mandatory Contingency Reserve	12.4	4.7
Accrued and Payable Expenses	17.4	15.7
Total Liabilities	<u>\$ 42.3</u>	<u>\$ 26.9</u>
CAPITAL AND SURPLUS		
Surplus Notes	\$ 503.0	\$ 503.0
Member Surplus Contributions	62.7	33.6
Unassigned Funds - Deficit	(128.4)	(87.8)
Total Capital and Surplus	<u>\$ 437.3</u>	<u>\$ 448.8</u>
Total Liabilities, Capital and Surplus	<u>\$ 479.6</u>	<u>\$ 475.7</u>

Build America Mutual Assurance Company
Quarterly Operating Supplement
December 31, 2015

Claims Paying Resources and Leverage Statistics

(in millions)	As of December 31, 2015	As of December 31, 2014
Policyholders' Surplus	\$ 437.3	\$ 448.8
Contingency Reserve	12.4	4.7
Qualified Statutory Capital	\$ 449.7	\$ 453.5
First Loss Reinsurance Collateral Trusts	136.6	120.0
Total Hard Capital	\$ 586.3	\$ 573.5
Unearned Premiums, Net of Reinsurance	12.5	6.5
Loss and Loss Adjustment Expense Reserves	-	-
Present Value of Installment Gross Risk Premiums and Member Surplus Contributions ⁽¹⁾	2.6	1.4
Claims Paying Resources	\$ 601.4	\$ 581.4
<u>Gross Par Outstanding</u>		
Investment Grade ⁽²⁾	\$ 22,556.0	\$ 12,362.5
Below Investment Grade ("BIG") ⁽²⁾	-	-
Total	\$ 22,556.0	\$ 12,362.5

Leverage Statistics

Total Gross Par Outstanding ÷ Total Hard Capital	38.5x	21.6x
BIG Gross Par Outstanding ÷ Total Hard Capital	-	-
Total Gross Par Outstanding ÷ Total Claims Paying Resources	37.5x	21.3x
BIG Gross Par Outstanding ÷ Total Claims Paying Resources	-	-

⁽¹⁾ Represents the present value of future installment risk premiums, gross of reinsurance, and member surplus contributions, discounted at a risk-free rate.

⁽²⁾ Based on internal BAM 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 BAM. BAM credit ratings are subject to revision at any time and do not constitute investment advice.

Build America Mutual Assurance Company
 Quarterly Operating Supplement
 December 31, 2015

Business Production

(in millions)

Gross Par Written

U.S. Public Finance - New Issue

	Three Months Ended December 31, 2015	Twelve Months Ended December 31, 2015
General Obligation	\$ 1,447.7	\$ 5,833.4
General Fund	491.1	1,015.3
Utility	422.9	1,344.6
Dedicated Tax	285.1	1,323.2
Transportation	39.8	175.3
Public Higher Education	12.9	253.7
Other Public Finance	-	47.1
Total U.S. Public Finance - New Issue	\$ 2,699.5	\$ 9,992.6

U.S. Public Finance - Secondary Market

General Obligation	\$ 79.6	\$ 217.8
Transportation	23.0	132.2
Public Higher Education	22.0	78.1
General Fund	15.0	55.3
Utility	8.0	120.4
Dedicated Tax	-	9.7
Total U.S. Public Finance - Secondary Market	\$ 147.6	\$ 613.5

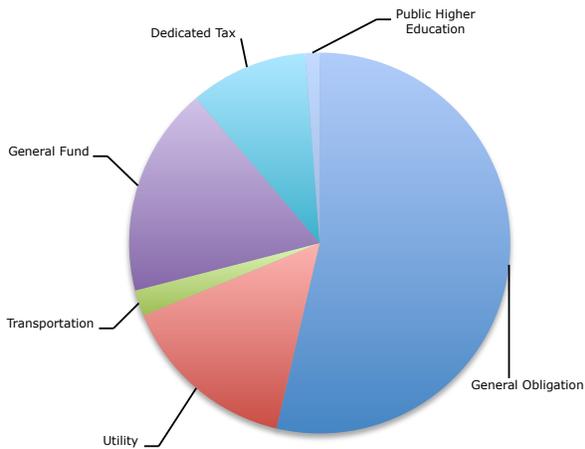
Total Gross Par Written

Total Gross Par Written	\$ 2,847.1	\$ 10,606.1
--------------------------------	-------------------	--------------------

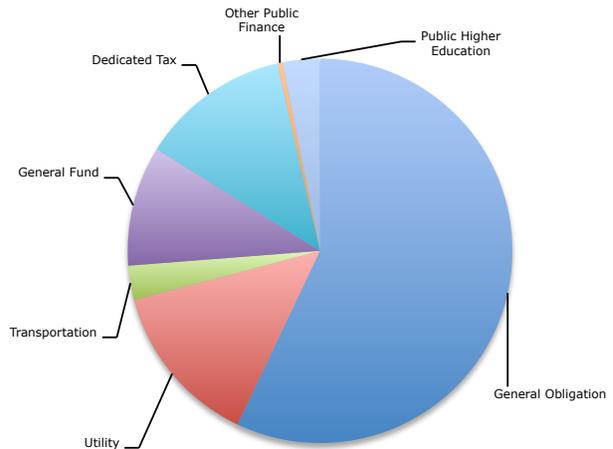
**Gross Risk Premiums Written and Member
Surplus Contributions Collected**

Gross Risk Premiums Written	\$ 7.7	\$ 25.3
Member Surplus Contributions Collected	8.8	29.2
Total Gross Risk Premiums and Member Surplus Contributions Collected	\$ 16.5	\$ 54.5

**Gross Par Written
For the Three Months Ended December 31, 2015**



**Gross Par Written
For the Twelve Months Ended December 31, 2015**



Build America Mutual Assurance Company

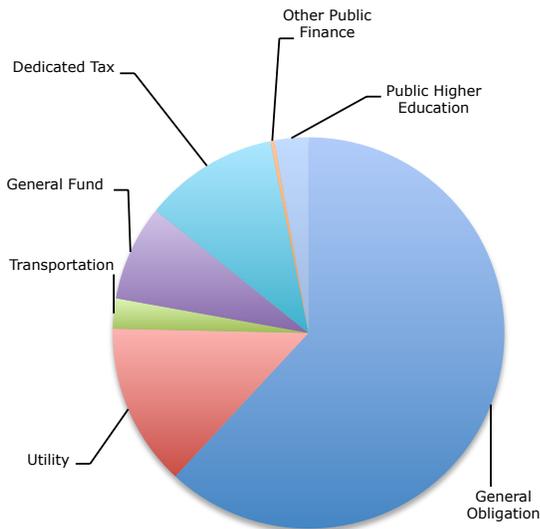
Quarterly Operating Supplement

December 31, 2015

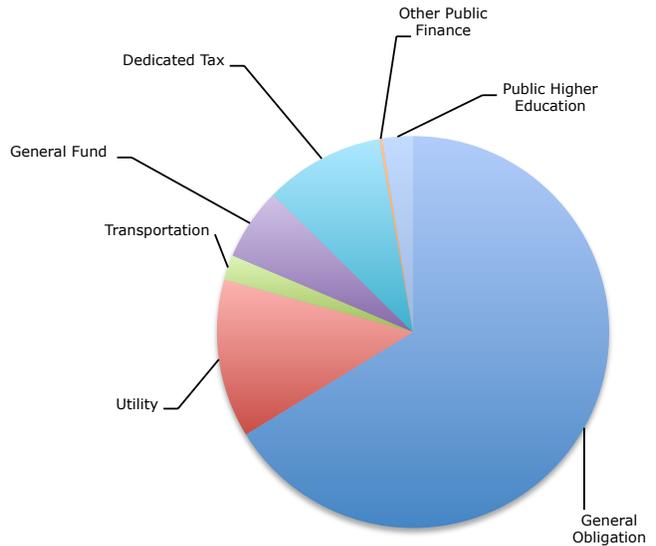
Gross Par Outstanding by Sector

(in millions)	As of December 31, 2015	As of December 31, 2014
U.S. Public Finance - New Issue		
General Obligation	\$ 13,255.9	\$ 7,699.0
Utility	2,866.6	1,569.4
Dedicated Tax	2,382.7	1,109.6
General Fund	1,690.3	696.7
Public Higher Education	536.6	295.9
Transportation	313.5	142.0
Other Public Finance	77.5	30.5
Total U.S. Public Finance - New Issue	\$ 21,123.1	\$ 11,543.1
U.S. Public Finance - Secondary Market		
General Obligation	\$ 707.7	\$ 490.1
Transportation	248.0	115.8
Utility	166.2	45.8
Dedicated Tax	120.9	112.4
General Fund	96.2	39.6
Public Higher Education	93.9	15.7
Total U.S. Public Finance - Secondary Market	\$ 1,432.9	\$ 819.4
Total Gross Par Outstanding	\$ 22,556.0	\$ 12,362.5

**Gross Par Outstanding
As of December 31, 2015**



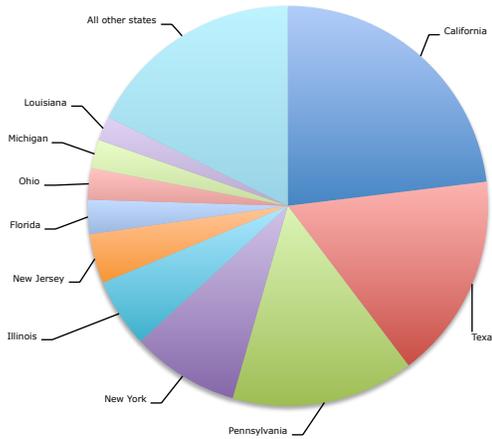
**Gross Par Outstanding
As of December 31, 2014**



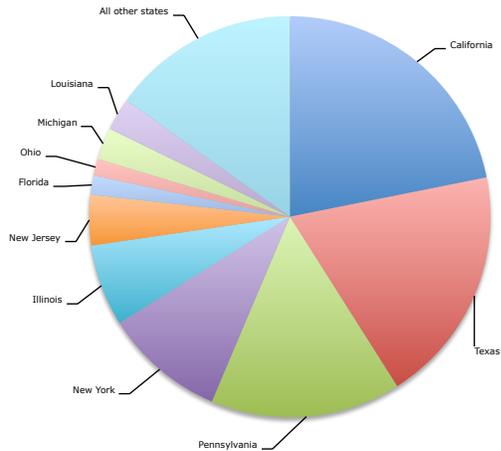
Build America Mutual Assurance Company
 Quarterly Operating Supplement
 December 31, 2015

(in millions)	<u>As of</u> <u>December 31, 2015</u>	<u>% of</u> <u>Total</u>	<u>As of</u> <u>December 31, 2014</u>	<u>% of</u> <u>Total</u>
California	\$ 5,204.2	23.1%	\$ 2,701.9	21.9%
Texas	3,751.9	16.6%	2,370.2	19.2%
Pennsylvania	3,323.8	14.7%	1,894.2	15.3%
New York	1,966.6	8.7%	1,207.9	9.8%
Illinois	1,256.7	5.6%	813.9	6.6%
New Jersey	902.6	4.0%	502.5	4.1%
Florida	623.7	2.8%	189.6	1.5%
Ohio	568.2	2.5%	167.1	1.4%
Michigan	525.3	2.3%	318.3	2.6%
Louisiana	440.7	2.0%	325.4	2.6%
Alabama	411.6	1.8%	189.2	1.5%
Arizona	377.7	1.7%	191.8	1.6%
Connecticut	353.7	1.6%	114.4	0.9%
Kansas	325.9	1.4%	126.8	1.0%
Indiana	260.2	1.2%	155.8	1.3%
Colorado	229.0	1.0%	67.2	0.5%
Wisconsin	193.2	0.9%	108.1	0.9%
South Carolina	193.0	0.9%	62.2	0.5%
Iowa	184.1	0.8%	115.8	0.9%
Tennessee	170.0	0.7%	35.0	0.3%
Arkansas	167.3	0.7%	115.6	0.9%
Oklahoma	161.1	0.7%	82.9	0.7%
New Mexico	128.7	0.6%	83.0	0.7%
Mississippi	97.7	0.4%	56.5	0.5%
Missouri	94.7	0.4%	48.3	0.4%
Washington	85.4	0.4%	45.7	0.4%
Georgia	83.9	0.4%	54.0	0.4%
Kentucky	79.4	0.4%	41.2	0.3%
West Virginia	73.3	0.3%	-	0.0%
Massachusetts	67.7	0.3%	63.3	0.5%
Rhode Island	48.6	0.2%	10.6	0.1%
Minnesota	45.3	0.2%	38.2	0.3%
Utah	31.0	0.1%	-	0.0%
North Dakota	24.5	0.1%	-	0.0%
Nevada	20.5	0.1%	15.8	0.1%
North Carolina	20.1	0.1%	6.4	0.1%
Maine	19.4	0.1%	-	0.0%
Virginia	16.8	0.1%	16.8	0.1%
Hawaii	16.3	0.1%	16.3	0.1%
South Dakota	7.6	0.0%	7.6	0.1%
Oregon	3.0	0.0%	3.0	0.0%
Vermont	1.5	0.0%	-	0.0%
Total Gross Par Outstanding	\$ 22,556.0	100.0%	\$ 12,362.5	100.0%

**Gross Par Outstanding by State
As of December 31, 2015**



**Gross Par Outstanding by State
As of December 31, 2014**

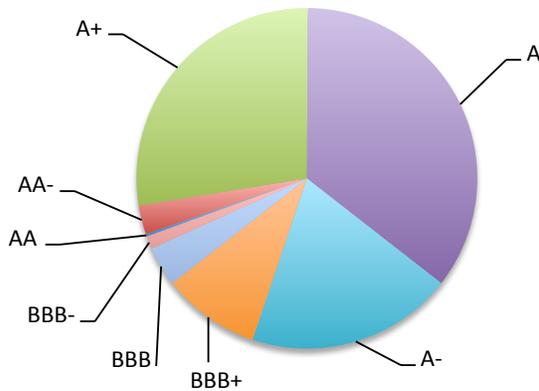


Build America Mutual Assurance Company
 Quarterly Operating Supplement
 December 31, 2015

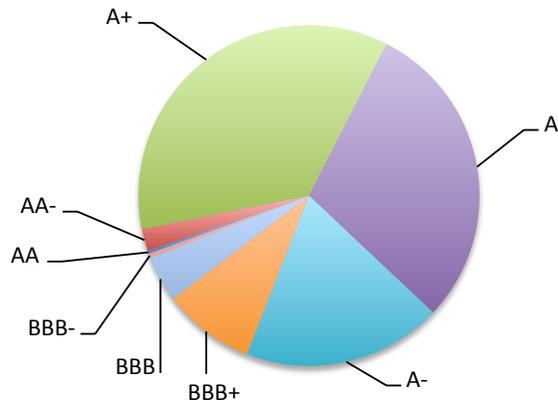
Rating Distribution of Gross Par Outstanding⁽¹⁾

(in millions)	<u>Percentage of Gross Par Outstanding as of December 31, 2015</u>	<u>Percentage of Gross Par Outstanding as of December 31, 2014</u>
AA	0.3%	0.3%
AA-	2.7%	2.1%
A+	27.7%	35.7%
A	35.4%	29.5%
A-	19.6%	18.9%
BBB+	9.3%	8.7%
BBB	3.8%	4.4%
BBB-	1.2%	0.4%
BIG	- %	- %
Total Gross Par Outstanding	100.0%	100.0%
Weighted Average Rating	A	A

**Rating Distribution of Gross Par
Outstanding⁽¹⁾
As of December 31, 2015**



**Rating Distribution of Gross Par
Outstanding⁽¹⁾
As of December 31, 2014**



⁽¹⁾ Based on internal BAM 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 BAM. BAM credit ratings are subject to revision at any time and do not constitute investment advice.

Build America Mutual Assurance Company
Quarterly Operating Supplement
December 31, 2015

Contractual Amortization of Gross Par Outstanding⁽¹⁾

(in millions)	<u>Contractual Par Amortization</u>	<u>Ending Gross Par Outstanding</u>
As of December 31, 2015:		\$ 22,556.0
Year 2016	\$ 668.8	21,887.2
Year 2017	821.7	21,065.6
Year 2018	945.4	20,120.1
Year 2019	<u>1,029.6</u>	19,090.6
Subtotal	3,465.4	
Years 2020 to 2024	5,753.0	13,337.6
Years 2025 to 2029	5,298.0	8,039.6
Years 2030 to 2034	4,233.0	3,806.6
Year 2035 and thereafter	<u>3,806.6</u>	0.0
Total	<u><u>\$ 22,556.0</u></u>	

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

Build America Mutual Assurance Company
Quarterly Operating Supplement
December 31, 2015

Top 25 U.S. Public Finance Exposures

(in millions)

Obligor	As of December 31, 2015		
	Rating⁽¹⁾	Gross Par Outstanding	% of Total Gross Par Outstanding
Hamden, Town of, CT (New Haven County)	A-	\$ 112.5	0.5%
Tulsa Airport, OK, (Tulsa County), Airport GARBs	A-	110.3	0.5%
New Jersey Transportation Trust Fund Authority, System & Program Bonds, NJ, Gas Tax - State	A-	110.0	0.5%
Val Verde USD, CA (Riverside County)	A	105.3	0.5%
Shreveport, City of, LA (Caddo Parish), Water & Sewer	A-	104.0	0.5%
Sacramento City FA, CA (Sacramento County)	A	103.6	0.5%
Chicago, City of, IL (Cook County) ⁽²⁾	BBB	103.0	0.5%
Jersey City, City of, NJ (Hudson County)	A+	99.5	0.4%
West Clermont Local SD, OH (Clermont County)	A	99.3	0.4%
New Jersey, State Of	A-	99.1	0.4%
Illinois, State of, IL (State-Wide)	BBB+	94.4	0.4%
Natomas USD, CA (Sacramento County)	A-	91.7	0.4%
Chicago Board of Education, IL (Cook County)	BBB-	90.0	0.4%
Dodge City USD No. 443, KS (Ford County)	A+	85.6	0.4%
Monroe County, NY (Monroe County)	A-	82.4	0.4%
Irvine USD CFD No. 01-1 (South Irvine Communities), CA (Orange County), Special Assessment - Established	A-	81.8	0.4%
Sweetwater Union HSD, CA (San Diego County)	A+	81.2	0.4%
Oyster Bay, Town of, NY (Nassau County)	BBB+	80.4	0.4%
Capistrano USD CFD No. 98-2 (Ladera), CA (Orange County), Special Assessment - Established	BBB+	80.1	0.4%
Northern Arizona University, AZ	A	79.7	0.4%
Riviera Beach, City of, FL (Palm Beach County)	A+	79.3	0.4%
Sutter Butte Flood Control Agency, CA (Sutter and Butte Counties), Other Fee	A+	77.5	0.3%
Coachella Valley USD, CA, (Riverside County)	A-	77.1	0.3%
Vacaville USD, CA (Solano County)	A+	76.3	0.3%
Twin Rivers USD, CA, (Sacramento & Placer Counties)	A+	76.0	0.3%
Total - Top 25 U.S. Public Finance Exposures		\$ 2,280.0	10.1%

⁽¹⁾ Based on internal BAM 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 BAM. BAM credit ratings are subject to revision at any time and do not constitute investment advice.

⁽²⁾ Approximately, \$50 million of the \$103 million of gross par outstanding is insured by an unaffiliated financial guaranty insurer rated "AA" by Standard & Poor's and "A2" by Moody's, with BAM in a second to pay position, which is not reflected in the rating.

Build America Mutual Assurance Company
 Quarterly Operating Supplement
 December 31, 2015

Fixed Income Investment Portfolio
 (in millions)

Investment Category	As of December 31, 2015		U.S. Statutory Basis Yield ⁽¹⁾	Actual U.S. Statutory Basis Investment Income For the Twelve Months Ended December 31, 2015
	Fair Value	Amortized Cost		
Long-term Investments				
Corporate Obligations	\$ 122.3	\$ 122.6	1.10%	\$ 1.5
U.S. Agency Obligations - MBS	66.0	66.1	1.84%	1.3
U.S. Agency Obligations - Non-MBS	26.6	26.7	0.79%	0.3
U.S. Government Obligations	16.7	16.9	1.08%	0.1
Asset-backed Securities	25.6	25.7	1.20%	0.1
Municipal Obligations	159.8	160.1	2.32%	1.5
Subtotal Long-term investments	\$ 417.0	\$ 418.1	1.47%	\$ 4.8
Short-term Investments	43.3	43.3	0.13%	-
Total Fixed Income Investment Portfolio	\$ 460.3	\$ 461.4	1.44%	\$ 4.8
Investment Expenses				0.6
U.S. Statutory-basis Net Investment Income				<u>\$ 4.2</u>

Rating Distribution of Fixed Income Investment Portfolio
 As of December 31, 2015

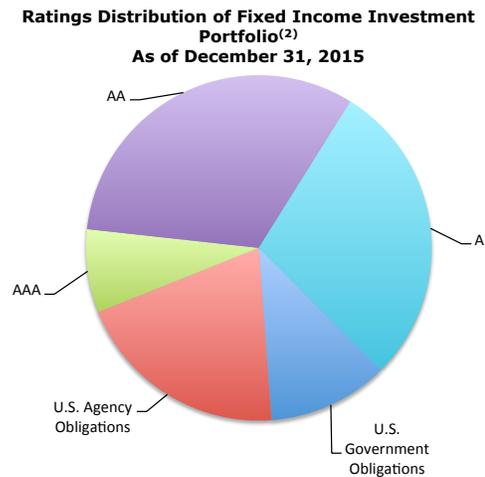
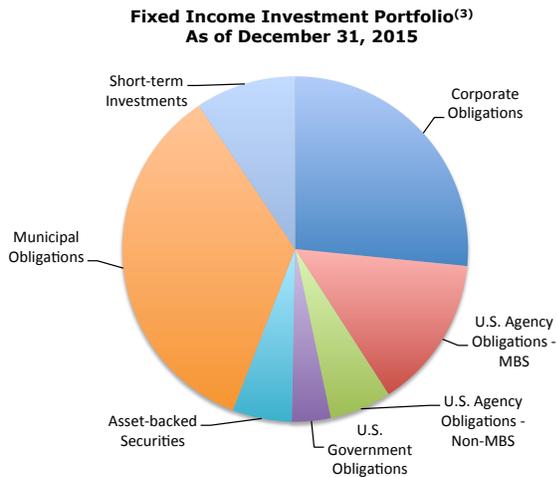
Rating ⁽²⁾	Fair Value	As a % of Investment Portfolio
U.S. Government Obligations	\$ 52.1	11.3%
U.S. Agency Obligations	92.6	20.1%
AAA	35.9	7.8%
AA	148.0	32.2%
A	131.7	28.6%
BBB	-	-
Below Investment Grade	-	-
Not Rated	-	-
Total	\$ 460.3	100.0%

Weighted Average Rating

AA

Duration of Fixed Income Investment Portfolio

2.7 years



(1) Represents the annualized ratio of U.S. Statutory basis investment income (gross of investment expenses) to the weighted average U.S. Statutory basis invested asset balance for the twelve months ended December 31, 2015.

(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

December 31, 2015

Glossary

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

First loss reinsurance collateral trusts – trusts established by HG Re for the benefit of BAM, which are secured by high quality collateral and are available to fund reinsurance claims.

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

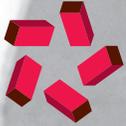
New issue – a bond for which a BAM insurance policy was purchased by the issuer prior to the bond's issuance. New issue bonds are issued and sold in the market with BAM insurance protection in place.

Secondary market – a bond that was initially issued in the market without a BAM insurance policy for which a BAM insurance policy was subsequently purchased by the owner of that bond.

Gross risk premiums written – a fee charged by BAM to insure the contractual principal and interest of a bond.

Member surplus contribution – a fee charged by BAM for the bond issuer to become a member of BAM.

Gross par outstanding – amount of remaining future contractual bond principal insured by BAM.



BAMSM

**BUILD AMERICA MUTUAL
ASSURANCE COMPANY**

CORPORATE HEADQUARTERS

200 Liberty Street, 27th Floor
New York, New York 10281
212.235.2500
800.993.1500

LOS ANGELES

100 Wilshire Blvd, Suite 2050
Santa Monica, California 90401
213.297.8000

SAN FRANCISCO

101 California Street, 29th Floor
San Francisco, California 94111
415.858.1000

TEXAS

Two Allen Center
1200 Smith Street, 16th Floor
Houston, Texas 77002
713.388.6613

FOR MORE INFORMATION CONTACT:

Richard G. Holzinger
Head of Investor Relations
Office: 212.235.2518
Cell: 203.305.8817
rholzinger@buildamerica.com

Michael Stanton
Head of Strategy and Communications
Office: 212.235.2575
Cell: 917.838.3548
mstanton@buildamerica.com