

BAM

BUILD AMERICA MUTUAL

**Quarterly Operating Supplement
December 31, 2020**

Build America Mutual Assurance Company

Quarterly Operating Supplement

December 31, 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.

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 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.

In February 2021, BAM executed a second collateralized excess of loss reinsurance transaction with Fidus ("Fidus 2021-1") via the issuance of \$150,000,000 of insurance linked securities. Fidus 2021-1 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)	<u>As of December 31, 2020</u>	<u>As of December 31, 2019</u>
ADMITTED ASSETS		
Bonds	\$ 418.2	\$ 481.1
Common Stock	0.1	0.1
Cash, Cash Equivalents and Short-term Investments	63.0	45.0
Total Cash and Invested Assets	\$ 481.3	\$ 526.2
Investment Income Due and Accrued	3.0	3.7
Receivable for Securities Sold	-	3.9
Other Assets	1.1	1.1
Total Admitted Assets	<u>\$ 485.4</u>	<u>\$ 534.9</u>
LIABILITIES		
Unearned Premiums	\$ 45.2	\$ 39.3
Contingency Reserve	86.4	68.2
Accounts Payable and Accrued Expenses	29.1	25.0
Total Liabilities	\$ 160.7	\$ 132.5
CAPITAL AND SURPLUS		
Surplus Notes	\$ 388.2	\$ 457.6
Member Surplus Contributions	328.7	259.8
Unassigned Funds - Deficit	(392.2)	(315.0)
Total Capital and Surplus	\$ 324.7	\$ 402.4
Total Liabilities, Capital and Surplus	<u>\$ 485.4</u>	<u>\$ 534.9</u>

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Statutory Statement of Operations

(in millions)	<u>For the Year Ended December 31, 2020</u>	<u>For the Year Ended December 31, 2019</u>
Gross Risk Premiums Written	\$ 61.7	\$ 38.5
Ceded Risk Premiums Written	(52.9)	(33.4)
Net Risk Premiums Written	\$ 8.8	\$ 5.1
Premiums Earned, Net	\$ 3.0	\$ 2.0
Underwriting Deductions:		
Operating Expenses	\$ 59.2	\$ 52.4
Excise & Premium Taxes	2.2	0.7
Ceding Commission Income	(15.6)	(10.0)
Total Underwriting Expenses	\$ 45.8	\$ 43.1
Net Underwriting Gain (Loss)	\$ (42.8)	\$ (41.1)
Net Investment Income (Expense) ⁽¹⁾	(17.1)	2.7
Net Realized Capital Gains	0.6	0.1
Net Investment Gain	\$ (16.5)	\$ 2.8
Net Loss Before Federal Income Tax Expense	\$ (59.3)	\$ (38.3)
Federal Income Tax Expense Incurred	-	-
Net (Loss)	<u>\$ (59.3)</u>	<u>\$ (38.3)</u>

Adjusted Statutory Operating Income ⁽²⁾

(in millions)	<u>For the Year Ended December 31, 2020</u>	<u>For the Year Ended December 31, 2019</u>
Net (Loss)	\$ (59.3)	\$ (38.3)
Surplus Note Interest Expense	25.7	8.4
Member Surplus Contributions Collected	68.9	68.0
Adjusted Statutory Operating Income ⁽²⁾	<u>\$ 35.3</u>	<u>\$ 38.1</u>

Statutory Comprehensive Income ⁽³⁾

(in millions)	<u>For the Year Ended December 31, 2020</u>	<u>For the Year Ended December 31, 2019</u>
Net (Loss)	\$ (59.3)	\$ (38.3)
Member Surplus Contributions Collected	68.9	68.0
Statutory Comprehensive Income ⁽³⁾	<u>\$ 9.6</u>	<u>\$ 29.7</u>

(1) Net Investment Income for the year ended December 31, 2020 and December 31, 2019 is net of Surplus Note Interest Expense of \$25.7 million and \$8.4 million, respectively.

(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 December 31, 2020	As of December 31, 2019
Member Surplus Contributions	\$ 328.7	\$ 259.8
Surplus Notes	388.2	457.6
Unassigned Funds ⁽¹⁾	(392.2)	(315.0)
Policyholder's Surplus	\$ 324.7	\$ 402.4
Contingency Reserve	86.4	68.2
Qualified Statutory Capital	\$ 411.1	\$ 470.6
HG Re, Ltd. Collateral Trusts ⁽²⁾	417.0	314.0
Fidus Re, Ltd. Collateral Trust ⁽³⁾	100.0	100.0
Total Hard Capital	\$ 928.1	\$ 884.6
Unearned Premiums, Net of Reinsurance	45.2	39.3
Loss and Loss Adjustment Expense Reserves	-	-
Present Value of Installment Gross Risk Premiums and Member Surplus Contributions ⁽⁴⁾	14.0	13.7
Claims Paying Resources	\$ 987.3	\$ 937.6

Rollforward of Claims Paying Resources

	For the Year Ended December 31, 2020 ⁽³⁾	For the Year Ended December 31, 2019
Claims Paying Resources, Beginning of Year	\$ 937.6	\$ 871.4
Statutory Basis Net Loss	(59.3)	(38.3)
Member Surplus Contribution	68.9	68.0
Payments of Surplus Notes Principal	(69.4)	(23.6)
Increase in HG Re Collateral Trusts ⁽⁵⁾	103.0	55.7
Increase in Unearned Premium Reserve, Net of Reinsurance	5.9	3.1
Other	0.6	1.3
Claims Paying Resources, End of Year	\$ 987.3	\$ 937.6

(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) Excludes the effect of a collateralized excess of loss reinsurance transaction executed with Fidus in February 2021 ("Fidus 2021-1") via the issuance of \$150.0 million of insurance linked securities. Fidus 2021-1 provides reinsurance for 90% of aggregate losses exceeding \$135.0 million on a portion of BAM's financial guarantee portfolio up to a total reimbursement of \$150.0 million.

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

(5) Increase in HG Re Collateral Trusts reflect, deposits from the Company for payments of Surplus Note Principal and premiums ceded under the First Loss Reinsurance Treaty.

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

(in millions)

Gross Par Outstanding

Investment Grade ⁽¹⁾

Below Investment Grade ("BIG") ⁽¹⁾

Total Gross Par Outstanding

	As of December 31, 2020	As of December 31, 2019
\$	75,287.7	\$ 62,250.5
	-	-
\$	75,287.7	\$ 62,250.5

Gross Par Outstanding Leverage Statistics

Total Gross Par Outstanding ÷ Total Hard Capital

81.1x

70.4x

BIG Gross Par Outstanding ÷ Total Hard Capital

-

-

Total Gross Par Outstanding ÷ Claims Paying Resources

76.3x

66.4x

BIG Gross Par Outstanding ÷ Claims Paying Resources

-

-

Gross Total Debt Service ("TDS") Outstanding

Investment Grade⁽¹⁾

Below Investment Grade ("BIG") ⁽¹⁾

Total Gross TDS Outstanding

\$	111,736.5	\$ 94,050.3
	-	-
\$	111,736.5	\$ 94,050.3

Gross TDS Outstanding Leverage Statistics

Total Gross TDS Outstanding ÷ Total Hard Capital

120.4x

106.3x

BIG Gross TDS Outstanding ÷ Total Hard Capital

0.0x

0.0x

Total Gross TDS Outstanding ÷ Claims Paying Resources

113.2x

100.3x

BIG Gross TDS Outstanding ÷ Claims Paying Resources

0.0x

0.0x

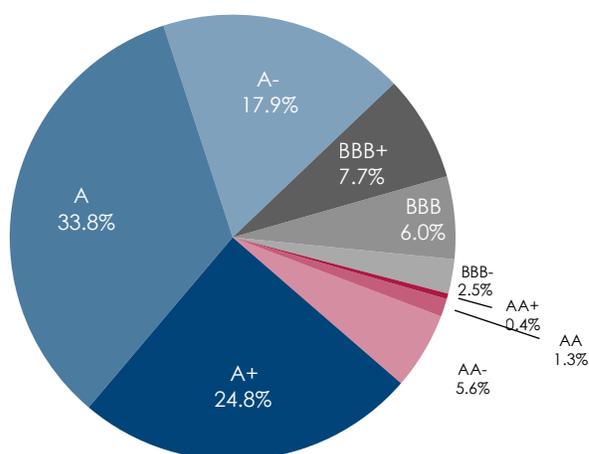
Weighted Average Rating ⁽¹⁾

A

A

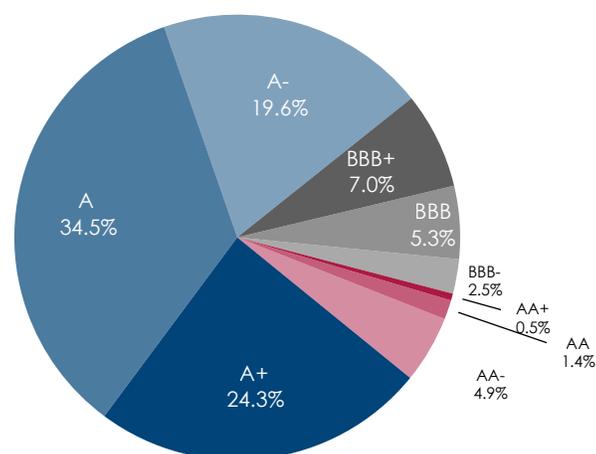
Rating Distribution of Gross Par Outstanding

As of December 31, 2020



Rating Distribution of Gross Par Outstanding

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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Business Production

(in millions)

Gross Par Insured

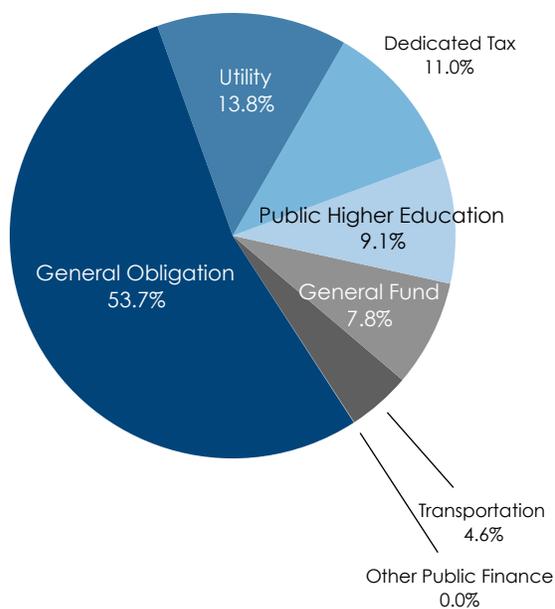
	<u>For the Year Ended December 31, 2020</u>	<u>For the Year Ended December 31, 2019</u>
General Obligation	\$ 9,305.6	\$ 7,926.6
Utility	2,394.8	1,247.0
Dedicated Tax	1,912.1	984.5
Public Higher Education	1,579.8	768.3
General Fund	1,344.4	1,082.1
Transportation	796.0	672.5
Other Public Finance	7.1	166.6
Total Gross Par Insured	\$ 17,339.8	\$ 12,847.6

Gross Risk Premiums Written and Member Surplus Contributions Collected

Gross Risk Premiums Written	\$ 61.7	\$ 38.5
Member Surplus Contributions Collected	68.9	68.0
Total Gross Risk Premiums and Member Surplus Contributions Collected	\$ 130.6	\$ 106.5

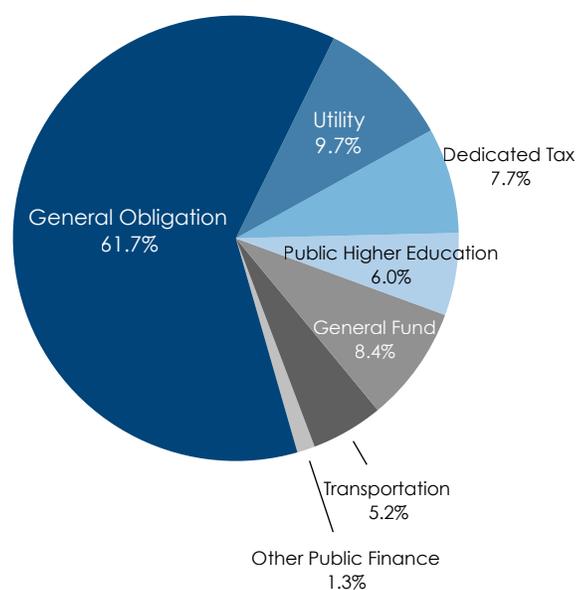
Gross Par Insured

For the Year Ended December 31, 2020



Gross Par Insured

For the Year Ended December 31, 2019



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Gross Par Outstanding by Sector

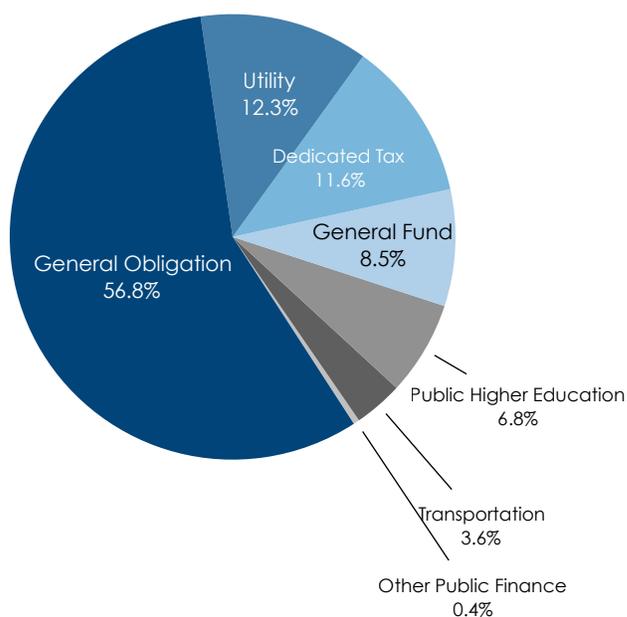
(in millions)

U.S. Public Finance

	<u>As of December 31, 2020</u>	<u>As of December 31, 2019</u>
General Obligation	\$ 42,800.5	\$ 36,173.8
Utility	9,223.6	7,344.0
Dedicated Tax	8,738.1	7,070.4
General Fund	6,375.3	5,550.2
Public Higher Education	5,140.9	3,724.5
Transportation	2,674.1	1,952.7
Other Public Finance	335.2	434.9
Total Gross Par Outstanding	\$ 75,287.7	\$ 62,250.5

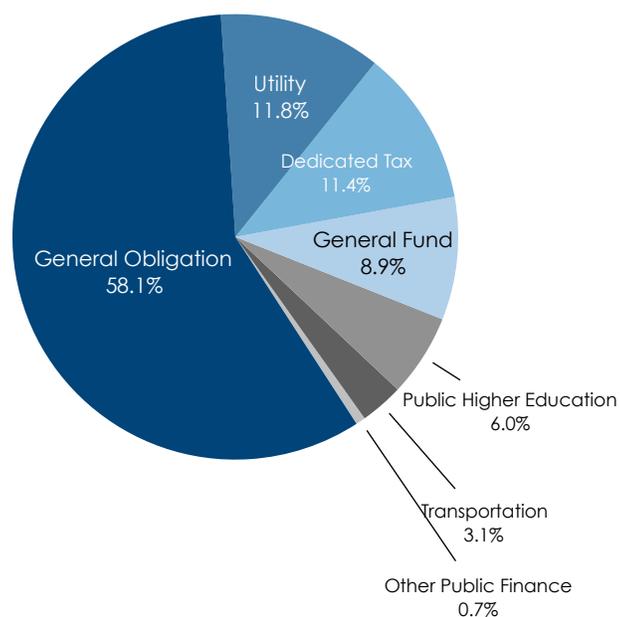
Gross Par Outstanding

As of December 31, 2020



Gross Par Outstanding

As of December 31, 2019



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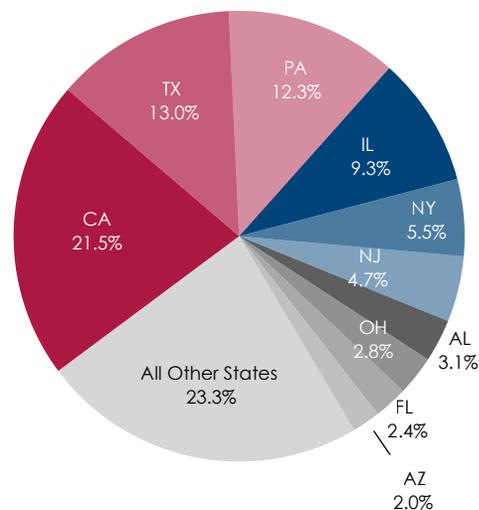
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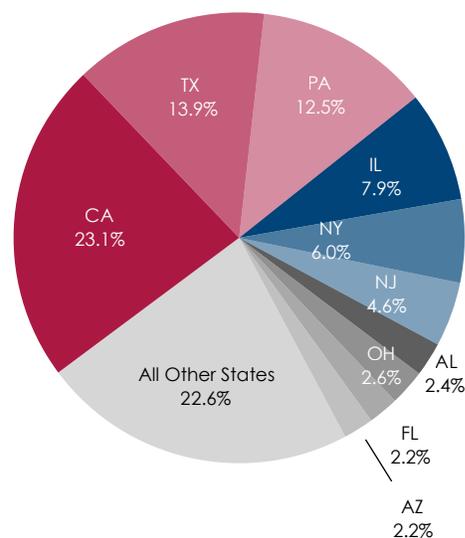
Gross Par Outstanding by State

(in millions)	As of December 31, 2020	% of Total	As of December 31, 2019	% of Total
California	\$ 16,155.8	21.5%	\$ 14,354.6	23.1%
Texas	9,790.5	13.0%	8,656.2	13.9%
Pennsylvania	9,281.8	12.3%	7,800.5	12.5%
Illinois	7,014.5	9.3%	4,939.9	7.9%
New York	4,150.2	5.5%	3,718.5	6.0%
New Jersey	3,553.5	4.7%	2,886.7	4.6%
Alabama	2,311.7	3.1%	1,523.0	2.4%
Ohio	2,139.9	2.8%	1,599.9	2.6%
Florida	1,805.4	2.4%	1,355.4	2.2%
Arizona	1,522.5	2.0%	1,343.2	2.2%
Louisiana	1,500.5	2.0%	1,400.3	2.2%
Michigan	1,599.7	2.1%	1,360.5	2.2%
Connecticut	1,484.0	2.0%	1,260.2	2.0%
Indiana	1,281.5	1.7%	1,026.8	1.6%
Kansas	1,178.3	1.6%	968.2	1.6%
Arkansas	1,147.3	1.5%	797.1	1.3%
Colorado	1,072.1	1.4%	778.9	1.3%
Iowa	979.2	1.3%	629.8	1.0%
Kentucky	704.6	0.9%	609.8	1.0%
Wisconsin	736.5	1.0%	637.6	1.0%
Mississippi	662.4	0.9%	567.3	0.9%
South Carolina	553.1	0.7%	518.3	0.8%
Missouri	405.2	0.5%	284.9	0.5%
Tennessee	388.1	0.5%	354.6	0.6%
Washington	383.2	0.5%	352.7	0.6%
Utah	335.6	0.4%	232.4	0.4%
Nevada	527.6	0.7%	264.1	0.4%
Massachusetts	307.2	0.4%	289.0	0.5%
Oklahoma	240.7	0.3%	225.2	0.4%
Georgia	239.1	0.3%	249.4	0.4%
New Mexico	229.1	0.3%	218.2	0.4%
West Virginia	222.4	0.3%	167.4	0.3%
North Carolina	173.8	0.2%	173.4	0.3%
Oregon	530.0	0.7%	130.3	0.2%
Maryland	99.1	0.1%	100.5	0.2%
Rhode Island	98.6	0.1%	105.9	0.2%
Wyoming	86.8	0.1%	88.3	0.1%
Minnesota	81.2	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	89.3	0.2%	23.5	0.1%
Maine	27.5	0.1%	18.7	0.0%
Vermont	24.7	0.1%	25.6	0.1%
Hawaii	22.1	0.0%	22.1	0.1%
South Dakota	20.6	0.1%	20.6	0.0%
Virginia	13.7	0.0%	16.8	0.1%
Delaware	18.5	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	\$ 75,287.7	100%	\$ 62,250.5	100%

Gross Par Outstanding by State
As of December 31, 2020



Gross Par Outstanding by State
As of December 31, 2019



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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 Dec. 31, 2020		\$ 75,287.7
Year 2021	\$ 3,071.1	72,216.6
Year 2022	3,237.0	68,979.6
Year 2023	3,420.2	65,559.5
Year 2024	3,542.9	62,016.6
2025-2029	18,734.8	43,281.9
Subtotal	\$ 32,005.8	
2030-2034	17,131.9	26,150.0
2035-2039	13,133.8	13,016.2
2040-2044	7,870.1	5,146.1
2045-2049	3,483.1	1,663.0
2050-2054	1,102.9	560.0
2055-2059	515.2	44.8
2060-2064	44.8	-
Total	\$ 75,287.7	

(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)

Obligor	As of December 31, 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	0.4%
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	319.1	0.4%
Bridgeport, City of, CT (Fairfield County)	A	Baa1	306.5	0.4%
Pennsylvania, Commonwealth of	A+	A1	305.5	0.4%
Clark County SD, NV (Clark County)	A+	A1	295.4	0.4%
New Jersey, State Of	BBB	Baa1	289.8	0.4%
Compton USD, CA (Los Angeles County)	A	Aa3	277.6	0.4%
Suffolk County, NY (Suffolk County)	BBB+	Baa2	274.6	0.4%
Yonkers, City of, NY (Westchester County)	A	A1	268.0	0.4%
Chicago, City of, IL (Cook County)	BBB+	Ba1	265.5	0.4%
Eastern Michigan University, MI (Lapeer County), Public Higher Education - Gross Revenue	NR	A2	264.0	0.4%
New Jersey Transportation Trust Fund Authority, System & Program Bonds, NJ, Gas Tax - State	BBB	Baa1	261.1	0.3%
New Jersey Turnpike, NJ (State-Wide), Toll Roads	A+	A2	258.4	0.3%
Pennsylvania Higher Educational Facilities Authority, PA, Public Higher Education - Gross Revenue	NR	Aa3	258.1	0.3%
Connecticut, State of	A	A1	257.4	0.3%
Illinois (State of) Build Illinois Bonds (Sales Tax Revenue Bonds)	BBB	Baa2	244.0	0.3%
Shreveport, City of, LA (Caddo Parish), Water & Sewer	A-	A3	242.8	0.3%
Chicago Park District, IL (Cook County)	AA-	Ba1	236.9	0.3%
Centinel Valley Union High School District, CA (Los Angeles County)	A+	NR	236.7	0.3%
New Jersey Economic Development Authority (Motor Vehicle Surcharge)	BBB	Baa3	231.2	0.3%
Hamden, Town of, CT (New Haven County)	BBB+	Baa3	229.1	0.3%
Oxnard SD, CA (Ventura County)	A+	NR	227.6	0.3%
Monroe County, NY (Monroe County)	A+	A2	226.0	0.3%
Springdale, City of, AR (Washington County), Sales Tax - Local	A+	NR	225.0	0.3%
Hayward USD, CA (Alameda County)	A+	NR	217.6	0.3%
O'Hare Airport, IL (Cook County) GARB	A	A2	216.0	0.3%
Tampa-Hillsborough County Expressway Authority	A+	A2	214.9	0.3%
Louisiana, State of	A+	A2	212.6	0.3%
New Brunswick, City of, NJ (Middlesex County)	A+	A2	211.7	0.3%
Kentucky, Commonwealth of	A-	A1	209.6	0.3%
CHF-Davis I, L.L.C. - West Village Student Housing Project, CA (Yolo County), Public Higher Education - Auxilliary	NR	Baa3	202.6	0.3%
Massachusetts, Commonwealth of	AA	Aa1	198.6	0.3%
Metropolitan Pier & Exposition Authority, IL (Cook County)	BBB	Baa1	197.3	0.3%
Los Angeles USD, CA (Los Angeles County)	NR	Aa3	194.3	0.3%
Lackawanna, County of, PA (Lackawanna County)	A	NR	193.8	0.3%
Stratford, Town of, CT (Fairfield County)	AA-	A2	191.6	0.3%
Stockton, City of, CA (San Joaquin County), Water	A	NR	189.5	0.3%
Lancaster, City of, PA (Lancaster County)	NR	A3	186.7	0.2%
Northern Arizona University, AZ	A+	A1	186.2	0.2%
San Leandro Unified School District, CA (Alameda County)	A+	A1	182.3	0.2%
West Travis County Public Utility Agency, TX (Travis County), Water & Sewer	A	A1	180.3	0.2%
Sacramento City FA, CA (Sacramento County)	AA-	Aa3	179.7	0.2%
Val Verde USD, CA (Riverside County)	A+	NR	178.8	0.2%
Arlington, City of, TX (Tarrant County), Sales Tax - Local	NR	A3	171.1	0.2%
Paramount USD, CA (Los Angeles County)	A+	Aa3	165.3	0.2%
Allentown, City of, PA (Lehigh County), Water & Sewer	A	NR	161.2	0.2%
Total - Top 50 U.S. Public Finance Exposures			\$ 11,984.9	15.9%

- (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

December 31, 2020

Build America Mutual Assurance Company Fixed Income Investment Portfolio

(in millions)

Investment Category	As of December 31, 2020		Book Yield ⁽¹⁾
	Fair Value	Amortized Cost	
Long-term Investments			
Municipal Obligations	\$ 265.0	\$ 243.9	3.23%
U.S. Agency Obligations - MBS	76.0	73.5	2.41%
U.S. Government Obligations	43.9	43.5	1.65%
Corporate Obligations	39.5	38.5	2.60%
Asset-backed Securities	19.1	18.8	2.32%
Subtotal Long-term Investments	\$ 443.5	\$ 418.2	2.82%
Short-term Investments and Cash Equivalents	43.9	43.9	0.08%
Total	\$ 487.4	\$ 462.1	2.56%

Rating Distribution of Fixed Income Investment Portfolio

Rating ⁽²⁾	As of December 31, 2020	
	Fair Value	As a % of Investment Portfolio
U.S. Government Obligations	\$ 43.9	9.0%
U.S. Agency Obligations - MBS	76.0	15.6%
Cash Equivalents	43.9	9.0%
AAA	41.0	8.4%
AA	188.1	38.6%
A	80.5	16.5%
BBB	14.0	2.9%
Below Investment Grade	-	-
Not Rated	-	-
Total	\$ 487.4	100.0%

Weighted Average Rating

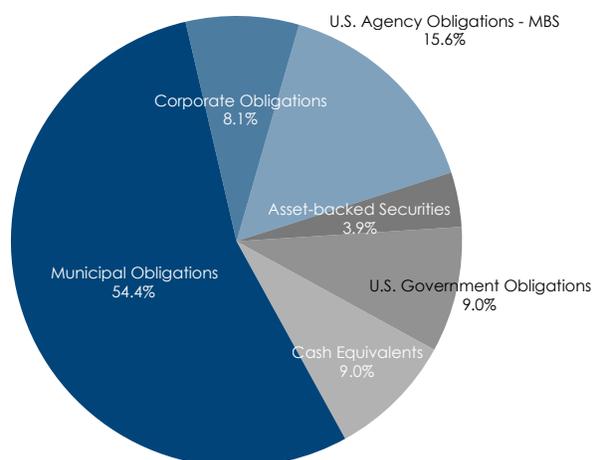
AA

Duration

3.5 years

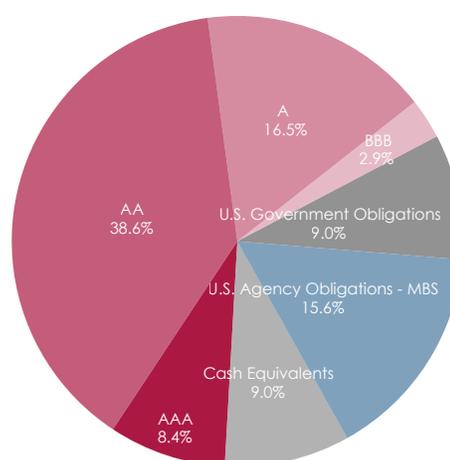
Fixed Income Investment Portfolio ⁽³⁾

As of December 31, 2020



Ratings Distribution of Fixed Income Investment Portfolio ⁽²⁾

As of December 30, 2020



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

December 31, 2020

HG Re Ltd. Fixed Income Investment Portfolio

(in millions)

Investment Category	As of December 31, 2020	
	Fair Value	Amortized Cost ⁽¹⁾
Long-term Investments		
Corporate Obligations	\$ 269.4	\$ 256.6
U.S. Agency Obligations - MBS	123.8	119.8
U.S. Government Obligations	24.7	24.1
Subtotal Long-term Investments	\$ 417.9	\$ 400.5
Cash Equivalents, net of payable for securities purchased	16.5	16.5
Total Fixed Income Investment Portfolio	\$ 434.4	\$ 417.0

Rating Distribution of Fixed Income Investment Portfolio

Rating ⁽²⁾	As of December 31, 2020	
	Fair Value	As a % of Investment Portfolio
U.S. Government Obligations	\$ 24.7	5.7%
U.S. Agency Obligations	123.8	28.5%
Cash Equivalents, net of payable for securities purchased	16.5	3.8%
AAA	10.7	2.5%
AA	42.2	9.7%
A	216.5	49.8%
BBB	-	-
Below Investment Grade	-	-
Not Rated	-	-
Total	\$ 434.4	100.0%

Weighted Average Rating

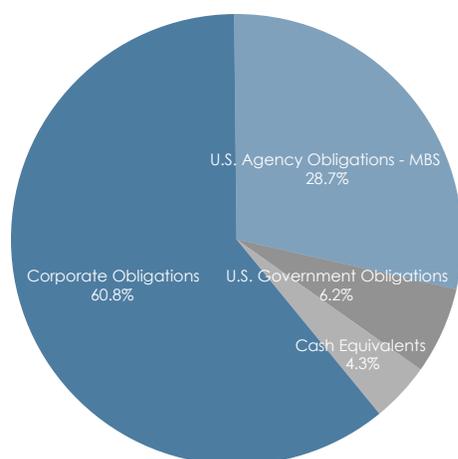
AA-

Duration

3.51 years

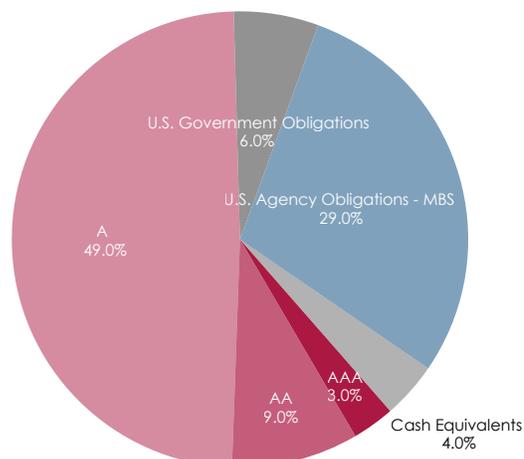
Fixed Income Investment Portfolio ⁽³⁾

As of December 31, 2020



Ratings Distribution of Fixed Income Investment Portfolio ⁽²⁾

As of December 30, 2020



(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

December 31, 2020

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

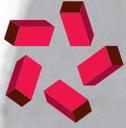
Gross Par Written – the principal amount of obligations insured during the period, excluding the effect of the first loss reinsurance treaty with HG Re.

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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COMPANY**

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