



# Eagle Re 2021-1 Ltd.

April 22, 2021

## Transaction Overview

### CEDING INSURER

- ✓ On April 22, 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 written between August 1, 2020 and December 31, 2020.
- ✓ The total amount of reinsurance was \$498 million.
- ✓ Radian Group, an affiliate of Radian Guaranty, purchased \$17.7 million of the Class B-1 tranche and the entire Class B-2 tranche.

### REINSURER

- ✓ For this transaction, reinsurance is provided by Eagle Re 2021-1 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 six classes of mortgage insurance-linked notes that have a 12.5-year final legal maturity with a 10% clean-up call option and 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 M-2B, and Class M-2C Notes (the “Exchangeable Notes”), and the Exchangeable Notes may be exchanged for Class M-2 Notes in the same proportionate interest.

### BENEFITS TO RADIAN

- ✓ 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 2021-1 Structure

Class	Balance	Issued Notes	% of Risk In Force	% of Credit Enhancement	Weighted Average Life (years) <sup>(1)</sup>	DBRS MS / Moody's Ratings	Spread over One Month SOFR (bps)
<b>A</b>	\$10,341,910,000		93.50%	6.50%		Retained by Radian Guaranty	
<b>M-1A</b>	\$82,956,000	\$82,956,000	0.75%	5.75%	1.44	BBB (sf) / A3 (sf)	170
<b>M-1B</b>	\$82,956,000	\$82,956,000	0.75%	5.00%	2.25	BBB (low) (sf) / Baa1 (sf)	215
<b>M-1C</b>	\$165,912,000	\$165,912,000	1.50%	3.50%	3.51	NR / Baa3 (sf)	270
<b>M-2</b>	\$110,607,000	\$110,607,000	1.00%	2.50%	5.12	NR / Ba3 (sf)	445
M-2A	\$36,869,000	\$36,869,000	0.33%	3.17%	4.70	NR / Ba2 (sf)	445
M-2B	\$36,869,000	\$36,869,000	0.33%	2.83%	5.18	NR / Ba3 (sf)	445
M-2C	\$36,869,000	\$36,869,000	0.33%	2.50%	5.48	NR / B1 (sf)	445
<b>B-1<sup>2</sup></b>	\$27,652,000	\$27,652,000	0.25%	2.25%	5.59	NR / B2 (sf)	575
<b>B-2<sup>2</sup></b>	\$27,652,000	\$27,652,000	0.25%	2.00%	5.59	NR / B3 (sf)	625
<b>B-3</b>	\$27,652,000		0.25%	1.75%		Retained by Radian Guaranty	
<b>B-4</b>	\$193,569,418		1.75%	0.00%		Retained by Radian Guaranty	
<b>Issued Notes</b>		<b>\$497,735,000</b>	<b>4.50%</b>		<b>3.54</b>		<b>371</b>

## Key Transaction Details:

- Total Current Unpaid Principal Balance of \$49.58B and total Risk in Force (“RIF”) of \$11.06B as of February 28, 2021 (the “Cut-off Date”)
- Mortgage insurance coverage on mortgage loans having an insurance coverage effective date between August 1, 2020 and December 31, 2020, inclusive
- Maturity Date: October 25, 2033
- Optional Call Date: April 25, 2028
- Credit enhancement for the Class A must build to 7.50% before the Class M-1A and subordinate tranches will amortize
- Approximately 97.35% 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
  - Subordinate Percentage ≤ 7.50%
  - 3-Month Average Sixty-Plus Delinquency Test: ≥ 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-3 and B-4 will not be reinsured by Eagle Re at closing
- Class 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 Class B-4

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 25<sup>th</sup> day of each calendar month beginning in May 2021 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.

2) Radian Group, an affiliate of Radian Guaranty, purchased \$17.7 million of the Class B-1 tranche and the entire Class B-2 tranche.

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