



Eagle Re 2020-2 Ltd.

October 23, 2020

radian

Transaction Overview

CEDING INSURER	<ul style="list-style-type: none">✓ On October 23, 2020, Radian Guaranty, Inc. (Radian Guaranty), a wholly owned subsidiary of Radian Group Inc. (Radian Group), obtained fully collateralized excess of loss reinsurance coverage on recurring premium mortgage insurance policies written between October 1, 2019 and July 31, 2020.✓ The total amount of reinsurance was \$390 million.
REINSURER	<ul style="list-style-type: none">✓ For this transaction, reinsurance is provided by Eagle Re 2020-2 Ltd. (“Eagle Re”), a Bermuda-based special purpose insurer. Eagle Re is not a subsidiary or affiliate of Radian Guaranty.✓ Eagle Re has funded its reinsurance obligations by issuing five classes of mortgage insurance-linked notes that have a 10-year legal maturity with a 7-year call option in an unregistered private offering. The notes are non-recourse to Radian Group or its subsidiaries and affiliates.✓ 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.✓ Transaction included a feature whereby the Class M-2 tranche can be exchanged post-closing into proportionate interests in Class M-2A, Class M2-B, and Class M2-C Notes (the “Exchangeable Notes”), and the Exchangeable Notes may be exchanged for Class M-2 Notes in the same proportionate interest.
BENEFITS TO RADIAN	<ul style="list-style-type: none">✓ Reduces Radian’s overall cost of capital, increases capital efficiency and enhances return on capital.✓ Supports rating agency and PMIERS capital.✓ Transfers risk in the event of adverse development of the reinsured business.✓ Mitigates income statement and balance sheet volatility through the economic cycle.✓ Increases Radian Guaranty’s counterparty strength.

Eagle Re 2020-2 Structure

Class	Balance	Issued Notes	% of Risk In Force	% of Credit Enhancement	Weighted Average Life (years) ⁽¹⁾	DBRS Morningstar / Moody's Ratings	Spread over One Month LIBOR (bps)
A	\$12,197,699,000		93.75%	6.25%		Retained by Radian	
M-1A	\$130,108,000	\$130,108,000	1.00%	5.25%	1.70	BB (high) (sf) / Baa3 (sf)	300
M-1B	\$65,054,000	\$65,054,000	0.50%	4.75%	2.58	BB (sf) / Ba1 (sf)	400
M-1C	\$65,054,000	\$65,054,000	0.50%	4.25%	3.20	BB (low) (sf) / Ba2 (sf)	450
M-2	\$97,581,000	\$97,581,000	0.75%	3.50%	3.94	B (sf) / Ba3 (sf)	560
M-2A	\$32,527,000	\$32,527,000	0.25%	4.00%	3.64	B (high) (sf) / Ba2 (sf)	560
M-2B	\$32,527,000	\$32,527,000	0.25%	3.75%	3.92	B (high) (sf) / Ba3 (sf)	560
M-2C	\$32,527,000	\$32,527,000	0.25%	3.50%	4.27	B (sf) / B1 (sf)	560
B-1	\$32,527,000	\$32,527,000	0.25%	3.25%	4.42	B (sf) / B1 (sf)	700
B-2	\$130,108,000	\$0	1.00%	2.25%		Retained by Radian	
B-3	\$292,748,992	\$0	2.25%	0.00%		Retained by Radian	
Issued Notes		\$390,324,000	3.00%		2.88		483

Key Transaction Details:

- Total Current Unpaid Principal Balance of \$54.52B and total Risk in Force ("RIF") of \$13.01B as of August 31, 2020 (the "Cut-off Date")
- Mortgage insurance coverage on recurring premium mortgage loans having an insurance coverage effective date between October 1, 2019 and July 31, 2020, inclusive
- Maturity Date: October 25, 2030
- Optional Call Date: October 25, 2027
- Credit enhancement for the Class A must build to 7.25% before the Class M-1A and subordinate tranches will amortize
- Approximately 97.7% 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: $\leq 7.25\%$
 - 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
- Classes A, B-2 and B-3 will not be reinsured by Eagle Re at closing
- Class B-3 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 Class B-3

1) Expected weighted average lives with respect to the Notes are based on certain hypothetical modeling assumptions, including that (i) prepayments occur at the pricing speed of 10% CPR, (ii) no Loss Reductions occur, (iii) the Notes pay on the 25th day of each calendar month beginning in November 2020 and (iv) the Ceding Insurer exercises its option to terminate the Reinsurance Agreement in connection with a Clean-Up Call or on the Optional Call Date.

radian

ensuring the American dream