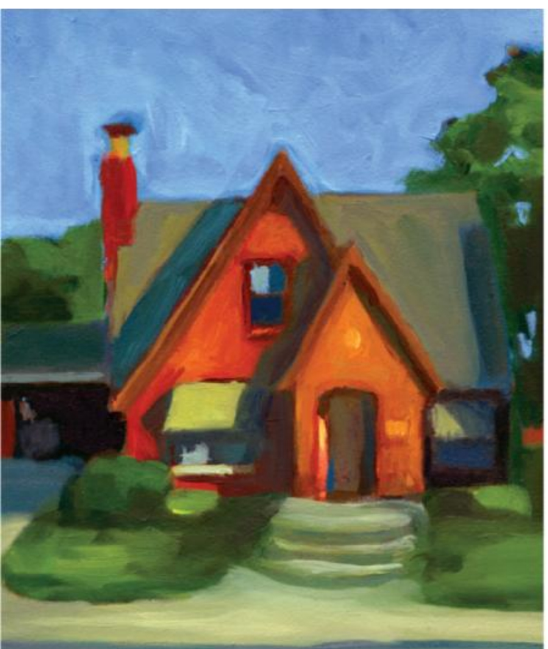
MGIC



# Barclays Global Financial Services Conference
## September 14, 2016

MGIC Investment Corporation (NYSE: MTG)

# Forward Looking Statements and Risk Factors

As used below, “we,” “our” and “us” refer to MGIC Investment Corporation’s consolidated operations or to MGIC Investment Corporation, as the context requires, and “MGIC” refers to Mortgage Guaranty Insurance Corporation.

This presentation may contain forward looking statements. Our actual results could be affected by the risk factors that are summarized and appear at the end of this presentation. These risk factors may also cause actual results to differ materially from the results contemplated by any forward looking statements that we may make.

Forward looking statements consist of statements which relate to matters other than historical fact, including matters that inherently refer to future events. Among others, statements that include words such as “believe,” “anticipate,” “will” or “expect,” or words of similar import, are forward looking statements.

We are not undertaking any obligation to update any forward looking statements or other statements we may make even though these statements may be affected by events or circumstances occurring after the forward looking statements or other statements were made. No investor should rely on the fact that such statements are current at any time other than the time at which this presentation was prepared and presented in September 2016.

# MGIC Investment Corporation Overview

MGIC

## ✓ Who we are

- The nation's oldest private mortgage insurer, with insurance in force of $177 billion
- In 1957 Max Karl founded the modern MI industry and MGIC in Milwaukee, WI
- ~800 employees, including an experienced sales and underwriting team covering the U.S. and other locations

## ✓ What we do

- Take ***first-loss*** credit position on low down payment residential mortgages
- ***Reduce*** cost for borrowers and promote risk-sharing compared to FHA
- Enable ***private*** investment in mortgage credit risk
- Provide ***long term*** credit enhancement options to investors in mortgages

## ✓ What we are focused on

- Prudently growing insurance in force
- Pursue new business opportunities that leverage our core competencies
- Preserve and expand the role of MGIC and Private MI in housing finance policy
- Manage and deploy capital to optimize creation of shareholder value
- Develop and diversify the talents of our co-workers

# Key Elements of MGIC's Strategy

MGIC

**Continued MI Leadership**

- Levered to improving macroeconomic and housing conditions
- Established market player positioned to take advantage of current environment
- Leading player in monthly/annual premium market
- Most diverse customer base in industry

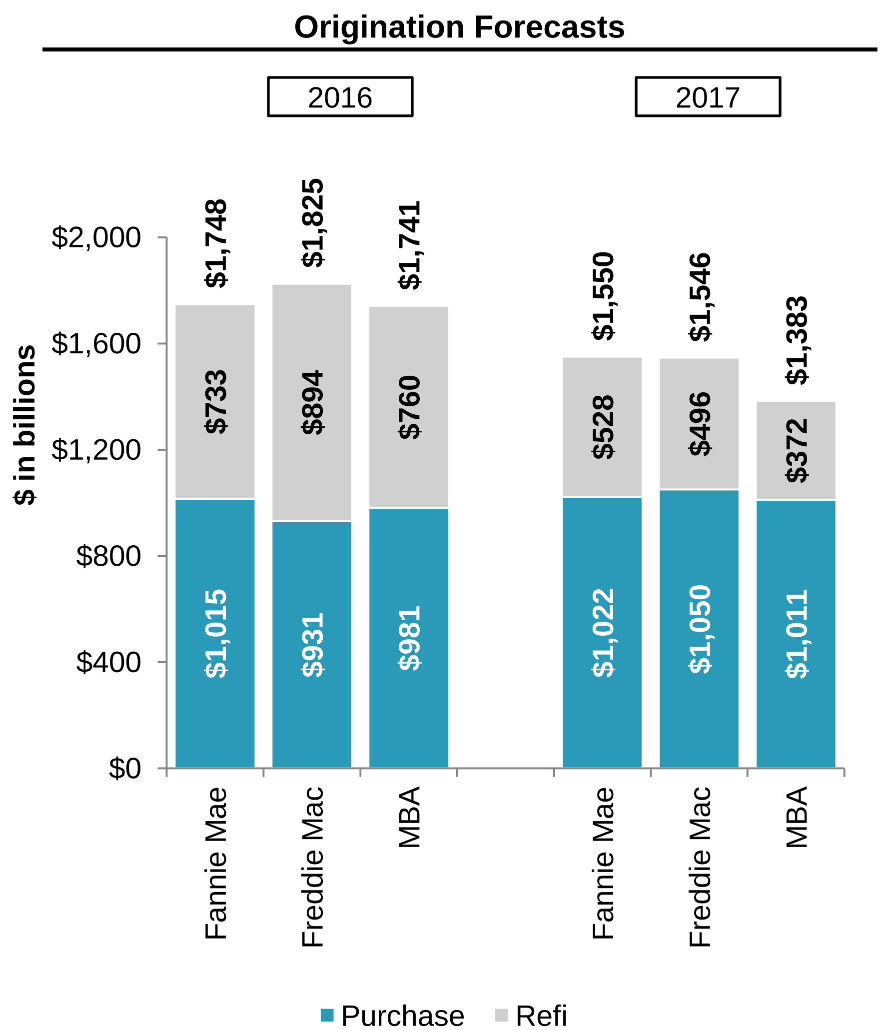
**Risk & Capital Management**

- Stable and improving financial position
- Losses on pre-crisis books declining on an absolute basis
- Comfortably exceed robust capital requirements (PMIERs)
- Established strategic reinsurance relationships

**Continued Growth**

- Household formations returning to historical norms
- Down payment major obstacle to home ownership
- Strong demand for low down payment lending
- Exploring potential for additional risk sharing (including deep cover MI) with GSEs

# Mortgage Origination Outlook



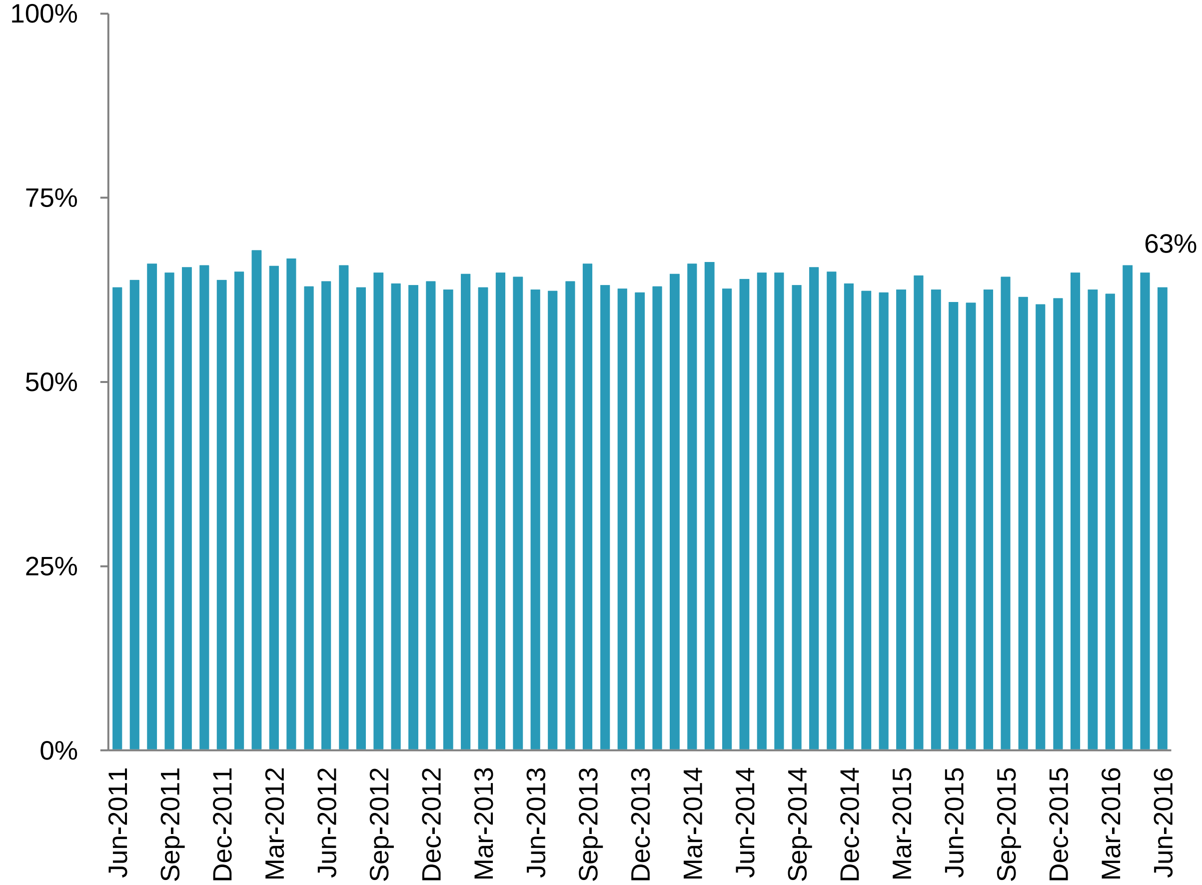

- ✓ 2016 origination forecasts range from $1.7 to $1.8 trillion
- ✓ 2017 GSEs and MBA all forecasting an increase in purchases offset by decrease in refinances
- ✓ Good environment for Private MI
  - ✓ MI market share 3.5-4x higher for Purchase business v. Refinance
  - ✓ Attractive interest rate environment
  - ✓ Increasing home sales
  - ✓ Normalizing household formations

*Source: As of July 2016; Fannie Mae, Freddie Mac, and MBA*

# Many Purchasers Require High LTV Loans

MGIC

**Percent of Mortgage Sales with Down Payment Less Than 20 Percent as of June 2016**



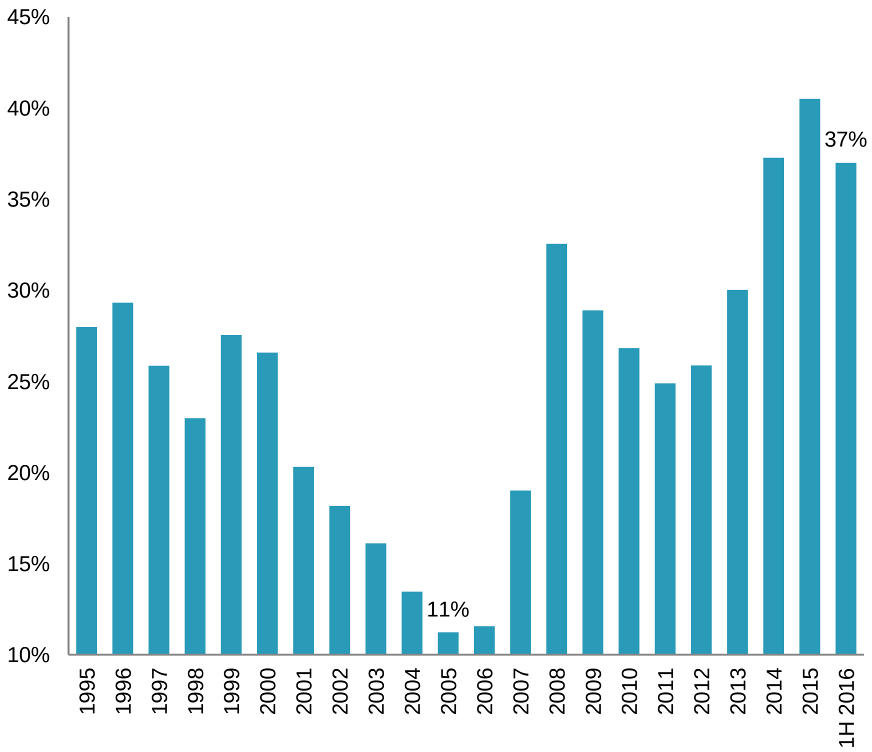

- Down payment cited as one of the main obstacles to home ownership
- Historically, ~75% of home purchases are financed
- Implies ~50% of ***ALL*** home purchasers use a down payment of less than 20%
- ~30% of all home purchasers are 1st time home buyers who typically lack a 20% down payment
  - ~68% of FTHB made a down payment of 6% or less

*Source: National Association of Realtors June 2016 Confidence Index*

# High LTV Lending Trends

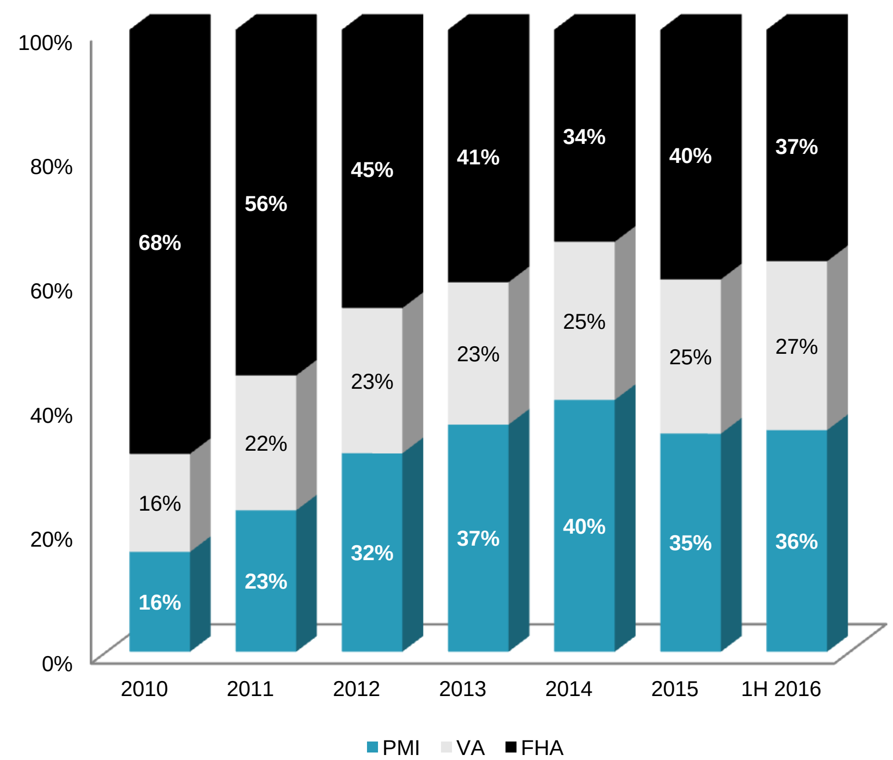
MGIC

**Private and Government Insured Loans as % of Total Origination Market**[1]




**Private MI Market Share of Insured Loans**[2]

| Total Primary MI Volume ($bn): | $454 | $387 | $565 | $588 | $458 | $644 | $337 |
|---|---|---|---|---|---|---|---|



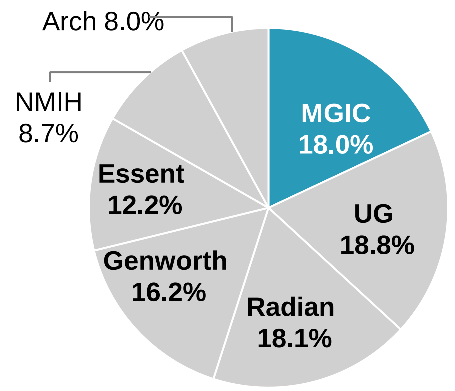

[1] *Insured loans equals the total dollar volume of PMI, FHA and VA insurance issued in that period as a percentage of total originations for the same period as reported by Inside Mortgage Finance August 2016*
[2] *Source: Inside Mortgage Finance August 2016; Excludes USDA Financing Program.*

# MGIC is an Industry Leader

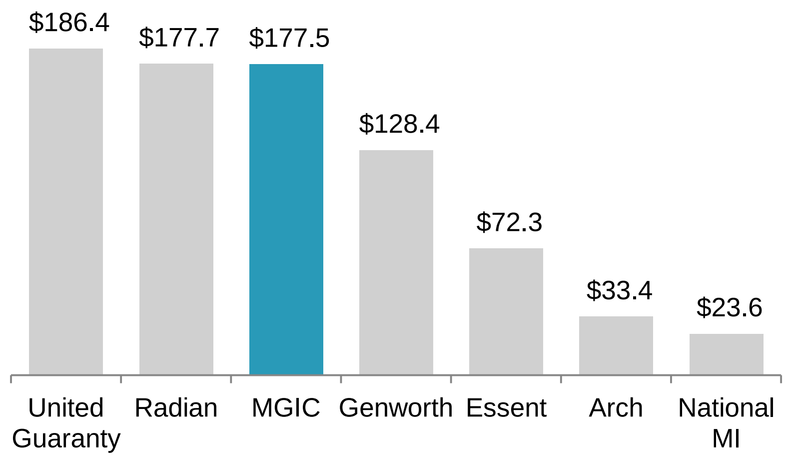
## MGIC at a Glance

- Ready, willing and able to expand our role in a robust mortgage finance system
- Credit trends continue to develop favorably
- Exceptional customer service with industry-leading low expense ratio
- Experienced sales and operations staff supporting ~2,700 lenders
- Nearly 60 years of experience provides an unparalleled foundation for success
- Financial / Operating Statistics as of 6/30/16:
  - $4.9bn high quality cash & investment portfolio
  - $417 million of LTM adj. net income [2]
  - $2.5bn shareholders' equity

## 1H 2016 Market Share by NIW[1]




## 1H 2016 Market Rank by Primary IIF ($bn) [1]




1 *Per company Q2 2016 press releases.*

2 *We present this non-GAAP financial measure "adjusted Net Income" to increase the comparability between periods of our financial results. Adjusted net income excludes the $686.7 million impact of the reversal of the deferred tax asset valuation allowance. Net income over the twelve month period ended June 30, 2016 was $1,103.7 million.*

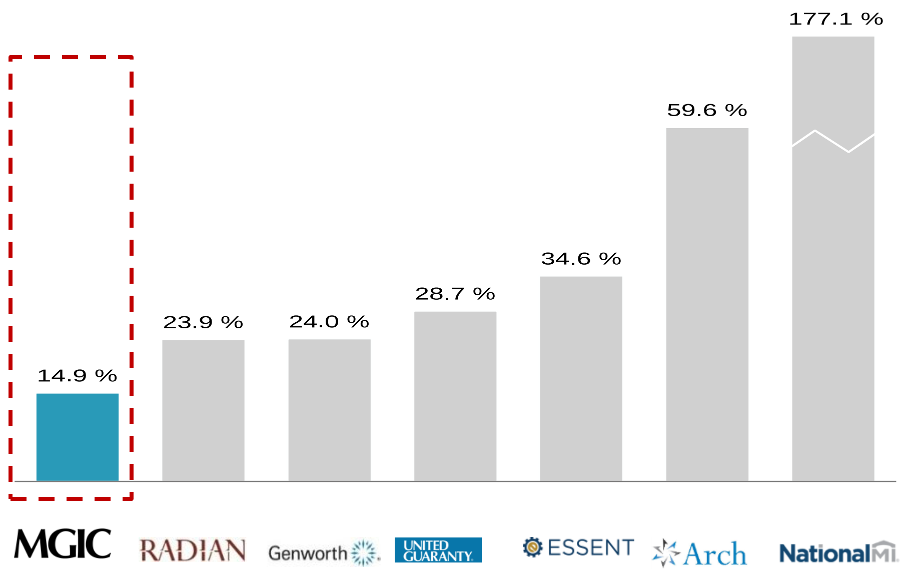
# MGIC is Well Positioned to Take Advantage of the Current Environment

MGIC

**MGIC's Strong Positioning**

- Industry's lowest expense ratio
- Significant monthly premium business, in which MGIC estimates its market share is ~20%
- Strong relationships with large, diverse customer base
  - ~2,700 master policy holders purchased insurance in 2015
  - No single lender comprises more than 6% of new business YTD 2016
  - Top 25 lenders deliver ~40% of new business YTD 2016
  - Established sales force with long term relationships with key customers

**2015 Expense Ratio[1]**




**In 1H 2016 15.3% Expense Ratio Continues to Reflect Highly Efficient and Low Cost Platform (1)**

*Source: Company SEC Filings as of December 31, 2015*

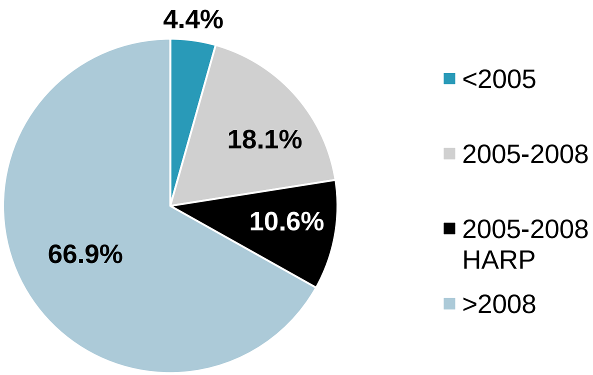
[1] *Expense Ratio for MGIC is for insurance operations only; expense ratio for peers as disclosed in SEC filings. MGIC calculates expense ratio based on net written premiums, while some peers use net earned premiums to calculate expense ratios.*

# Positive Business Trends
**(as of June 30, 2016)**

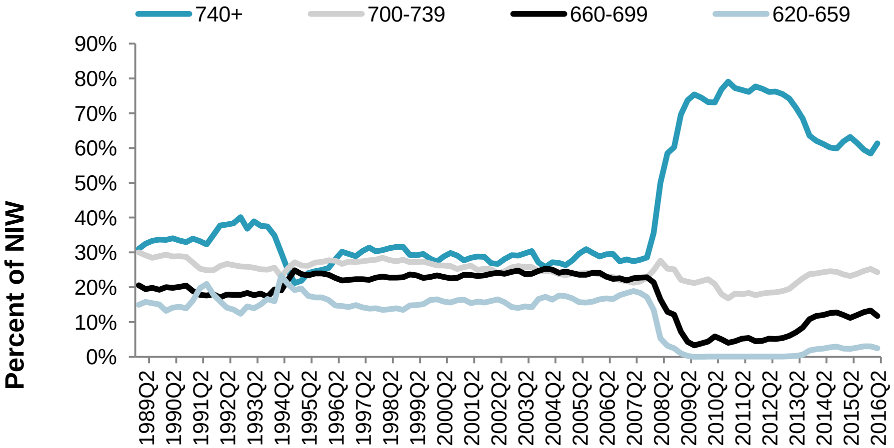
MGIC

## Risk in Force as of June 30, 2016
$46.2 Billion

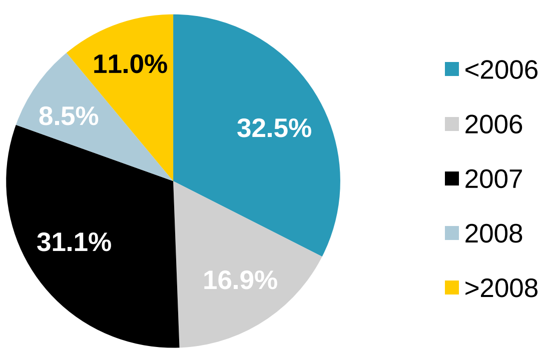
**~77.5% of RIF is >2008 or Harp**



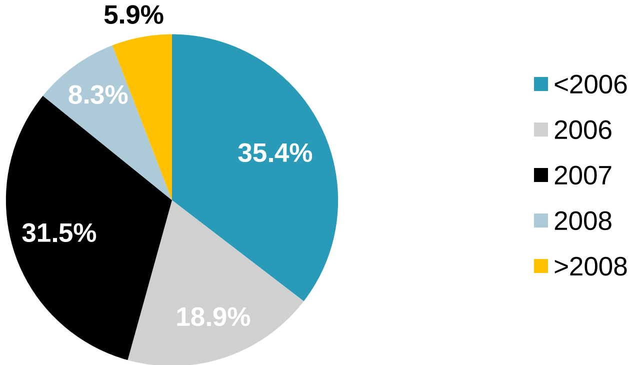

## New Insurance Written By FICO Score at Time of Origination




## New Notices Received in Q2 2016




## Primary Delinquent Inventory



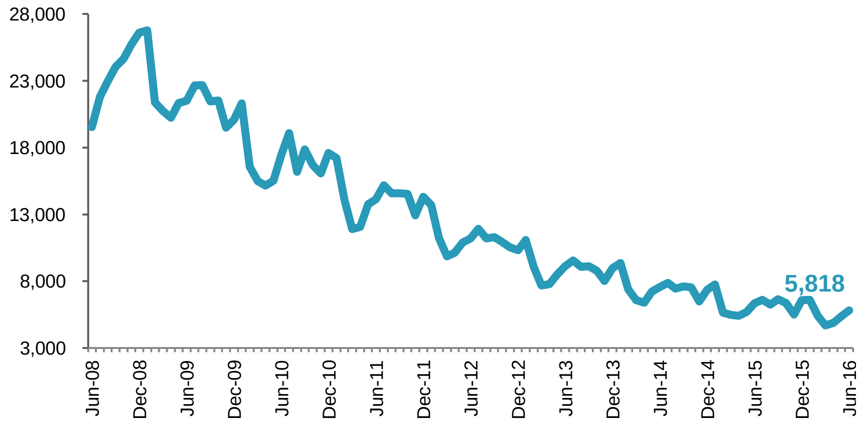

*2009 – Q2 2016 comprises 70% of risk in force and is generating only 11% of new notices and is 6% of delinquent inventory*

*Source: Company filings, Company data*

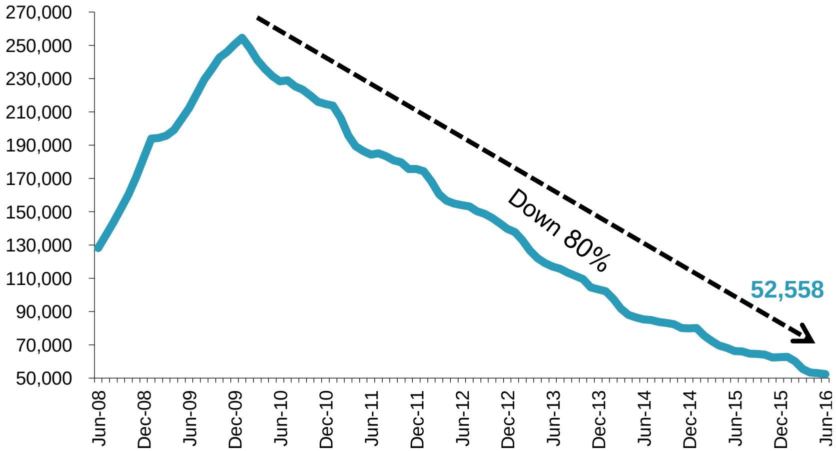
# Positive Business Trends

## Improving Performance of Existing Book

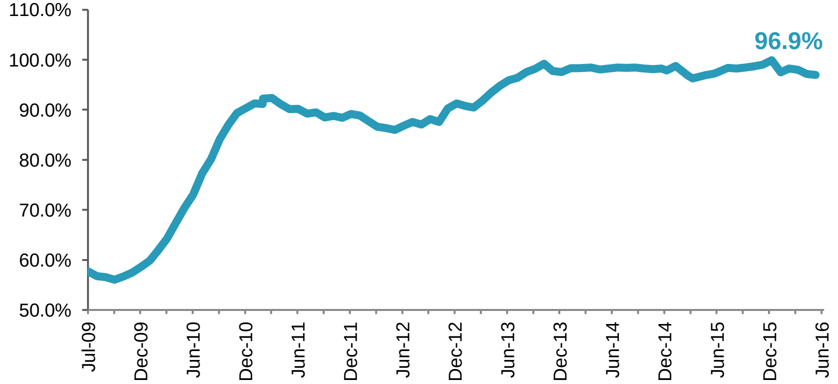
### Monthly New Notices (as of 6/30/2016)




### Ending Default Inventory (as of 6/30/2016)




### Trailing 12 Month Cure/Default Ratio (as of 6/30/2016) (1)



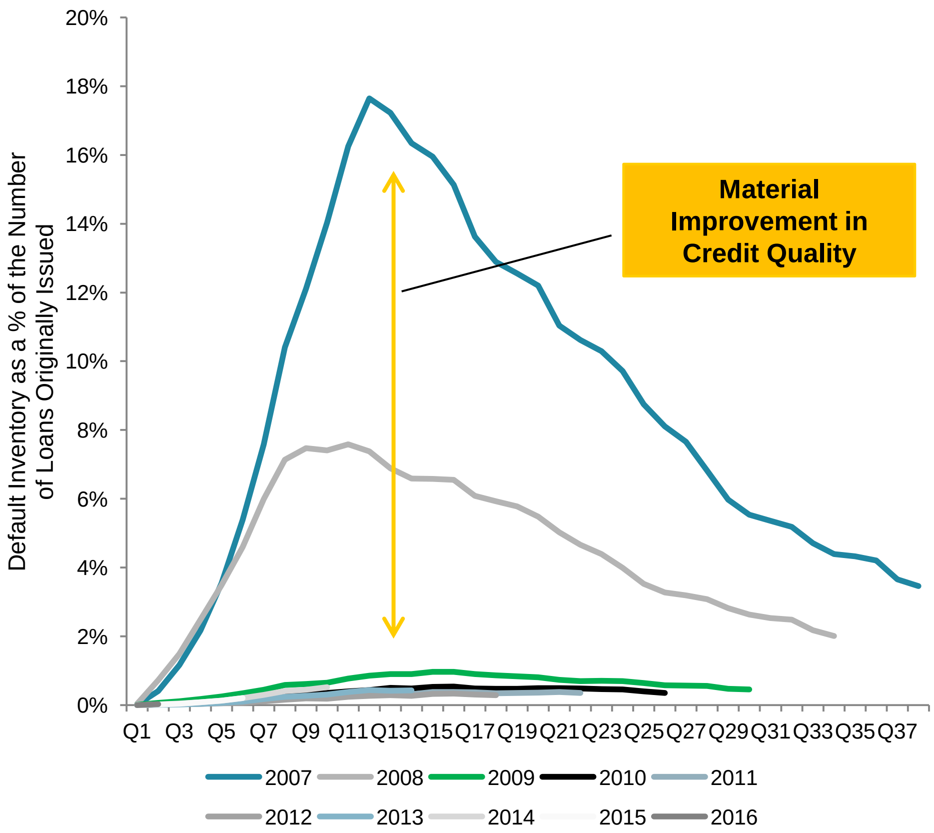

- *New notices of default down 8% y/o/y in Q2 16*
  - *~90% of new notices from 2008 and earlier books*
- *Default inventory declined ~21% y/o/y @ 6/30/16*
  - *94% of default inventory from 2008 and earlier books*
- *~86% of Q2 2016 new notices are prior delinquencies*

[1] *Trailing 12 month cure/default ratio is the sum of the last 12 month's cures / the sum of the last 12 month's new notices of default*

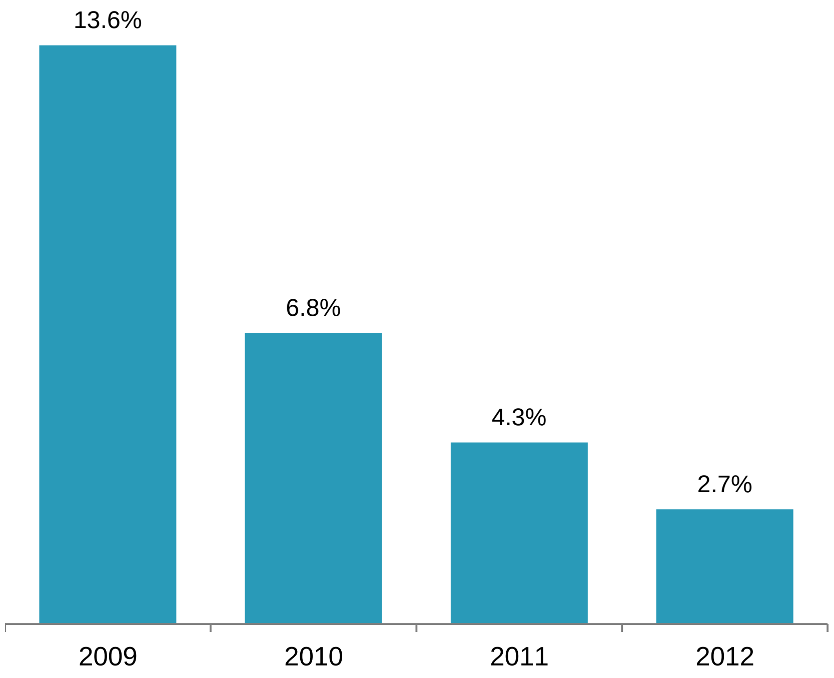
# Positive Business Trends

## High Quality Business Contained in 2009 and Forward Books

### Static Pool Delinquency Rates[1] (Based on Loan Count)




### Ever to Date Loss Ratio[2]




[1] *Static Pool Delinquency Rates = (total number of delinquent loans at the end of the stated reporting period) / (original number of loans insured in the 12 month periods shown)*

[2] *Ever to date loss ratio is the sum of paid losses plus established primary loss reserves (not including IBNR ) divided by net premiums earned for each book year shown as of December 31, 2015*

# Summary of Positive Business Trends
**(as of June 30, 2016)**

MGIC

## Legacy Credit Continues to Improve

- Default inventory down 21% y/o/y
- 8% fewer new delinquency notices received Q2 16 v. Q2 15
- Claim rate applied to new notices improved as economic and housing conditions continue to improve
- 2009 and > plus HARP is ~78% of Risk in Force

## Growing Insurance in Force with Industry-Leading Low Expense Ratio

- Insurance in Force (IIF) up 5% y/o/y
  - 2009 and > vintages represented ~67% of Insurance in Force, compared to 58% a year earlier; these vintages only represented ~11% of new delinquency notices in Q2 16
- $12.6 billion of NIW in Q2 16; predominantly BPMI
- Lowest expense ratio in industry
- Supportive household formation and first time home buyer fundamentals

## Increasing Financial Strength and Flexibility

- MGIC has $2.4 billion of statutory capital and $0.5 billion of available assets in excess of PMIERs requirement
- Consistently generating net income
- Shareholders' equity for MTG totaled $2.5 billion
- $217 million of cash and investments at Holding Company
- Strategic relationships with reinsurance partners

# MGIC Investment Corporation
# 1H 16 Financial Overview

MGIC

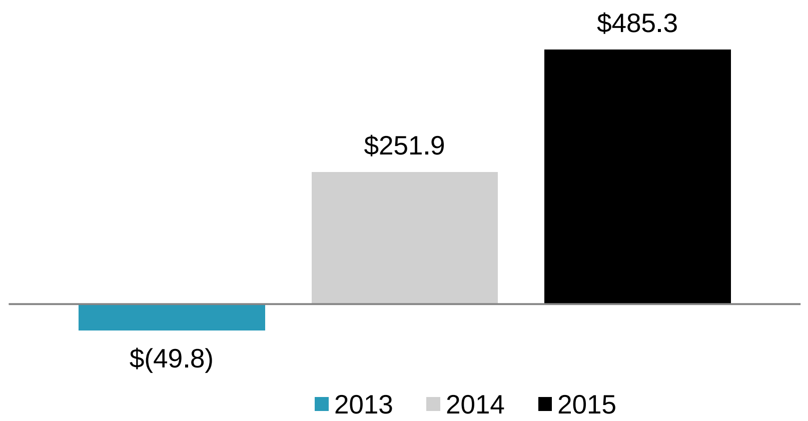
| | 6 Months Ending | | % Change |
|---|---|---|---|
| | Jun-15 | Jun-16 | y/o/y |
| | (All Amounts Shown in Millions Except Where Indicated) | | |
| Net Premium Earned | $431 | $453 | 5.1% |
| Total Revenues | $513 | $522 | 1.7% |
| Incurred Losses, Net | $172 | $132 | (23.5)% |
| Loss on debt extinguishment | $- | $15 | |
| **Pretax Income** | **$251** | **$269** | 7.0% |
| Net Primary Paid Losses (excluding settlements) | $413 | $319 | (22.8)% |
| **Default Inventory (# of Units)** | **66,357** | **52,558** | (20.8)% |
| Investments (incl. Cash and Cash Equivalents) | $4,768 | $4,867 | 2.1% |
| Insurance in force (billions) | $168.8 | $177.5 | 5.2% |
| **Key Operating Metrics** | | | |
| Loss Ratio (%) | 39.9 | 29.1 | |
| Expense Ratio (%) | 15.7 | 15.3 | |
| **Statutory Risk to Capital - MGIC** | **13.2:1** | **11.6:1** | |

- ✓ $178.4 million net income; P/L reflects GAAP tax provision but no cash payment required as deferred tax asset is consumed
  - ✓ 1H 2016 annualized ROE of 16.0% (1)
- ✓ Pretax income of $268.9 million versus $251.4 million
- ✓ Key items impacting comparability of 1H 16 to 1H 15
  - ✓ $64.9 million of positive loss reserve development in 1H 16 versus $51.5 million in 1H 15
  - ✓ Loss on debt extinguishment $15.3 million
  - ✓ Income tax provision $85.8 million higher
- ✓ ~$1.6 billion in loss reserves – average primary reserve/delinquent loan ~$29,900
- ✓ $32 million in extraordinary dividends paid from MGIC to HoldCo after receiving appropriate approval
  - ✓ Expect recurring dividends, subject to OCI approval

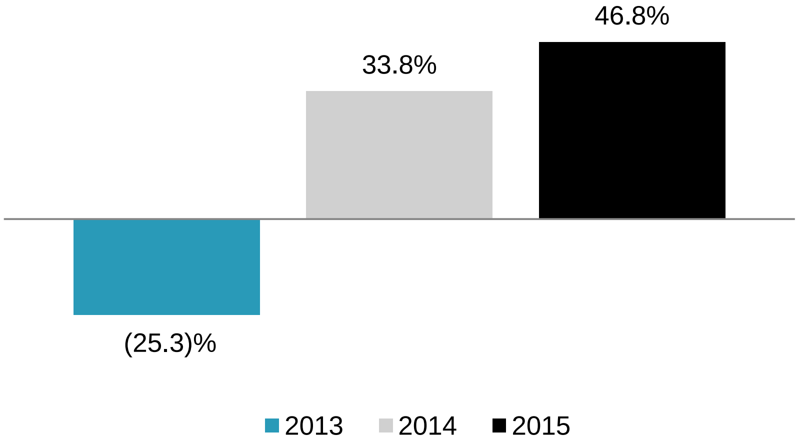
1. *Return on equity is calculated on shareholders' equity as of 12/31/15*

# Strong Earnings and ROE Profile

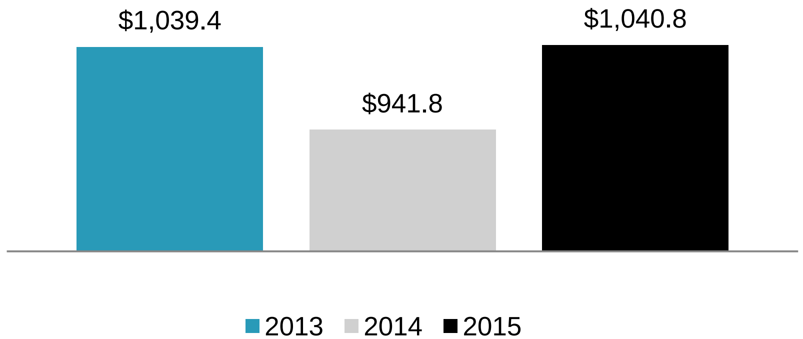
### Adjusted Net Income/(Loss) (millions)[1]




### Return on Equity[1,2]




### Revenue (millions)




### Availability of Significant Tax Assets

- MGIC has net deferred tax assets of $617 million as of June 30, 2016
  - Net operating losses of $1.7 billion to be used against future taxable income
- Any unutilized carryforwards are scheduled to expire at the end of tax years 2029 through 2033

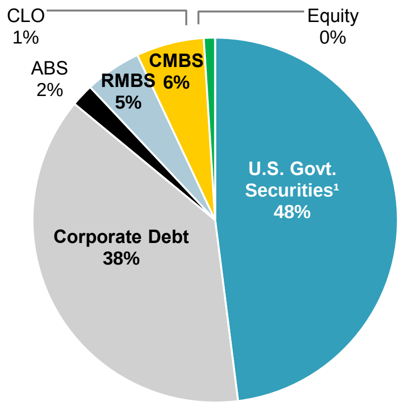
1 *We present these non-GAAP financial measures to allow comparability between periods of our financial results. GAAP net income for 2015 was $1,172 million and Return on Equity was 113%, before the reversal of the $686.7 million valuation allowance that had previously offset our deferred tax assets. There were no adjustments to 2013 and 2014 Net Income or Return on Equity*

2 *ROE based on beginning shareholders' equity*

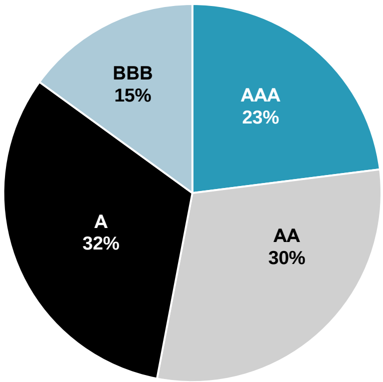
# Investment Portfolio Overview

MGIC

### Invested Assets By Type as of 30-Jun-2016




### Fixed Maturity Security Ratings as of 30-Jun-2016




### Additional Commentary

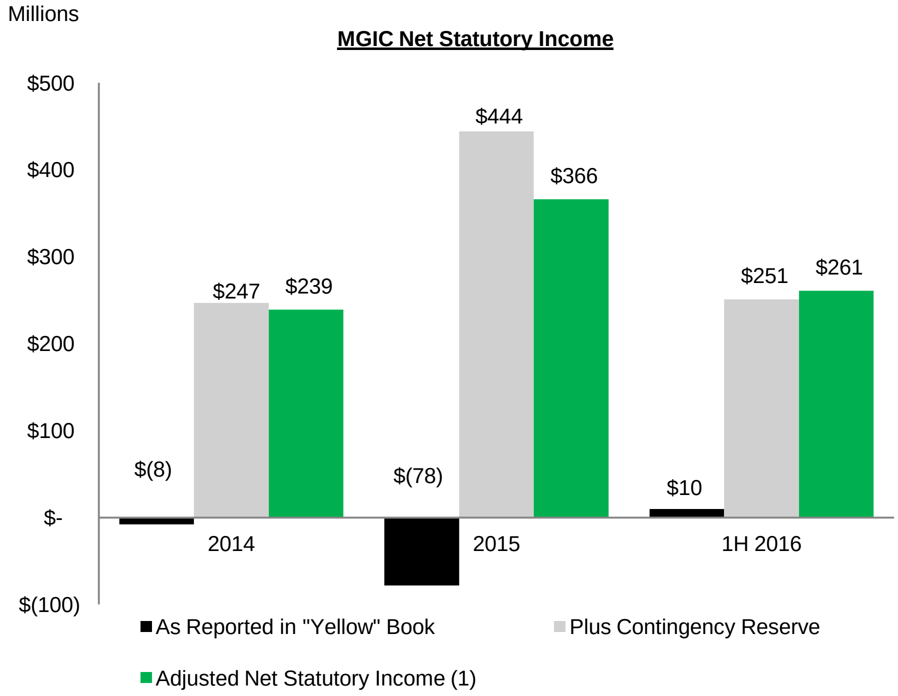
- $4.9 billion of cash and investments as of June 30, 2016
  – Includes $217 million at holding company
- 99.7% Investment Grade
  – ~84% with an underlying rating of "A" or better
- Effective Duration of 4.9 years (excludes cash and cash equivalents)
- Embedded pre-tax yield, based on book value, is 2.56%

1 *Includes federal, state and municipal securities*

# Statutory Capital Position

MGIC

- Statutory net income is reduced by the amount of contingency reserves built in the reporting period as prescribed by the Commissioner of Insurance for the State of Wisconsin (OCI)
- States other than WI account for the change in the contingency reserve through the balance sheet rather than the income statement
- Statutory capital is the total of policyholders surplus *plus* contingency reserves
- 50% of each $1 of premium earned must go into a contingency reserve to be held for 10 years or released early with OCI permission
- In FY 2014, FY 2015 and 1H 2016 statutory net income was reduced to account for the increase in contingency reserve
- At 6/30/16 MGIC had ~$2.4 billion of statutory capital
- MGIC had approximately $1.3 billion in excess of minimum capital required by OCI at June 30, 2016

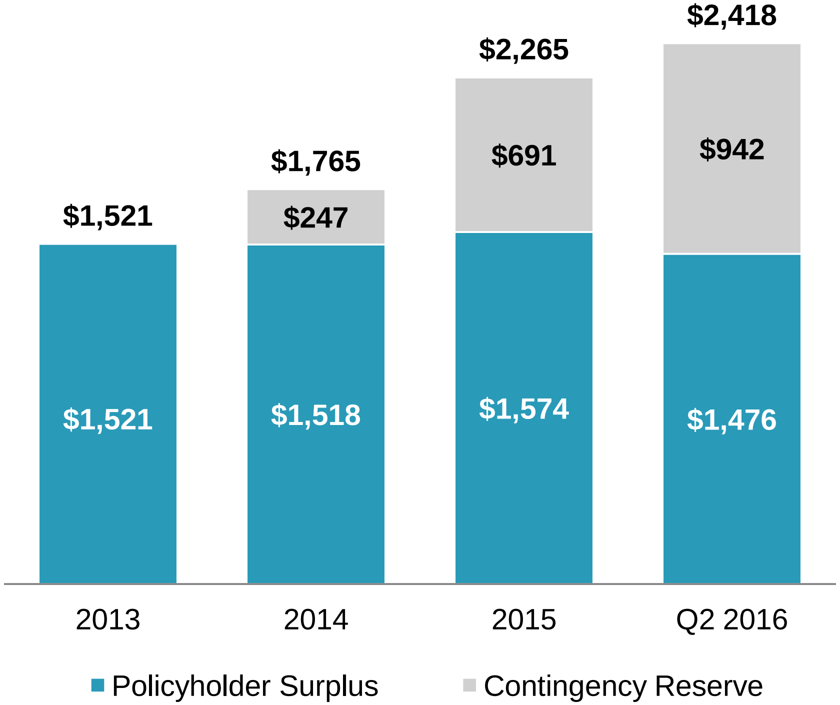



1) Adjusted statutory net income excludes the impact of the net contribution to contingency reserves

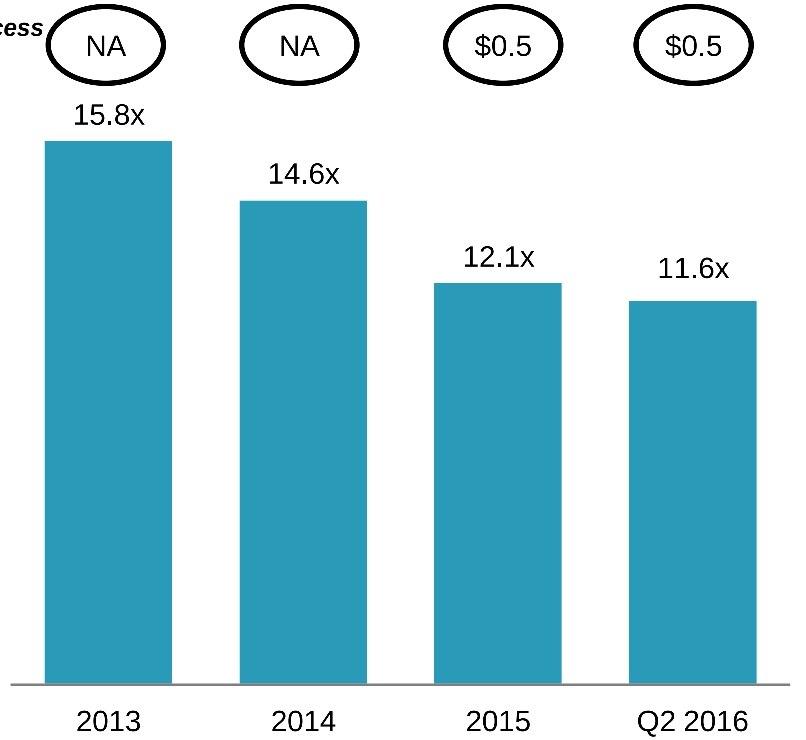
# Solid Capital Position

MGIC

### MGIC Statutory Capital (in millions)




### MGIC Risk-to-Capital Ratio




- ***Solid capital position enhanced by a 30% quota share reinsurance agreement***
- ***$0.5bn of PMIERs assets in excess of requirement, and $1.3 billion of statutory capital in excess of state requirement***
- ***Note that MGIC statutory capital and PMIERs excess assets would have been $148mm higher at Q2 2016 if Q1 investment in MTG debentures was considered admitted assets***

*Source: Company filings, Company data*

# Capital Actions Taken in August and Other Debt Outstanding

MGIC

- Issued $425 million of 5.75% Senior Notes due in August 2023
  - Repurchased ~$292 million of par value of the $500 million 2020 Convertible Senior Notes with cash and common stock
  - The repurchased notes represented ~42 million potentially dilutive shares
  - Premium paid over par value will result in a Q3 2016 pre-tax Loss on Debt Extinguishment of ~$70 million
  - Balance of proceeds will be added to holding company resources
    - A portion of the retained proceeds will be used to repurchase the shares of common stock issued as part of the repurchase of the 2020 Convertible Senior Notes
  - Extends maturity and is largely leverage neutral

- $145 million 5% Convertible Senior Notes due in May 2017
    - Conversion price is $13.44
    - Expected to be repaid using holding company cash
    - 10.8 million shares, if converted

- $208 million 2% Convertible Senior Notes due in April 2020
    - Conversion price is $6.95
    - Can force conversion beginning April 2017 if stock is $9.04 or greater
    - 29.9 million shares, if converted

- $155 1.91% Fixed Rate Advance from FHLB to MGIC due in February 2023

- $257 million 9% Junior Subordinated Debentures due in April 2063 (1)
    - Conversion price is $13.50
    - 19.0 million shares, if converted

1. *Convertible Junior Debentures due 2063 are shown net of the $133 million that is still outstanding and is owned by MGIC.*

# Regulatory Environment

MGIC

- New Financial Requirements
  - GSEs/FHFA
    - Effective date of December 31, 2015
    - MGIC is compliant with PMIERs
    - Financial requirement on new business allows for adequate returns that are enhanced by reinsurance
  - NAIC
    - Exposure draft published
    - Not expected to be more restrictive than GSE financial requirements upon implementation
- Housing Policy
  - No real progress on GSE legislative reform; status quo continues for most lenders
  - Continued depressed levels of non-GSE originations
  - The PMI industry message is that MIs can do more to take risk from GSEs and taxpayers

# Summary

**Unique Company**

- Established market player positioned to take advantage of current environment
- Strong and stable financial position
- Enables private investment in mortgage credit risk
- Proven track record of execution with strong management team

**Key Credit Strengths**

- Attractive origination and PMI market backdrop where MGIC is well-positioned
- Solid capital position and leverage profile
- Improving in-force book
- Strong earnings and ROE profile
- High quality investment portfolio
- Positive ratings momentum

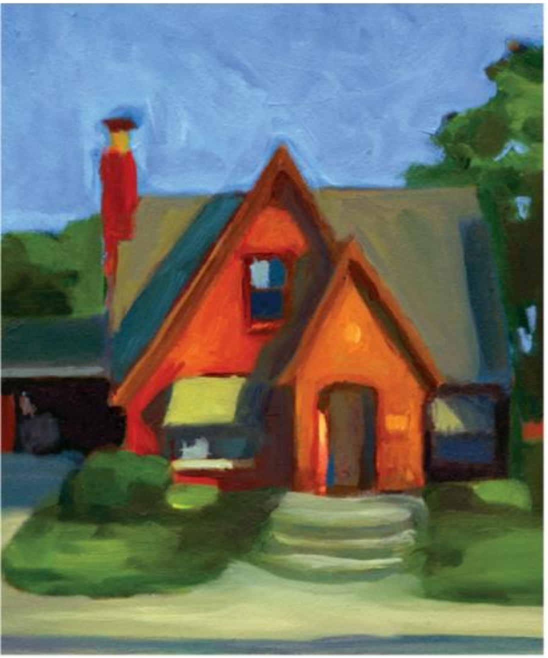
# Summary of Risk Factors

MGIC

*The below is a brief summary of some of the risk factors that could cause the issuer's results to differ materially from those expressed in, or implied by, the forward looking statements included in this presentation. Before investing in the issuer's securities, investors should read and carefully consider the risks described in the registration statement and in Exhibit 99 to the issuer's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016.*

- *Competition or changes in our relationships with our customers could reduce our revenues, reduce our premium yields and / or increase our losses.*
- *The amount of insurance we write could be adversely affected if lenders and investors select alternatives to private mortgage insurance.*
- *Changes in the business practices of the GSEs, federal legislation that changes their charters or a restructuring of the GSEs could reduce our revenues or increase our losses.*
- *We may not continue to meet the GSEs' private mortgage insurer eligibility requirements and our returns may decrease as we are required to maintain more capital in order to maintain our eligibility.*
- *The benefit of our net operating loss carryforwards may become substantially limited.*
- *We are involved in legal proceedings and are subject to the risk of additional legal proceedings in the future.*
- *We are subject to comprehensive regulation and other requirements, which we may fail to satisfy.*
- *Resolution of our dispute with the Internal Revenue Service could adversely affect us.*
- *Because we establish loss reserves only upon a loan default rather than based on estimates of our ultimate losses on risk in force, losses may have a disproportionate adverse effect on our earnings in certain periods.*
- *Because loss reserve estimates are subject to uncertainties, paid claims may be substantially different than our loss reserves.*
- *We rely on our management team and our business could be harmed if we are unable to retain qualified personnel or successfully develop and/or recruit their replacements.*
- *Loan modification and other similar programs may not continue to provide substantial benefits to us.*
- *If the volume of low down payment home mortgage originations declines, the amount of insurance that we write could decline, which would reduce our revenues.*
- *State capital requirements may prevent us from continuing to write new insurance on an uninterrupted basis.*
- *Downturns in the domestic economy or declines in the value of borrowers' homes from their value at the time their loans closed may result in more homeowners defaulting and our losses increasing, with a corresponding decrease in our returns.*
- *The mix of business we write affects our Minimum Required Assets under the PMIERs, our premium yields and the likelihood of losses occurring.*
- *The premiums we charge may not be adequate to compensate us for our liabilities for losses and as a result any inadequacy could materially affect our financial condition and results of operations.*
- *We are susceptible to disruptions in the servicing of mortgage loans that we insure.*
- *Changes in interest rates, house prices or mortgage insurance cancellation requirements may change the length of time that our policies remain in force.*
- *Your ownership in our company may be diluted by additional capital that we raise or if the holders of our outstanding convertible debt convert that debt into shares of our common stock.*
- *Our holding company debt obligations materially exceed our holding company cash and investments.*
- *We could be adversely affected if personal information on consumers that we maintain is improperly disclosed and our information technology systems may become outdated and we may not be able to make timely modifications to support our products and services.*

MGIC



**Company Contact:**

Michael Zimmerman
Senior Vice President
Investor Relations

Direct: (414) 347-6596
mike_zimmerman@mgic.com