

BAM

BUILD AMERICA MUTUAL

**Quarterly Operating Supplement
December 31, 2019**

Build America Mutual Assurance Company

Quarterly Operating Supplement

December 31, 2019

<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
Statutory Statement of Operations.....	5
Statutory Comprehensive Income	5
Claims Paying Resources and Leverage Statistics	6
Business Production	7
Gross Par Outstanding by Sector	8
Gross Par Outstanding by State	9
Rating Distribution of Gross Par Outstanding	10
Contractual Amortization of Gross Par Outstanding.....	11
Top 25 U.S. Public Finance Exposures.....	12
Build America Mutual Assurance Fixed Income Investment Portfolio.....	13
HG Re Ltd. Collateral Trusts Fixed Income Investment Portfolio	14
Glossary	15

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;
- 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, 2019

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 December 18, 2019. 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 first-loss reinsurance protection is provided by HG Re, Ltd. ("HG Re") via a reinsurance treaty, whereby HG Re assumes losses in an amount up to 15% of the par outstanding for each insurance policy. HG Re's obligations under the reinsurance agreement 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 first-loss protection provided by HG Re, BAM is 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.

Build America Mutual Assurance Company

Quarterly Operating Supplement

December 31, 2019

Statutory Statements of Assets, Liabilities and Capital and Surplus

(in millions)	As of	As of
	December 31, 2019	December 31, 2018
ADMITTED ASSETS		
Bonds	\$ 481.1	\$ 477.7
Common Stock	0.1	-
Cash, Cash Equivalents and Short-term Investments	45.0	44.9
Total Cash and Invested Assets	\$ 526.2	\$ 522.6
Investment Income Due and Accrued	3.7	3.5
Receivable for Securities Sold	3.9	-
Other Assets	1.1	0.2
Total Admitted Assets	<u>\$ 534.9</u>	<u>\$ 526.3</u>
LIABILITIES		
Unearned Premiums	\$ 39.3	\$ 36.2
Contingency Reserve	68.2	50.3
Payable for Securities Purchased	-	2.2
Accounts Payable and Accrued Expenses	25.0	23.9
Total Liabilities	<u>\$ 132.5</u>	<u>\$ 112.6</u>
CAPITAL AND SURPLUS		
Surplus Notes	\$ 457.6	\$ 481.3
Member Surplus Contributions	259.8	191.8
Unassigned Funds - Deficit	(315.0)	(259.4)
Total Capital and Surplus	<u>\$ 402.4</u>	<u>\$ 413.7</u>
Total Liabilities, Capital and Surplus	<u>\$ 534.9</u>	<u>\$ 526.3</u>

Build America Mutual Assurance Company

Quarterly Operating Supplement

December 31, 2019

Statutory Statement of Operations

(in millions)	Twelve Months Ended December 31, 2019	Twelve Months Ended December 31, 2018
Gross Risk Premiums Written	\$ 38.5	\$ 51.1
Ceded Risk Premiums Written	(33.4)	(43.8)
Net Risk Premiums Written	5.1	7.3
Premiums Earned, Net	\$ 2.0	\$ 1.6
Underwriting Deductions:		
Operating Expenses	\$ 52.4	\$ 50.4
Excise & Premium Taxes	0.7	1.3
Ceding Commission Income	(10.0)	(13.1)
Total Underwriting Expenses	\$ 43.1	\$ 38.6
Net Underwriting Gain (Loss)	(41.1)	(37.0)
Net Investment Income	\$ 2.7	\$ 2.6
Net Realized Capital Gains (Losses)	0.1	(0.2)
Net Investment Gain	\$ 2.8	\$ 2.4
Net (Loss) Before Federal Income Tax Expense	(38.3)	(34.6)
Federal Income Tax Expense Incurred	-	-
Net (Loss)	<u>\$ (38.3)</u>	<u>\$ (34.6)</u>

Statutory Comprehensive Income⁽¹⁾

(in millions)	Twelve Months Ended December 31, 2019	Twelve Months Ended December 31, 2018
Net (Loss)	\$ (38.3)	\$ (34.6)
Member Surplus Contributions Collected	68.0	53.7
Statutory Comprehensive Income ⁽¹⁾	<u>\$ 29.7</u>	<u>\$ 19.1</u>

⁽¹⁾ 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.

Build America Mutual Assurance Company
Quarterly Operating Supplement
December 31, 2019

Claims Paying Resources and Leverage Statistics

(in millions)	As of December 31, 2019	As of December 31, 2018
Member Surplus Contributions	\$ 259.8	\$ 191.8
Surplus Notes	457.6	481.3
Unassigned Funds ⁽¹⁾	(315.0)	(259.4)
Policyholders' Surplus	\$ 402.4	\$ 413.7
Contingency Reserve	68.2	50.3
Qualified Statutory Capital	\$ 470.6	\$ 464.0
HG Re, Ltd. Collateral Trusts ⁽²⁾	314.0	258.3
Fidus Re, Ltd. Collateral Trust	100.0	100.0
Total Hard Capital	\$ 884.6	\$ 822.3
Unearned Premiums, Net of Reinsurance	39.3	36.2
Loss and Loss Adjustment Expense Reserves	-	-
Present Value of Installment Gross Risk Premiums and Member Surplus Contributions ⁽³⁾	13.7	12.9
Claims Paying Resources	\$ 937.6	\$ 871.4
<u>Gross Par Outstanding</u>		
Investment Grade ⁽⁴⁾	\$ 62,250.5	\$ 52,201.6
Below Investment Grade ("BIG") ⁽⁴⁾	-	-
Total Gross Par Outstanding	\$ 62,250.5	\$ 52,201.6
<u>Gross Par Outstanding Leverage Statistics</u>		
Total Gross Par Outstanding ÷ Total Hard Capital	70.4x	63.5x
BIG Gross Par Outstanding ÷ Total Hard Capital	-	-
Total Gross Par Outstanding ÷ Claims Paying Resources	66.4x	59.9x
BIG Gross Par Outstanding ÷ Claims Paying Resources	-	-
<u>Gross Total Debt Service ("TDS") Outstanding</u>		
Investment Grade ⁽⁴⁾	\$ 94,050.3	\$ 78,762.0
Below Investment Grade ("BIG") ⁽⁴⁾	-	-
Total Gross TDS Outstanding	\$ 94,050.3	\$ 78,762.0
<u>Gross TDS Outstanding Leverage Statistics</u>		
Total Gross TDS Outstanding ÷ Total Hard Capital	106.3x	95.8x
BIG Gross TDS Outstanding ÷ Total Hard Capital	-	-
Total Gross TDS Outstanding ÷ Claims Paying Resources	100.3x	90.4x
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.

Build America Mutual Assurance Company

Quarterly Operating Supplement

December 31, 2019

Business Production

(in millions)

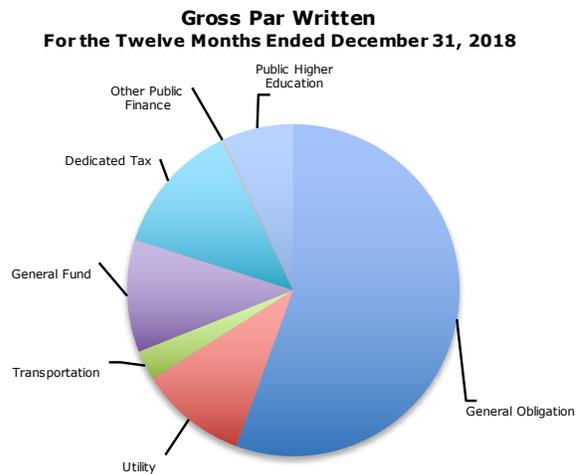
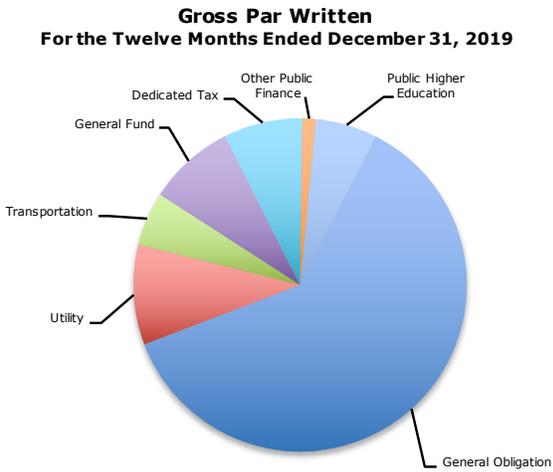
Gross Par Written

U.S. Public Finance

	Twelve Months Ended December 31, 2019	Twelve Months Ended December 31, 2018
General Obligation	\$ 7,926.6	\$ 6,656.6
General Fund	1,082.1	1,313.8
Dedicated Tax	984.5	1,557.1
Transportation	672.5	351.2
Utility	1,247.0	1,250.9
Public Higher Education	768.3	833.4
Other Public Finance	166.6	12.3
Total Gross Par Written	\$ 12,847.6	\$ 11,975.3

Gross Risk Premiums Written and Member Surplus Contributions Collected

Gross Risk Premiums Written	\$ 38.5	\$ 51.1
Member Surplus Contributions Collected	68.0	53.7
Total Gross Risk Premiums and Member Surplus Contributions Collected	\$ 106.5	\$ 104.8



Build America Mutual Assurance Company

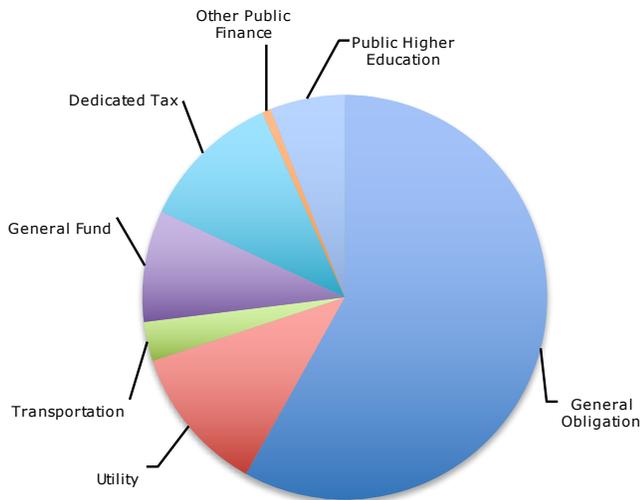
Quarterly Operating Supplement

December 31, 2019

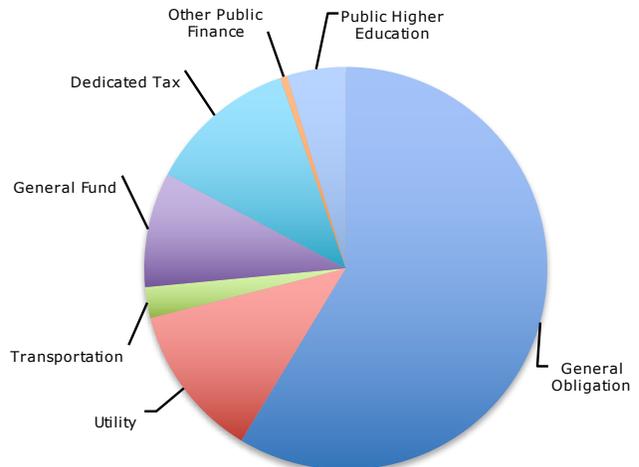
Gross Par Outstanding by Sector

(in millions)	<u>As of December 31, 2019</u>	<u>As of December 31, 2018</u>
U.S. Public Finance		
General Obligation	\$ 36,173.8	\$ 30,626.8
Utility	7,344.0	6,451.1
Dedicated Tax	7,070.4	6,263.8
General Fund	5,550.2	4,812.5
Public Higher Education	3,724.5	2,452.7
Transportation	1,952.7	1,293.6
Other Public Finance	434.9	301.1
Total Gross Par Outstanding	<u>\$ 62,250.5</u>	<u>\$ 52,201.6</u>

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



**Gross Par Outstanding
As of December 31, 2018**



Build America Mutual Assurance Company

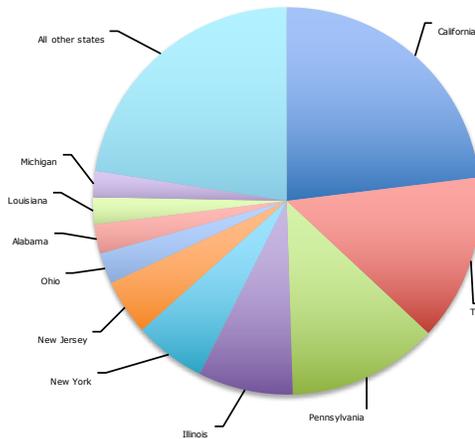
Quarterly Operating Supplement

December 31, 2019

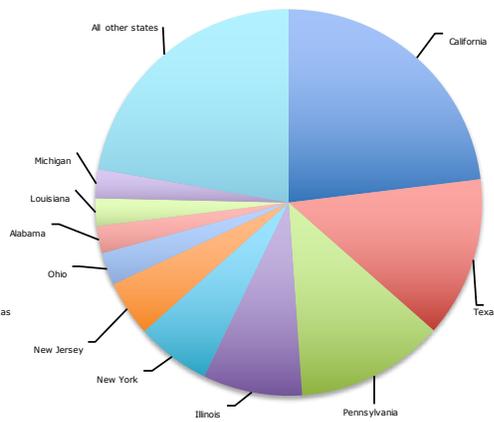
Gross Par Outstanding by State

(in millions)	As of December 31, 2019	% of Total	As of December 31, 2018	% of Total
California	\$ 14,354.8	23.1%	\$ 12,044.6	23.1%
Texas	8,656.2	13.9%	7,015.4	13.4%
Pennsylvania	7,800.5	12.5%	6,460.1	12.4%
Illinois	4,939.9	7.9%	4,342.0	8.3%
New York	3,718.5	6.0%	3,234.9	6.2%
New Jersey	2,886.7	4.6%	2,429.1	4.7%
Ohio	1,599.9	2.6%	1,420.8	2.7%
Alabama	1,523.0	2.4%	1,180.9	2.3%
Louisiana	1,400.3	2.2%	1,208.5	2.3%
Michigan	1,360.5	2.2%	1,261.8	2.4%
Florida	1,355.4	2.2%	1,145.0	2.2%
Arizona	1,343.2	2.2%	1,314.2	2.5%
Connecticut	1,260.2	2.0%	921.8	1.8%
Indiana	1,026.8	1.6%	921.9	1.8%
Kansas	968.2	1.6%	716.7	1.4%
Arkansas	797.1	1.3%	675.3	1.3%
Colorado	778.9	1.3%	642.5	1.2%
Wisconsin	637.6	1.0%	485.0	0.9%
Iowa	629.8	1.0%	489.0	0.9%
Kentucky	609.8	1.0%	521.3	1.0%
Mississippi	567.3	0.9%	417.2	0.8%
South Carolina	518.3	0.8%	496.2	1.0%
Tennessee	354.6	0.6%	262.8	0.5%
Washington	352.7	0.6%	361.0	0.7%
Massachusetts	289.0	0.5%	283.1	0.5%
Missouri	284.9	0.5%	232.1	0.4%
Nevada	264.1	0.4%	143.6	0.3%
Georgia	249.4	0.4%	197.2	0.4%
Utah	232.4	0.4%	111.0	0.2%
Oklahoma	225.2	0.4%	221.3	0.4%
New Mexico	218.2	0.4%	191.7	0.4%
North Carolina	173.4	0.3%	45.2	0.1%
West Virginia	167.4	0.3%	178.5	0.3%
Oregon	130.3	0.2%	126.3	0.2%
Rhode Island	105.9	0.2%	73.4	0.1%
Maryland	100.5	0.2%	98.0	0.2%
Wyoming	88.3	0.1%	89.7	0.2%
Minnesota	84.8	0.1%	79.0	0.2%
Nebraska	29.4	0.0%	28.2	0.1%
Vermont	25.6	0.1%	28.0	0.1%
North Dakota	23.5	0.1%	22.6	0.0%
Hawaii	22.1	0.1%	18.6	0.0%
South Dakota	20.6	0.0%	13.0	0.0%
Idaho	18.9	0.1%	19.4	0.0%
Maine	18.7	0.0%	16.9	0.0%
Virginia	16.7	0.1%	16.8	0.0%
Delaware	16.4	0.0%	-	0.0%
Montana	4.6	0.0%	-	0.0%
Total Gross Par Outstanding	\$ 62,250.5	100%	\$ 52,201.6	100%

Gross Par Outstanding by State
As of December 31, 2019



Gross Par Outstanding by State
As of December 31, 2018



Build America Mutual Assurance Company

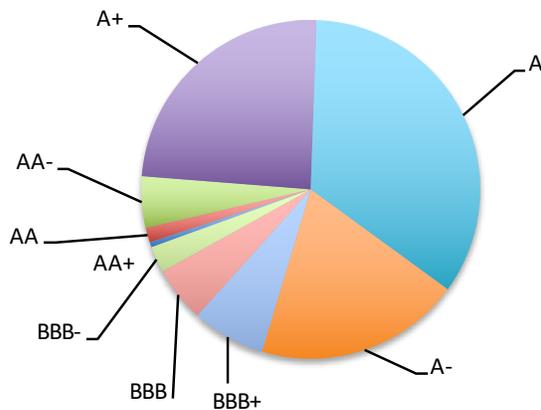
Quarterly Operating Supplement

December 31, 2019

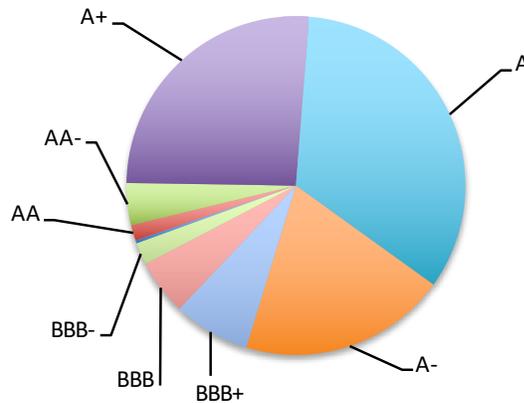
Rating Distribution of Gross Par Outstanding⁽¹⁾

(in millions)	Percentage of Gross Par Outstanding as of December 31, 2019	Percentage of Gross Par Outstanding as of December 31, 2018
AA+	0.5%	0.3%
AA	1.4%	1.5%
AA-	4.9%	4.0%
A+	24.3%	26.0%
A	34.5%	33.7%
A-	19.6%	19.8%
BBB+	7.0%	7.3%
BBB	5.3%	5.3%
BBB-	2.5%	2.1%
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, 2019**



**Rating Distribution of
Gross Par Outstanding⁽¹⁾
As of December 31, 2018**



⁽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.

Build America Mutual Assurance Company
Quarterly Operating Supplement
December 31, 2019

Contractual Amortization of Gross Par Outstanding⁽¹⁾

(in millions)	<u>Contractual Par Amortization</u>	<u>Ending Gross Par Outstanding</u>
As of December 31, 2019:		\$ 62,250.5
Year 2020	\$ 2,507.9	59,742.6
Year 2021	2,745.1	56,997.5
Year 2022	2,853.3	54,144.2
Year 2023	<u>2,959.3</u>	51,184.9
Subtotal	11,065.6	
Years 2024 to 2028	15,334.1	35,850.8
Years 2029 to 2033	14,266.1	21,584.7
Years 2034 to 2038	11,063.2	10,521.4
Year 2039 and thereafter	<u>10,521.5</u>	-
Total	<u>\$ 62,250.5</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, 2019

Top 25 U.S. Public Finance Exposures

(in millions)

Obligor	As of December 31, 2019			
	S&P Rating ⁽¹⁾⁽³⁾	Moody's Rating ⁽²⁾⁽³⁾	Gross Par Outstanding	% of Total Gross Par Outstanding
Illinois, State of	BBB-	Baa3	\$ 385.3	0.6%
Municipal Authority of Westmoreland County, PA (Westmoreland County) Water	A+	NR	329.1	0.5%
Metropolitan Transit Authority (MTA), NY, Mass Transit - Farebox	A	A1	321.4	0.5%
Compton USD, CA (Los Angeles County)	A	Aa3	291.3	0.5%
Suffolk County, NY (Suffolk County)	A-	Baa1	287.1	0.5%
Bridgeport, City of, CT (Fairfield County)	A	Baa1	282.5	0.5%
Yonkers, City of, NY (Westchester County)	A	Aa3	272.5	0.4%
New Jersey Transportation Trust Fund Authority, System & Program Bonds, NJ, Gas Tax - State	BBB+	Baa1	266.8	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%
Eastern Michigan University, MI (Lapeer County), Public Higher Education - Gross Revenue	NR	A2	258.1	0.4%
New Jersey, State Of	BBB+	Baa1	255.1	0.4%
Monroe County, NY (Monroe County)	A+	A2	247.1	0.4%
New Jersey Economic Development Authority (Motor Vehicle Surcharge)	BBB+	Baa2	231.2	0.4%
Hayward USD, CA (Alameda County)	A+	NR	230.7	0.4%
Pennsylvania Turnpike Commission, PA, Toll Roads	A	A3	220.4	0.4%
Louisiana, State of	A+	A2	217.3	0.3%
Connecticut, State of	A	A1	209.8	0.3%
Pennsylvania, Commonwealth of	A+	A1	204.9	0.3%
New Jersey Turnpike, NJ (State-Wide), Toll Roads	A+	A2	204.4	0.3%
Natomas USD, CA (Sacramento County)	A	A1	204.4	0.3%
New Brunswick, City of, NJ (Middlesex County)	A+	A2	202.7	0.3%
O'Hare Airport, IL (Cook County) GARB	A	A2	201.0	0.3%
West Travis County Public Utility Agency, TX (Travis County), Water & Sewer	A	A1	200.9	0.3%
Hamden, Town of, CT (New Haven County)	A	Baa3	200.6	0.3%
Total - Top 25 U.S. Public Finance Exposures			\$ 6,252.0	10.0%

⁽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

December 31, 2019

Build America Mutual Assurance Company Fixed Income Investment Portfolio (in millions)

Investment Category	As of December 31, 2019		
	Fair Value	Amortized Cost	Book Yield ⁽¹⁾
Long-term Investments			
Municipal Obligations	\$ 296.9	\$ 284.5	3.29%
U.S. Agency Obligations - MBS	72.7	72.3	2.54%
U.S. Government Obligations	53.7	53.4	2.00%
Corporate Obligations	42.7	42.1	2.56%
Asset-backed Securities	29.1	28.9	2.43%
Subtotal Long-term Investments	\$ 495.1	\$ 481.2	2.92%
Short-term Investments and Cash Equivalents	30.6	30.6	1.66%
Total	\$ 525.7	\$ 511.8	2.85%

Rating Distribution of Fixed Income Investment Portfolio

Rating ⁽²⁾	As of December 31, 2019	
	Fair Value	As a % of Investment Portfolio
U.S. Government Obligations	\$ 53.7	10.2%
U.S. Agency Obligations - MBS	72.7	13.8%
Cash Equivalents	18.9	3.6%
AAA	63.6	12.1%
AA	219.1	41.7%
A	92.3	17.6%
BBB	5.4	1.0%
Below Investment Grade	-	-
Not Rated	-	-
Total	\$ 525.7	100.0%

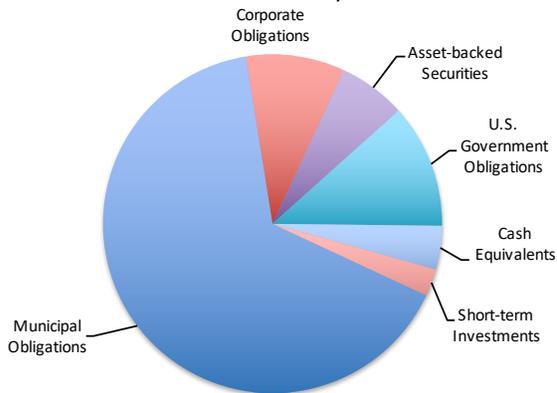
Weighted Average Rating

AA

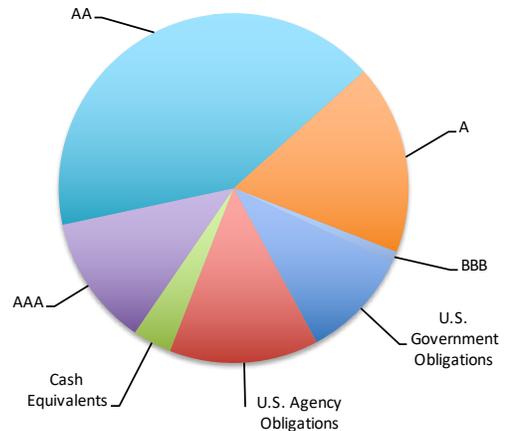
Duration

3.6 years

**Fixed Income Investment Portfolio⁽³⁾
As of December 31, 2019**



**Ratings Distribution of Fixed Income Investment Portfolio⁽²⁾
As of December 31, 2019**



(1) Represents the yield to worst of invested assets at December 31, 2019.

(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
 December 31, 2019

HG Re Ltd. Collateral Trusts Fixed Income Investment Portfolio⁽¹⁾
 (in millions)

Investment Category	As of December 31, 2019	
	Fair Value	Amortized Cost ⁽²⁾
Long-term Investments		
Corporate Obligations	\$ 190.8	\$ 185.1
U.S. Agency Obligations - MBS	107.9	106.0
U.S. Government Obligations	7.2	7.3
Subtotal Long-term Investments	\$ 305.9	\$ 298.4
Cash Equivalents, net of payable for securities purchased	15.6	15.6
Total	\$ 321.5	\$ 314.0

Rating Distribution of HG Re, Ltd. Collateral Trusts Fixed Income Investment Portfolio⁽¹⁾

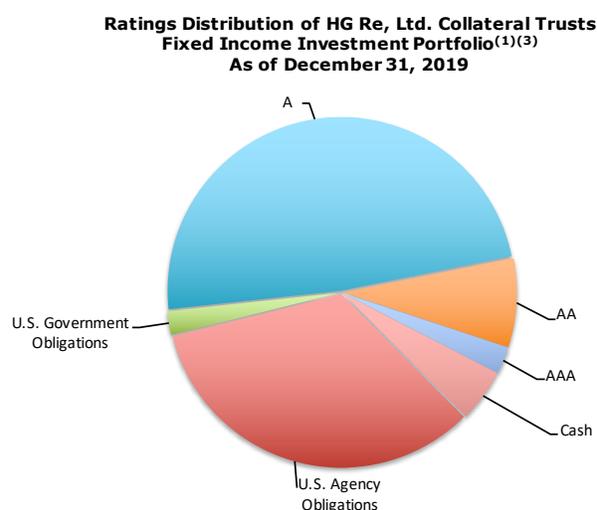
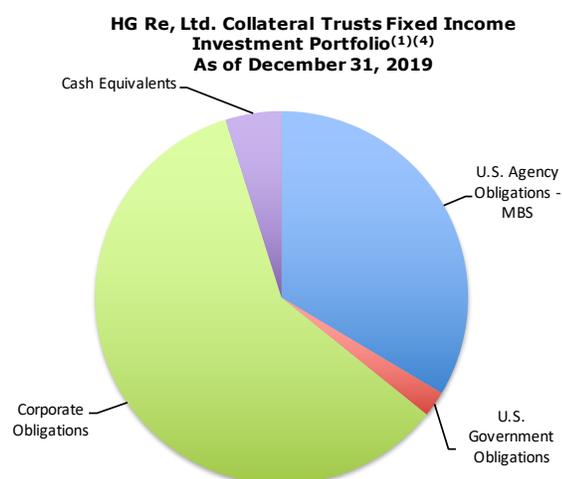
Rating ⁽³⁾	As of December 31, 2019	
	Fair Value	As a % of Investment Portfolio
U.S. Government Obligations	\$ 7.2	2.2%
U.S. Agency Obligations	107.9	33.6%
Cash Equivalents, net of payable for securities purchased	15.6	4.9%
AAA	8.0	2.5%
AA	26.8	8.3%
A	156.0	48.5%
BBB	-	-
Below Investment Grade	-	-
Not Rated	-	-
Total	\$ 321.5	100.0%

Weighted Average Rating

AA-

Duration

3.13 years



(1) Excludes the value of the Build America Series 2018 Surplus Notes.

(2) Amortized cost Includes the accrued investment income.

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

(4) Based on fair value.

Build America Mutual Assurance Company

Quarterly Operating Supplement

December 31, 2019

Glossary

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 solely 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

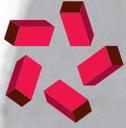
Gross Par Written – the principal amount of obligations insured during the period, excluding the effect of the first loss reinsurance treaty with HG Re.

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 solely for the sole benefit of Build America to fund HG Re's first loss reinsurance claims 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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ASSURANCE COMPANY**

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