



# Eagle Re 2021-2 Ltd.

November 9th, 2021

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# Transaction Overview

<p><b>CEDING INSURER</b></p>	<ul style="list-style-type: none"> <li>✓ On November 9, 2021, Radian Guaranty Inc. (Radian Guaranty), a wholly owned subsidiary of Radian Group Inc. (Radian Group), obtained fully collateralized excess of loss reinsurance coverage on mortgage insurance policies predominantly written between January 1, 2021 through and including July 31, 2021.</li> <li>✓ The total amount of reinsurance was \$484 million.</li> </ul>
<p><b>REINSURER</b></p>	<ul style="list-style-type: none"> <li>✓ For this transaction, reinsurance is provided by Eagle Re 2021-2 Ltd. (“Eagle Re”), a Bermuda-based special purpose insurer. Eagle Re is not a subsidiary or affiliate of Radian Guaranty.</li> <li>✓ Eagle Re has funded its reinsurance obligations by issuing five classes of mortgage insurance-linked notes that have a 12.5-year legal maturity with a 7-year call option in an unregistered private offering. The notes will be non-recourse to Radian Group or its subsidiaries and affiliates.</li> <li>✓ The proceeds of the notes offering were deposited into a reinsurance trust account for the benefit of Radian Guaranty. The noteholders have a subordinated interest in the reinsurance trust account, which is the sole source of funds for repayment of principal of the notes.</li> <li>✓ Transaction included a feature whereby the Class M-1C tranche can be exchanged post-closing into proportionate interests in Class M-1C-1, Class M-1C-2, and Class M-1C-3 Notes (the “Exchangeable Notes”), and the Exchangeable Notes may be exchanged for Class M-1C Notes in the same proportionate interest.</li> </ul>
<p><b>BENEFITS TO RADIAN</b></p>	<ul style="list-style-type: none"> <li>✓ Reduces Radian’s overall cost of capital, increases capital efficiency and enhances return on capital.</li> <li>✓ Supports rating agency and PMIERS capital.</li> <li>✓ Transfers risk in the event of adverse development of the reinsured business.</li> <li>✓ Mitigates income statement and balance sheet volatility through the economic cycle.</li> <li>✓ Increases Radian Guaranty’s counterparty strength.</li> </ul>

# Eagle Re 2021-2 Structure

Class	Balance	Issued Notes	% of Risk In Force	% of Credit Enhancement	Weighted Average Life (years) <sup>(1)</sup>	DBRS Morningstar / Moody's Ratings	Spread over SOFR (bps)
<b>A</b>	\$10,032,083,000		93.25%	6.75%		Retained by Radian	
<b>M-1A</b>	\$118,341,000	\$118,341,000	1.10%	5.65%	1.64	BBB (high) (sf) / Baa1 (sf)	155
<b>M-1B</b>	\$102,204,000	\$102,204,000	0.95%	4.70%	2.72	BBB (low) (sf) / Baa3 (sf)	205
<b>M-1C</b>	\$145,236,000	\$145,236,000	1.35%	3.35%	4.02	BB (sf) / Ba2 (sf)	345
M-1C-1	\$48,412,000	\$48,412,000	0.45%	4.25%	3.47	BB (high) (sf) / Ba1 (sf)	345
M-1C-2	\$48,412,000	\$48,412,000	0.45%	3.80%	3.99	BB (high) (sf) / Ba2 (sf)	345
M-1C-3	\$48,412,000	\$48,412,000	0.45%	3.35%	4.61	BB (sf) / Ba3 (sf)	345
<b>M-2</b>	\$91,445,000	\$91,445,000	0.85%	2.50%	5.34	B (high) (sf) / B2 (sf)	425
<b>B-1</b>	\$26,896,000	\$26,896,000	0.25%	2.25%	5.63	B (sf) / NR	500
<b>B-2</b>	\$26,896,000		0.25%	2.00%		Retained by Radian	
<b>B-3</b>	\$107,582,000		1.00%	1.00%		Retained by Radian	
<b>B-4</b>	\$107,583,585		1.00%	0.00%		Retained by Radian	
<b>Offered Notes</b>		<b>\$484,122,000</b>	<b>4.50%</b>		<b>3.50</b>		

## Key Transaction Details:

- Total Current Unpaid Principal Balance \$47.2BN and total Risk in Force ("RIF") \$10.8BN as of September 30, 2021 (the "Cut-off Date")
- Mortgage insurance coverage on mortgage loans having an insurance coverage activation date predominantly between January 1, 2021 and July 31, 2021 (both days inclusive)
- Maturity Date: April 25, 2034
- Optional Call Date: October 25, 2028
- Credit enhancement for the Class A must build to 7.75% before the Class M-1A and subordinate tranches will amortize
- Approximately 98.55% of the mortgage loans (by RIF as of the Cut-off Date) are subject to the cancellation and termination provisions of the Homeowners Protection Act and similar GSE servicer requirements

## Key Structural Details:

- Trigger Events:
  - 100% of principal is subject to triggers
  - Minimum Credit Enhancement Test:  $\leq 7.75\%$
  - 3-Month Average Sixty-Plus Delinquency Test:  $\geq 75\%$  of Subordinate Percentage
- Optional call is exercisable anytime after 7 years
- No step up in coupon if 7-year optional call is not exercised
- Coverage Levels A, B-2, B-3, and B-4 are not reinsured by Eagle Re at closing
- Coverage Level B-4 is subject to a minimum retained share of 25% by the Ceding Insurer and its affiliates while the Notes are outstanding, which can be maintained vertically, horizontally or with another configuration of all or any part of Coverage Level B-4

<sup>1)</sup> Expected weighted average lives and principal windows with respect to the Notes above are based on certain hypothetical modeling assumptions, including that (i) prepayments occur at the pricing speed of 10% CPR, calculated from the Closing Date, (ii) no Loss Reductions occur, (iii) the Notes pay on the 25<sup>th</sup> day of each calendar month beginning in November 2021 and (iv) the Ceding Insurer exercises its option to terminate the Reinsurance Agreement in connection with a Clean-Up Call or Optional Call when first eligible.

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