

# COMPANY PROFILE

THE PMI GROUP, INC.



Integral to Homeownership.

## PMI Mortgage Insurance Co.

Through its wholly owned subsidiary, PMI Mortgage Insurance Co. and its affiliated companies (collectively "PMI"), The PMI Group, Inc. provides residential mortgage insurance in the United States. PMI provides mortgage insurance to lenders and investors when homebuyers purchase a home with down payments less than 20 percent. By mitigating losses to lenders and investors, mortgage insurance helps first-time buyers qualify to buy homes sooner, contributes to the expansion of sustainable homeownership and plays a pivotal role in foreclosure prevention.

## Mortgage Insurance: Structurally Significant to Housing Finance

Private mortgage insurers, like PMI, have helped more than 25 million U.S. families purchase a home earlier than they would have been able to if they had to make a 20 percent down payment. Today, it would take the average buyer nearly 15 years to save the 20 percent down payment of \$35,500 (\$200/month) on an average 2009 Single-Family median home price of \$177,500\* without mortgage insurance. Both Fannie Mae and Freddie Mac, the two major suppliers of liquidity to the mortgage market, require credit enhancement on high loan-to-value mortgages. Private mortgage insurance, placing private capital at risk, absorbs the first loss in the event a mortgage goes into default: this coverage has saved Fannie Mae, Freddie Mac and U.S. taxpayers, who now stand behind these agencies, billions of dollars in losses over the past three years.

\* National Association of Realtors, December 2009

## Capital Structure and Regulatory Oversight

The durability of mortgage insurance companies, stress-tested during the housing crisis, validates the industry's reserve structure and regulatory oversight. Regulators require mortgage insurers to hold significant contingency reserves for potential use during periods of economic stress. State insurance law requires mortgage insurers to set aside half of each premium dollar earned in the contingency reserve and hold it for 10 years or earlier in the event that a mortgage insurer's loss ratio exceeds 35%.

## Homeownership Preservation Initiatives (HPI)

PMI is an industry leader working directly with lenders and borrowers to prevent foreclosures and retain homeownership wherever possible. Our dedicated team of foreclosure prevention specialists has developed innovative programs that foster loan modifications and workouts on delinquent PMI-insured loans.

During 2009, PMI's loss mitigation programs:

- Reached out to more than 106,000 homeowners, supplementing servicer efforts to provide information and options to help prepare them to work toward a resolution.
- Facilitated more than 23,000 homeowners to receive trial modifications through the U.S. Treasury's Home Affordable Modification Program (HAMP).
- In 2009, loss mitigation efforts contributed to approximately \$1.0 billion in workouts of delinquent risk in force.

Consolidated financial data for year-end December 31, 2009

Total Assets: **\$4.6 Billion**

Cash & Investments: **\$3.3 Billion**

Revenues: **\$923.9 Million**

Shareholders' Equity: **\$727.1 Million**

Primary Insurance in Force: **\$114 Billion**

NYSE symbol: **PMI**

## PMI's Value Propositions

- Mortgage insurance is a preferred solution for credit risk protection for mortgage loans with less than 20% down payment.
- Structurally significant to the nation's housing system and integral to fostering sustainable homeownership for first-time homebuyers with low to moderate incomes.
- Market-leading programs that provide alternatives to foreclosure and preserve homeownership whenever possible.
- Superior economic, housing and mortgage market research and insights that provide the mortgage industry with timely and insightful information about the housing markets.

HPI (continued)

Among HPI's initiatives:

- Extensive educational website (www.homesafepmi.com) to help borrowers understand the alternatives they have to foreclosure and prepare them for discussions with their lender.
■ First mortgage insurer to introduce HAMP educational video for borrowers: "Navigating the Home Affordable Modification Program."
■ First mortgage insurer to place on-site consultants at major servicer facilities to help expand workout capacity.
■ Leading participant in the Mortgage Insurance Companies of America (MICA) efforts to partner with servicers on innovative loss mitigation processes.
■ Charter mortgage insurer member and active participant in the Hope Now Alliance.
■ Partner with Fannie Mae and Freddie Mac to streamline workout processes and identify new workout opportunities.

- PMI was one of the first financial institutions to develop and implement sophisticated risk management technology. In the 1980s, the company introduced its AURA system to better assess and quantify risk on loans in PMI's portfolio.
■ PMI was a leader in the adoption of imaging technology to accelerate underwriting decisions and enable better management of credit documentation.
■ PMI has also made significant investments in technology to create state-of-the-art data-mining capabilities for more precise identification of portfolio-risk characteristics.

Supporting the Dream of Homeownership

Throughout its history, PMI has helped revitalize and strengthen communities across the U.S. by fostering sustainable homeownership. PMI, and through the PMI Foundation, is committed to creating sustainable homeownership opportunities by sponsoring national organizations that provide counseling-related services, preparing families for the responsibilities of homeownership, helping them maintain that obligation, and assisting them during periods of financial distress.

CMG Mortgage Insurance Company

CMG Mortgage Insurance Company (CMG MI), jointly owned by PMI and CUNA Mutual Insurance Society, is the leading provider of mortgage insurance products and services for credit unions. CMG MI's focused business model supports the origination of high-quality loans that promote sustainable homeownership.

Leading Research in Housing Market Economics

PMI's Economics & Strategy department provides insightful, useful and timely analysis of developments in the general economy, housing and mortgage markets, as well as forecasts of key measures. PMI's housing reports are widely followed across the industry and professionals use the data to anticipate trends across all Metropolitan Statistical Areas (MSAs) in the U.S.

Innovator in Mortgage Insurance Industry

For over 37 years, PMI has been at the forefront of industry innovation, creating and improving risk assessment models to streamline the insurance process for its lender customers.

Address

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Stock Exchange Listing

The common stock of The PMI Group, Inc. is listed on the New York Stock Exchange under the trading symbol PMI.

Executive Officers

L. Stephen Smith
Chairman & Chief Executive Officer

David H. Katkov
Executive Vice President,
Chief Business Officer

Donald P. Lofe, Jr.
Executive Vice President,
Chief Financial Officer and
Chief Administrative Officer

Joanne M. Berkowitz
Executive Vice President,
Chief Insurance Operations Officer

L. Tony Porter
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Statements in this document that are not historical facts, or that relate to future plans, events, or performance, are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this document include our discussions of the environment for and use of mortgage insurance, risk management practices and loss mitigation strategies. Readers are cautioned that forward-looking statements by their nature involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Many factors could cause actual results and developments to differ materially from those expressed or implied by forward-looking statements including, among others, conditions affecting the mortgage insurance industry, general economic and competitive conditions, capital requirements and regulatory and legislative developments. Other risks and uncertainties are discussed in our SEC filings, including in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2009. All of our forward-looking statements are qualified by and should be read in conjunction with our risk disclosures. Except as may be required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.