



BAM

PRESS RELEASE

Kroll Bond Rating Agency Affirms AA Rating for Fidus Re Notes Supporting BAM Reinsurance

NEW YORK, March 24, 2020 -Kroll Bond Rating Agency today affirmed its AA rating and Stable outlook for Fidus Re Ltd.'s \$100 million of principal-at-risk variable-rate notes, which were sold to fund a \$100 million collateralized excess of loss reinsurance policy that provides additional claims-paying resources for Build America Mutual.

The Fidus Re transaction was sold in April 2018 and marked the first time insurance-linked securities were used to provide financial support for a bond insurance portfolio, while also providing a new template for extending capital markets access and financial flexibility to mutual insurance companies more broadly. It was awarded a "Transaction of the Year" award by *Trading Risk*.

The Fidus Re agreement insures losses in excess of \$165 million on a "covered portfolio" that includes most transactions insured by BAM through December 31, 2017. BAM has paid no losses on the covered portfolio or any other insured credits, and has no credits on its Watch List. Kroll's review of the Fidus Re transaction included a stress test and concluded: "The Covered Portfolio is granular, geographically diverse, and does not contain any exposure to higher risk sectors of the U.S. municipal market, which generally include healthcare, housing, or private higher education." BAM exclusively insures timely payment of interest and principal on U.S. municipal bonds from issuers that provide essential public infrastructure.

About Build America Mutual

Domiciled in New York, BAM is a mutual bond insurance company operated for the benefit of its members - cities, states and other municipal entities - that use BAM's financial guaranty to lower their cost of borrowing. BAM is sponsored by the National League of Cities. Through December 31, 2019, BAM insured more than \$62 billion of municipal bonds in more than 6,500 primary and secondary-market transactions. BAM-insured bonds are rated AA with a Stable outlook by S&P Global Ratings.

For more information, please contact:
Michael Stanton, Head of Corporate Strategy and Communications
212-235-2575; mstanton@buildamerica.com