



**MGIC**

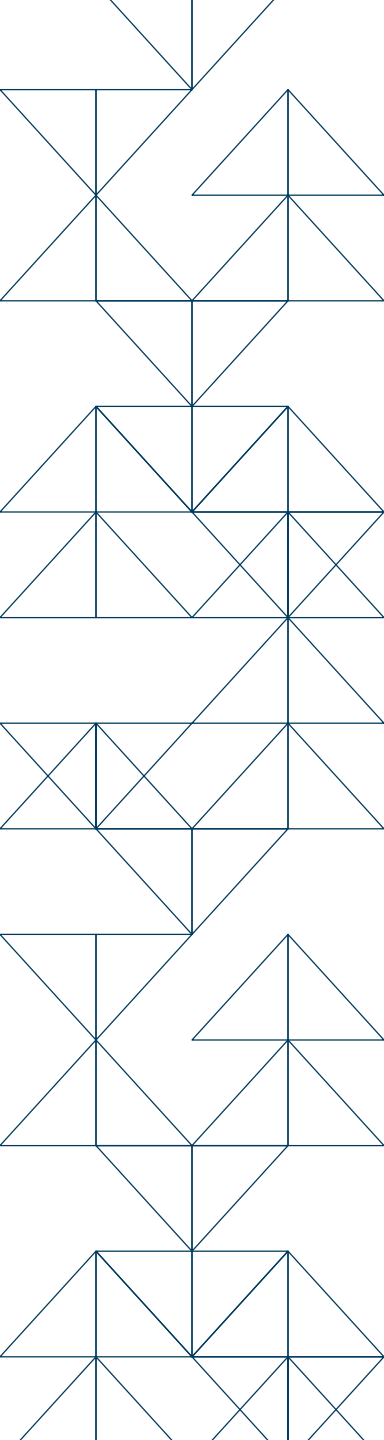


# **MGIC Investment Corporation**

Portfolio Supplement

Q3 2020

NYSE: MTG



## Forward Looking Statements



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 risks associated with the COVID-19 pandemic which are discussed, and by the other risk factors which are summarized, 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.

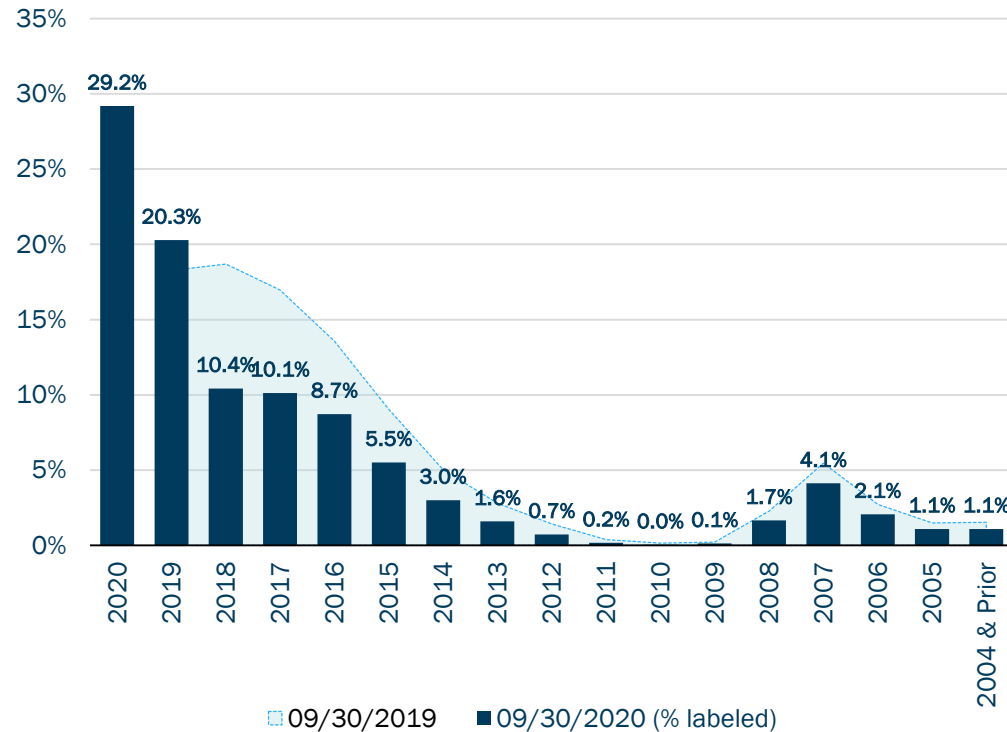
These forward looking statements, including the discussion of the impact of the COVID-19 pandemic, speak only as of the date of this presentation and are subject to change without notice as the Company cannot predict all risks relating to this evolving set of events. We are not undertaking any obligation 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 person should rely on the fact that such statements are current at any time other than the time at which this presentation was prepared in November 2020.

# Primary Risk in Force

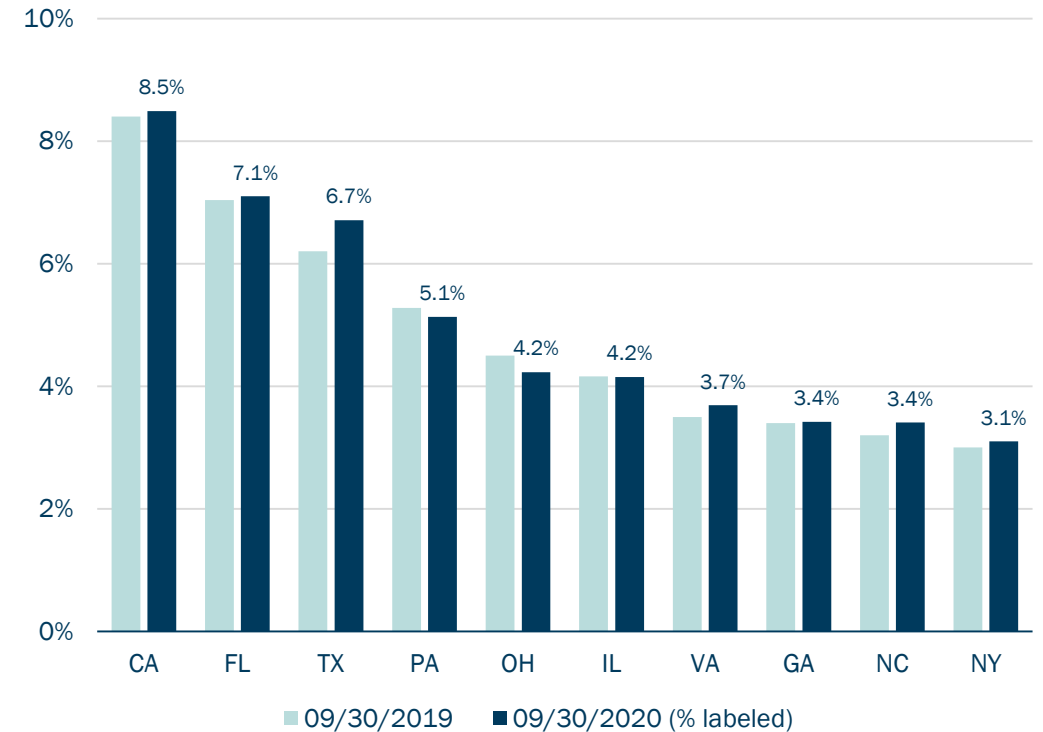
## September 30,



Year of Origination



Top 10 Jurisdictions



# Primary Risk in Force

## September 30, 2020



	Origination year:																
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004 & Prior
Original risk written (billions)	\$18.1	\$16.2	\$12.6	\$12.3	\$11.9	\$10.8	\$8.8	\$7.4	\$6.1	\$3.6	\$3.1	\$4.0	\$10.7	\$20.1	\$16.1	\$16.8	\$181.5
% of original risk remaining	97.4	75.6	50.2	49.9	44.4	30.9	20.8	12.9	7.3	2.9	0.7	2.0	9.4	12.4	7.7	4.0	0.4
Weighted average FICO <sup>(1)</sup>	751	747	741	743	746	743	740	747	755	751	742	746	722	693	669	665	656
760 and > (%)	46.4	42.8	37.6	39.7	43.1	40.0	37.5	43.3	50.4	43.7	38.9	41.2	25.6	15.4	10.7	9.4	5.8
740 – 759	18.9	19.0	17.2	17.4	16.9	16.3	16.1	16.5	17.3	19.2	14.1	17.7	13.4	9.1	6.7	6.0	4.9
720 – 739	13.5	14.5	15.2	14.5	14.3	15.5	15.2	16.2	15.6	15.8	16.5	16.2	14.1	10.2	7.5	7.3	6.0
700 – 719	10.2	11.3	13.1	12.2	11.1	10.4	11.6	10.4	8.6	10.1	12.0	11.9	14.4	11.6	9.2	8.6	7.9
680 – 699	7.4	7.5	8.3	8.4	8.2	9.3	10.2	8.5	6.0	7.9	11.6	8.9	13.8	11.9	9.4	10.0	10.0
660 – 679	2.0	2.7	4.5	4.2	3.6	4.5	5.2	3.8	1.9	3.2	6.8	2.0	7.1	10.7	9.8	10.0	11.6
640 – 659	1.1	1.5	2.8	2.5	2.1	2.7	2.9	1.1	0.2	0.1	-	1.3	5.2	10.1	10.3	11.1	12.0
639 and <	0.6	0.7	1.3	1.1	0.9	1.3	1.3	0.3	-	-	-	0.7	6.5	21.1	36.4	37.7	41.9
Weighted average LTV <sup>(1)</sup>	92.0	92.8	93.4	93.2	93.0	93.2	93.4	94.2	94.4	94.4	92.5	90.9	93.6	95.5	92.9	91.7	89.9
85 and < (%)	9.3	6.2	4.5	4.6	3.3	1.6	1.1	0.8	1.3	1.0	5.3	10.4	3.6	4.3	15.1	18.4	27.1
85.01 – 90.00	31.2	27.5	25.0	26.2	28.5	27.7	24.5	12.5	7.1	8.8	30.4	48.9	33.7	21.7	27.5	32.3	30.2
90.01 – 95.00	48.7	51.1	49.7	55.0	60.4	64.8	72.1	77.7	82.5	82.8	57.1	38.6	37.5	24.1	21.4	23.0	24.3
95.01 and >	10.8	15.2	20.8	14.2	7.9	6.0	2.3	9.0	9.1	7.4	7.3	2.1	25.2	49.9	36.0	26.3	18.4
Single Premium (%)	8.7	14.2	17.0	20.5	22.7	26.4	24.0	24.4	33.3	27.8	37.8	31.4	37.7	22.7	14.4	12.8	7.7
Investor (%)	-	0.1	0.2	0.2	0.1	0.1	-	-	-	-	0.1	-	1.6	1.7	2.5	3.3	4.5
Weighted average DTI <sup>(1)(2)</sup>	35.5	36.2	37.7	36.3	35.0	34.8	35.0	34.1	33.3	33.3	33.4	34.1	42.0	44.3	42.4	41.1	39.1
DTI > 45% <sup>(1)(2)(3)</sup>	11.0	12.8	19.7	11.5	5.0	3.7	2.8	0.9	-	0.1	0.5	2.8	38.7	44.1	37.3	33.2	26.6
Cashout Refinance (%)	-	0.2	0.1	0.1	-	-	0.2	-	-	-	-	2.6	6.9	12.7	29.7	35.5	32.9
Full Documentation (%)	100	100	100	100	100	100	100	100	100	100	100	100	98.5	90.2	80.1	81.8	84.5
HARP (%)	-	-	-	-	-	-	-	-	-	0.1	1.0	51.3	59.7	41.4	28.8	24.6	13.6

Year of origination as displayed is determined by the calendar date the insurance was effective. Percentages based on remaining risk in force, including the percentage of risk in force delinquent. Other delinquency statistics are based on the number of remaining loans.

(1) At time of origination; (2) In the fourth quarter of 2018 we changed our methodology for calculating DTI ratios for pricing and eligibility purposes to exclude the impact of mortgage insurance premiums. As a result, loan originators may have changed the information they provide to us, and therefore we cannot be sure that the DTI ratio we report for each loan includes the related mortgage insurance premiums in the calculation. (3) DTI > 50% less than 2% in origination years 2009 and later.

# Primary Risk in Force

## September 30, 2020



	Origination year:																
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004 & Prior
<b>Delinquency statistics: <sup>(1)</sup></b>																	
Risk in force delinquent (%)	1.2	5.5	8.3	7.4	6.1	6.0	6.6	5.5	4.8	7.9	22.5	9.7	11.5	15.0	18.0	18.2	19.2
# of loans delinquent	2,698	9,494	8,599	7,832	5,552	3,652	2,393	1,077	431	175	111	180	2,564	8,511	4,568	2,560	4,021
Delinquency rate (based on loan count) (%)	1.0	4.8	7.2	6.7	5.5	5.4	5.9	5.1	4.4	6.6	18.3	7.7	10.7	13.6	14.7	14.4	14.3
# of new notices received in quarter	1,655	3,344	2,789	2,430	1,726	1,154	799	319	115	48	27	56	696	2,556	1,308	723	1,179
New notices previously delinquent (%)	3.3	11.6	21.6	29.1	30.5	41.1	46.8	51.1	54.8	64.6	59.3	73.2	77.0	86.4	91.0	92.5	93.2
Loans remaining never reported delinquent (%)	98.7	92.8	88.8	88.9	89.6	88.8	86.8	87.8	88.7	81.7	58.3	75.2	59.8	42.6	36.0	33.8	34.3
Ever to date claims paid (millions)	-	\$0.1	\$3.2	\$7.7	\$9.0	\$14.1	\$17.6	\$14.0	\$10.7	\$11.3	\$18.0	\$65.4	\$1,159.3	\$5,343.6	\$4,033.0	\$2,717.8	N.M.

	In force year:																
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004 & Prior
<b>Loans covered by reinsurance: <sup>(2)</sup></b>																	
Quota share reinsurance (%)	85.3	90.2	82.6	87.2	90.6	94.5	98.6	98.9	94.6	91.2	77.1	82.2	48.3	29.8	17.3	14.6	2.9
Excess-of-loss reinsurance (%)	-	11.8	99.0	91.9	55.1	-	-	-	-	-	-	-	-	-	-	-	-
Total loans covered by reinsurance (%)	85.3	91.3	99.8	96.9	95.5	94.5	98.6	98.9	94.6	91.2	77.1	82.2	48.3	29.8	17.3	14.6	2.9

Year of origination as displayed is determined by the calendar date the insurance was effective.

- (1) Percentages based on remaining risk in force, including the percentage of risk in force delinquent. Other delinquency statistics are based on the number of remaining loans.
- (2) Reinsurance coverage percentage is calculated as the risk in force on policies with reinsurance coverage divided by the total risk in force. The percentage of loans covered by reinsurance is determined prior to the application of reinsurance coverage percentages under the associated transactions. Approximately 85% of our primary risk in force was covered by a reinsurance transaction. Quota share reinsurance cede rate is a weighted average of 31% on eligible business for 2020, 30% on eligible business for years 2019 through 2017 and 15% for eligible business in 2016 and prior. See our Form 10-K filed with the Securities and Exchange Commission on February 24, 2020 for details of the reinsurance coverage provided by our excess-of-loss reinsurance transactions.

# Home Re 2020-1 Ltd. Transaction Overview



<b>Transaction</b>	<ul style="list-style-type: none"><li>✓ On October 29, 2020, MGIC obtained fully collateralized excess of loss reinsurance coverage on mortgage insurance policies written in January 2020 through July 2020.</li><li>✓ The total amount of reinsurance was \$412.9 million as of the closing date.</li></ul>
<b>Reinsurer</b>	<ul style="list-style-type: none"><li>✓ Reinsurance is provided by Home Re 2020-1 Ltd. (“Home Re”), a newly formed Bermuda-based special purpose insurer. Home Re is not a subsidiary or an affiliate of MGIC.</li><li>✓ Home 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 any assets of MGIC or its affiliates.</li><li>✓ The proceeds of the notes offering were deposited into a reinsurance trust account for the benefit of MGIC. The noteholders have a subordinated interest in the reinsurance trust account, which is the sole source of funds for the repayment of principal of the notes.</li></ul>
<b>MGIC Benefits</b>	<ul style="list-style-type: none"><li>✓ Further diversifies sources of capital</li><li>✓ Protection against adverse credit losses on the reinsured business</li><li>✓ Increases MGIC’s counterparty strength</li><li>✓ Provides PMIERS and rating agency capital benefit</li></ul>

# Home Re 2020-1 Ltd. Structure



Coverage Levels	Coverage Level (\$ in 000's)	% of Risk in Force	Credit Enhancement %	Weighted Average Life (in years) <sup>1</sup>	Coupon (bps)	Moody's Rating
A-H	8,487,799	92.50%	7.50%	RETAINED BY MGIC		
M-1A	123,876	1.35%	6.15%	1.58	1mL+260	Baa2
M-1B	123,876	1.35%	4.80%	2.85	1mL+325	Baa3
M-1C	73,407	0.80%	4.00%	3.87	1mL+415	Ba2
M-2	68,819	0.75%	3.25%	4.74	1mL+525	B1
B-1	22,939	0.25%	3.00%	4.99	1mL+700	B2
B-2H	91,759	1.00%	2.00%	RETAINED BY MGIC		
B-3H	183,524	2.00%	0.00%	RETAINED BY MGIC		
<b>Issued Notes</b>	<b>\$ 412,917</b>	<b>4.50%</b>				

## Key Transaction and Structure Details:

- Cut-off Date: September 30, 2020
- Optional Call Date: October 25, 2027
- Legal Final Date: October 25, 2030
- Clean-up Call Event: Aggregate outstanding principal amount is ≤ 10% of the aggregate original principal amount of the Notes
- Trigger Events:
  - 100% of principal is subject to triggers
  - Minimum Credit Enhancement Test: 8.5%
  - Sixty-Plus Delinquency Amount Test: three months average sixty-plus delinquency rate is ≥ 75% of the subordination percentage

## Details of the Reinsured Loans at Closing:

- Reference pool of 191,424 loans having aggregate unpaid principal balance of \$52.394bn
- Adjusted risk in force of \$9.176bn - adjusted risk in force accounts for existing quota share reinsurance from unaffiliated third parties on loans in the reference pool
- Mortgage insurance coverage on mortgage loans having an insurance coverage in force date from January 1, 2020 to July 31, 2020, inclusive

<sup>1</sup> Weighted average life based on assumptions of 10% CPR, no losses and MGIC exercises its option to terminate on the occurrence of an Optional Call Date or Clean-up Call Event when first eligible.



## ILN Transaction Status

Home Re Insurance-Linked Notes Key Metrics <sup>(1)</sup>			
<i>at closing (\$ in millions)</i>	HMIR 2018-1	HMIR 2019-1	HMIR 2020-1
Policy In Force Dates	7/1/2016 – 12/31/2017	1/1/2018 – 3/31/2019	Jan. 1, 2020 – Jul. 31, 2020
Adjusted Risk in Force <sup>(2)</sup>	\$7,497	\$7,429	\$9,176
Initial ILN Coverage	\$318.6	\$315.7	\$412.9
MGIC's Initial Retained Layer	\$168.7	\$185.7	\$275.3
Initial Attachment % <sup>(3)</sup>	2.25%	2.50%	3.00%
Initial Detachment % <sup>(4)</sup>	6.50%	6.75%	7.50%
Delinquency Trigger % <sup>(6)</sup>	4.00%	4.00%	75% of subordinate percentage
<i>as of September 30, 2020 (\$ in millions)</i>			
Adjusted Risk in Force <sup>(2)</sup>	\$4,150	\$3,911	
ILN Coverage	\$218.3	\$208.1	
MGIC's Retained Layer	\$166.2	\$184.8	
Current Attachment % <sup>(3)</sup>	4.00%	4.70%	
Current Detachment % <sup>(4)</sup>	9.27%	10.05%	
Actual 60+ DQ % <sup>(5)</sup>	7.03%	8.70%	
PMIERS Required Asset Credit	\$152.7	\$152.9	

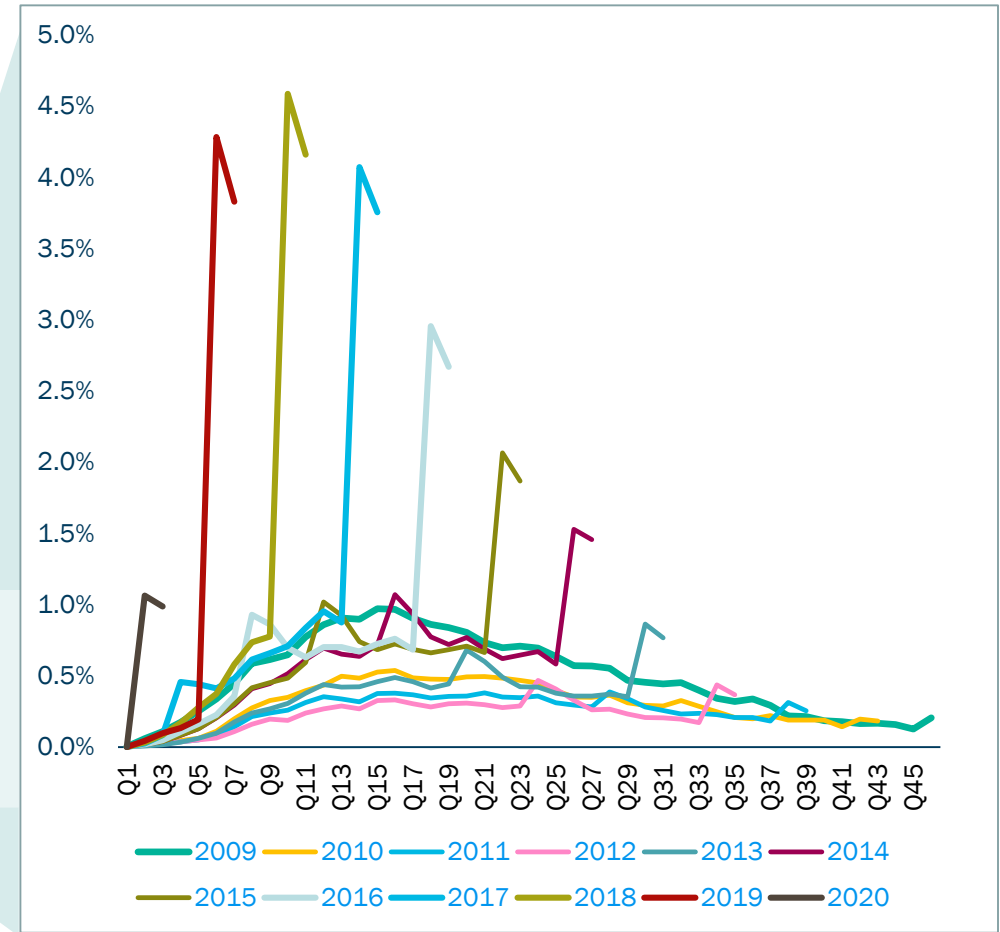
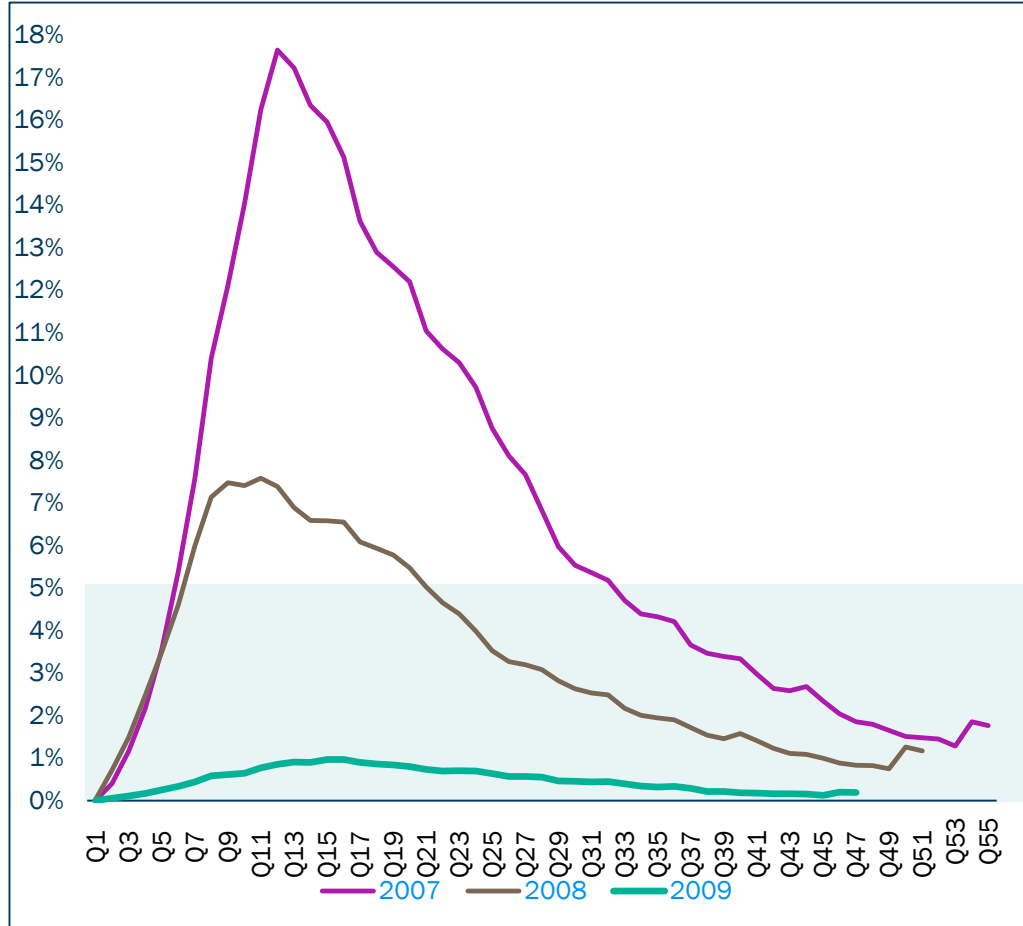
- (1) Through October 31, 2020, MGIC has entered three fully collateralized reinsurance arrangements with Bermuda-domiciled special purpose insurers ("Home Re"). The Home Re entities are not subsidiaries or affiliates of MGIC.
- (2) The adjusted risk in force is the aggregate risk in force of the underlying mortgage loans, net of existing quota share reinsurance, and for HMIR 2018-1 and HMIR 2019-1 net of an inclusion percentage based on zip code.
- (3) The percentage represents the cumulative losses as a percentage of adjusted risk in force that MGIC retains prior to the ILN taking losses.
- (4) The percentage represents the cumulative losses as a percentage of adjusted risk in force that must be reached before MGIC begins absorbing losses after the ILN layer.
- (5) The percentage of adjusted risk in force that is 60 or more days delinquent.
- (6) During periods where the delinquency trigger fails, principal reductions are not allocated to the ILN layers (i.e. the ILN layers are 'locked out'). For HMIR 2020-1, the delinquency trigger is dynamically calculated based on the subordination percentage each month. The subordination percentage is the coverage level of all subordinate tranches below the 'A' tranche over the adjusted risk in force. At closing, the effective delinquency trigger of HMIR 2020-1 was 5.625%.



# Flow Primary Risk in Force September 30, 2020

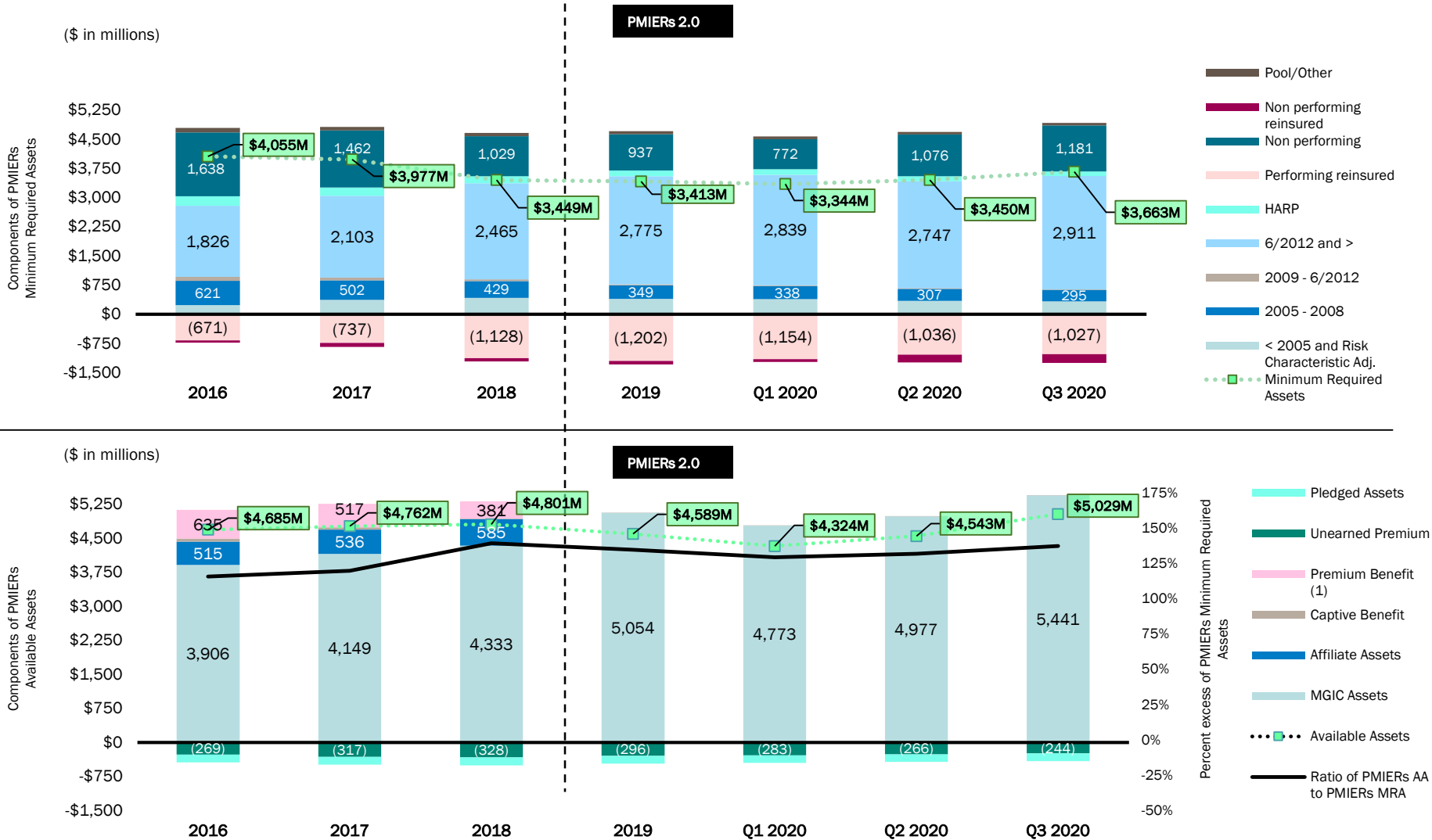


Static Pool Delinquency Rates Based on Loan Count



Static Pool Delinquency Rates = (total number of delinquent loans at the end of the stated reporting period) / (original number of loans insured in the annual periods shown)  
 Note: We have experienced a significant increase in our delinquent inventory from March 31, 2020 to September 30, 2020 as a result of the COVID-19 pandemic.

# PMIERS Asset Trends

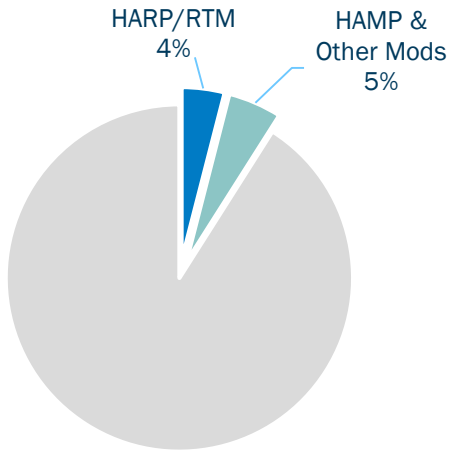


1. Revised PMIERS became effective March 31, 2019. The decrease in our available assets at 2019 was primarily due to the elimination of any credit for future premiums that had previously been allowed for certain insurance policies.

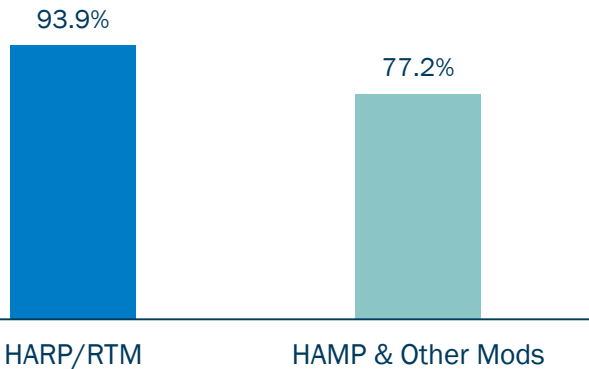
# Summary of Loan Modification and HARP Activity



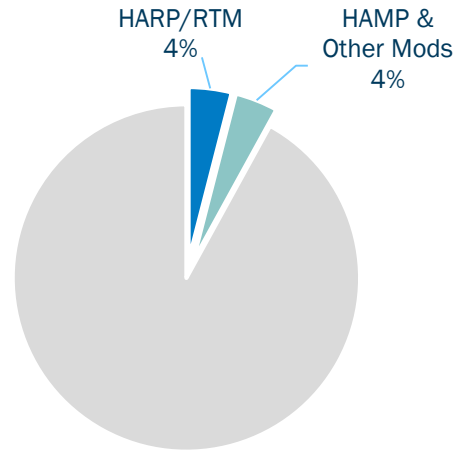
Risk in Force  
Total Primary Book



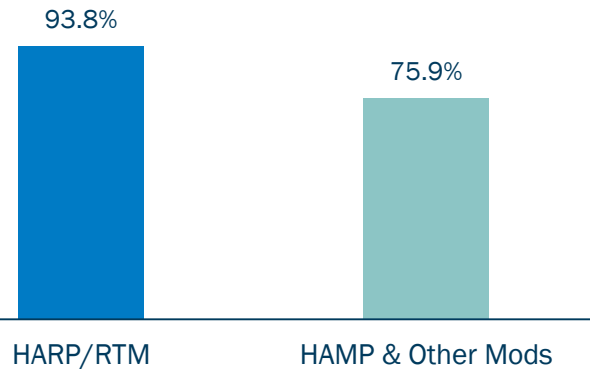
% Current at 09/30/2020  
(# of loans)



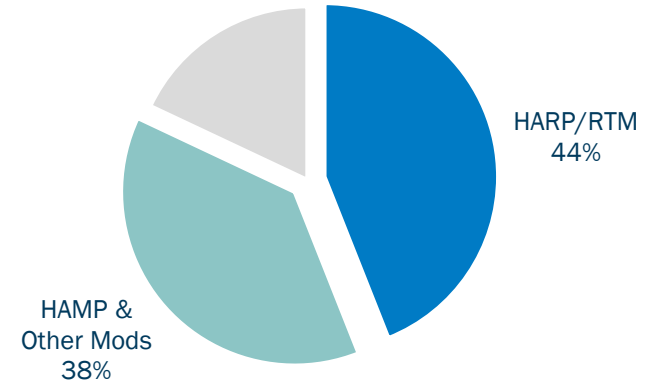
Risk in Force  
Flow Primary Book



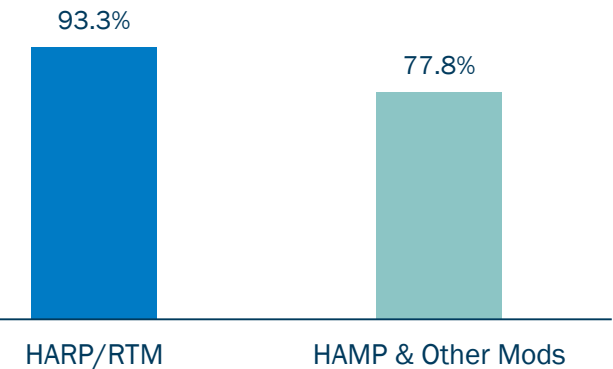
% Current at 09/30/2020  
(# of loans)



Risk in Force  
2007 Flow Primary Book



% Current at 09/30/2020  
(# of loans)



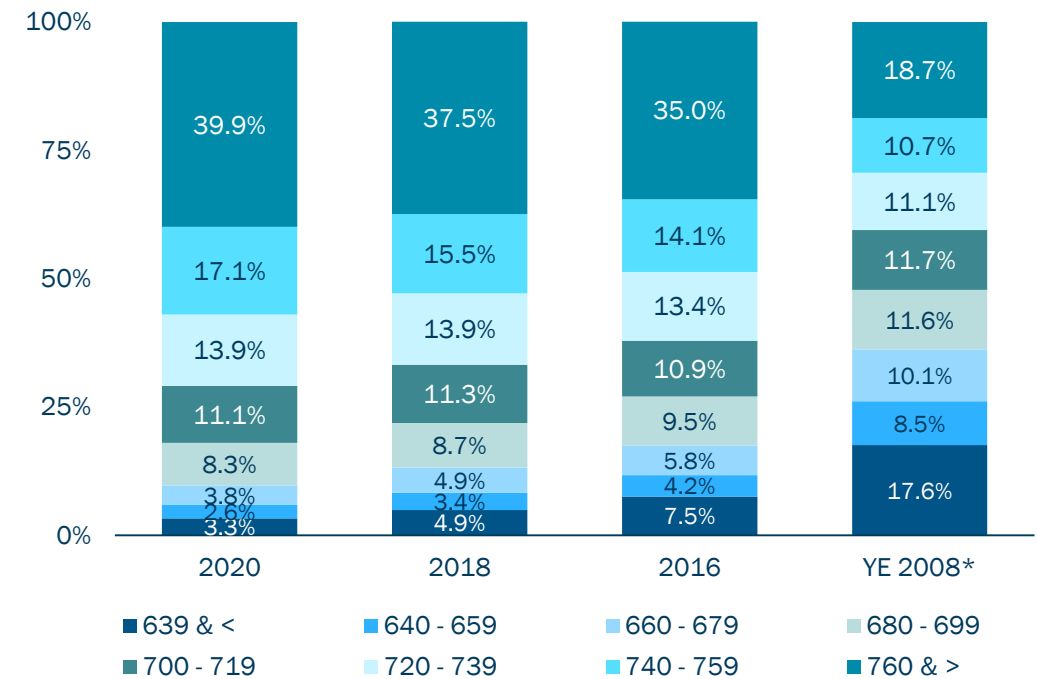
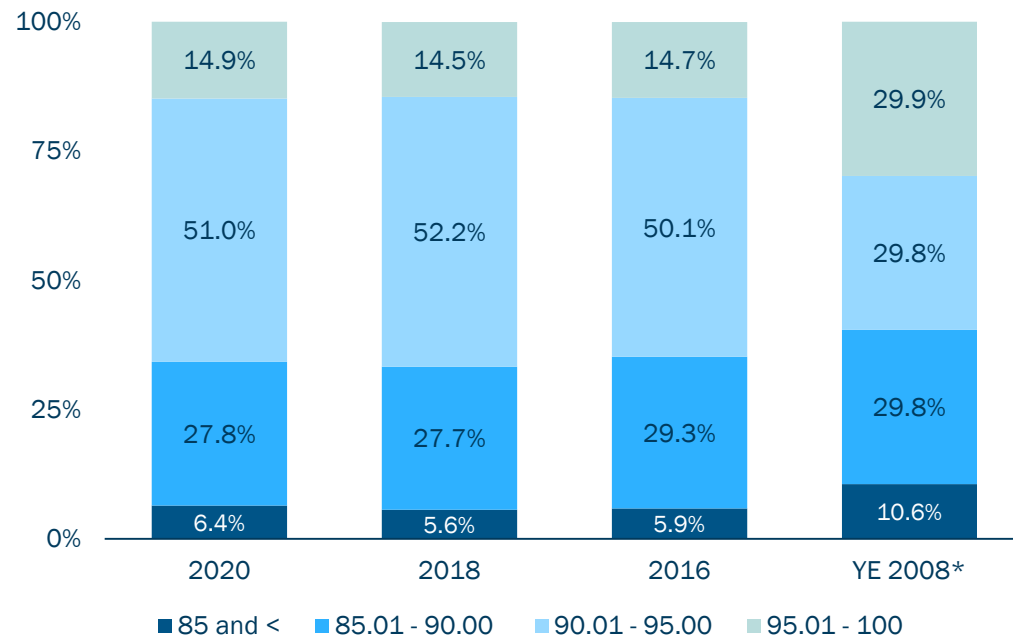
# Primary Risk in Force

September 30,



Original LTV

Original FICO



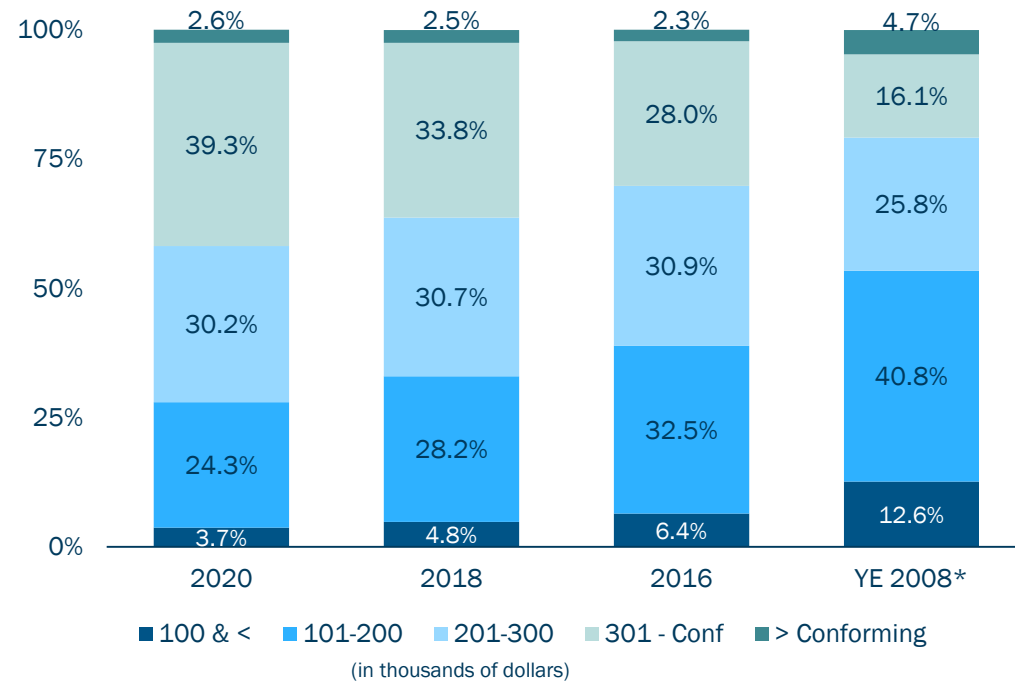
Note: Charts may not add to 100% due to rounding. \*As of December 31, 2008.

# Primary Risk in Force

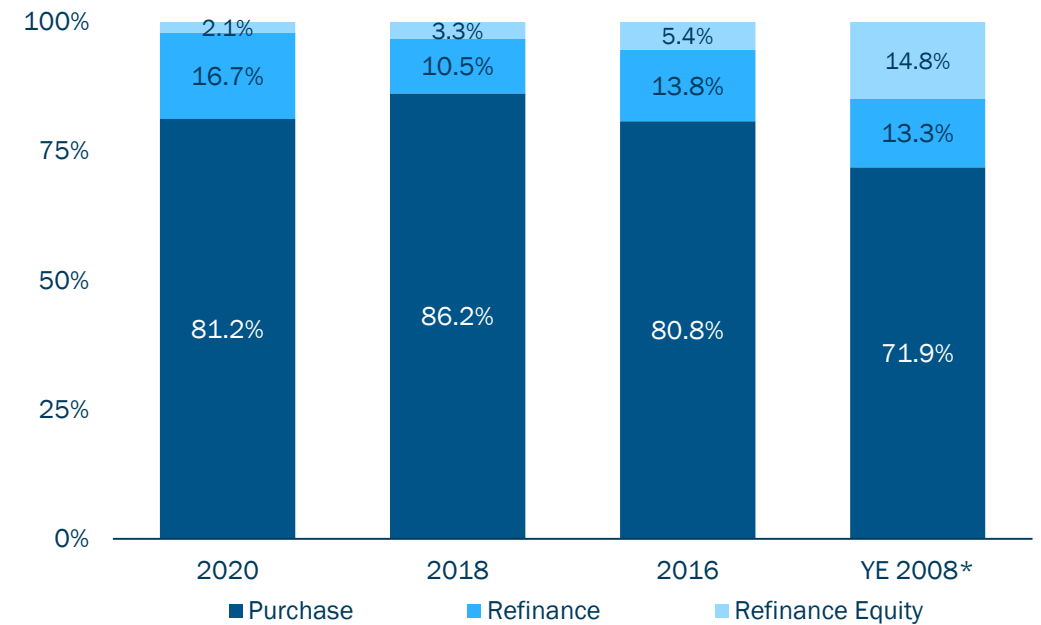
September 30,



Loan Amount <sup>(1)</sup>



Loan Purpose



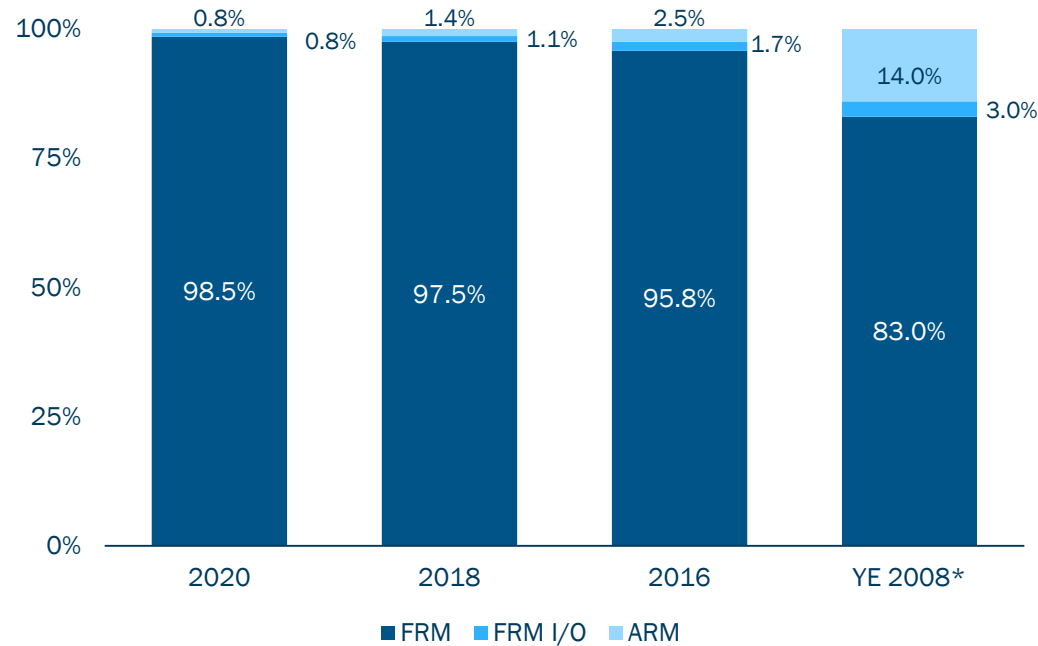
(1) Loans within the conforming loan limit have an original principal balance that does not exceed the maximum conforming loan limit for mortgages to be acquired by the GSEs. For 2020, the conforming loan limit for one unit properties is \$510,400 and the limit in the most high cost areas is \$765,600.  
 Note: Charts may not add to 100% due to rounding. \*As of December 31, 2008.

# Primary Risk in Force

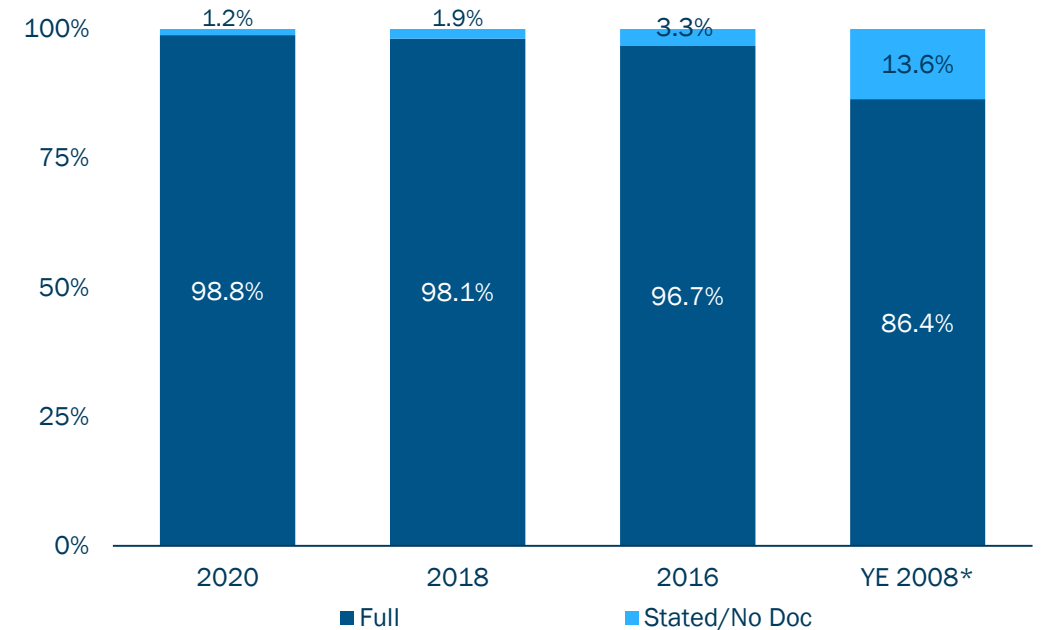
September 30,



Loan Type <sup>(1)</sup>



Documentation <sup>(2)</sup>



(1) FRM includes ARMs with initial reset periods of greater than 5 years. ARMs include loans with initial reset periods less than 5 years, pay option ARMs and other ARMS with negative amortization features.  
 (2) In accordance with industry practice, loans approved by GSE and other automated underwriting (AU) systems under "doc waiver" programs that did not require verification of borrower income are classified by MGIC as "full documentation." Based in part on information provided by the GSEs, MGIC estimates full documentation loans of this type were approximately 4% of 2007 NIW. Information for other periods is not available. MGIC understands these AU systems granted such doc waivers for loans they judge to have higher credit quality. MGIC also understands that the GSEs terminated their "doc waiver" programs in the second half of 2008.

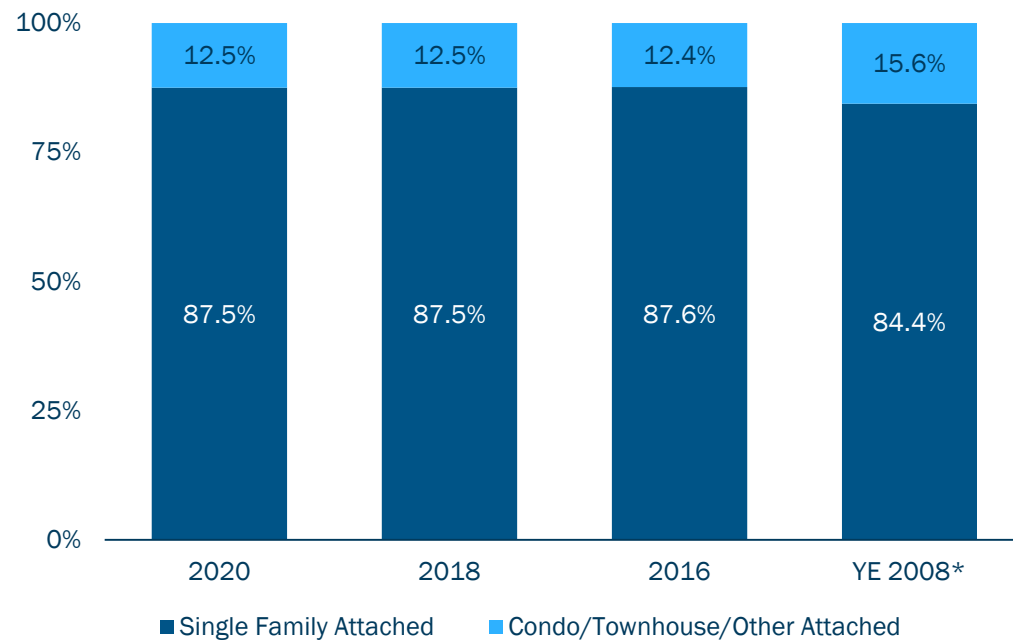
Note: Charts may not add to 100% due to rounding. \*As of December 31, 2008.

# Primary Risk in Force

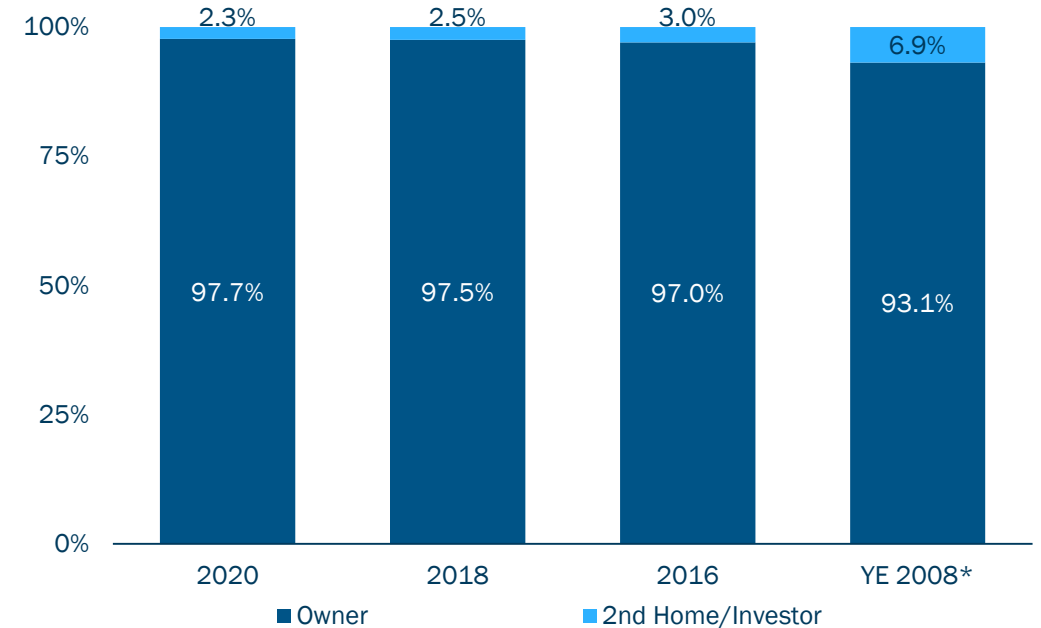
September 30,



Property Type



Occupancy



Note: Charts may not add to 100% due to rounding. \*As of December 31, 2008.