



RADIAN

Why Buy Radian?

NYSE: RDN
www.radian.biz

POST CRISIS U.S. HOUSING MARKET

Improved Credit and Regulatory Environment

Current U.S. macroeconomic factors support strong housing market

- Nationwide home price index is recovering to levels just below long-term trends
- Unemployment has been declining since 2010 and is at its lowest in 7 years
- Interest rates are near all time lows
- Nationwide home prices are in line with affordability metrics for borrowers



Credit standards improved materially post crisis and remain conservative by historical standards

- CoreLogic's Housing Credit Index, a measure of credit standards, indicates current credit standards are over 2x tighter than those in the early 2000s and 5x tighter than those in 2006
- Full documentation is standard with very limited acceptance of alternative documentation loans
- More conservative appraisal regulations have strengthened appraiser independence from lenders
- FICO scores for borrowers utilizing Private MI have increased, with current average borrower scores at 740+
- Fixed-rate mortgage has become the predominant product, reducing the risk of default from rate resets
- Significant reduction in amount and types of risk layering (i.e., combining multiple higher-risk attributes within the same loan)

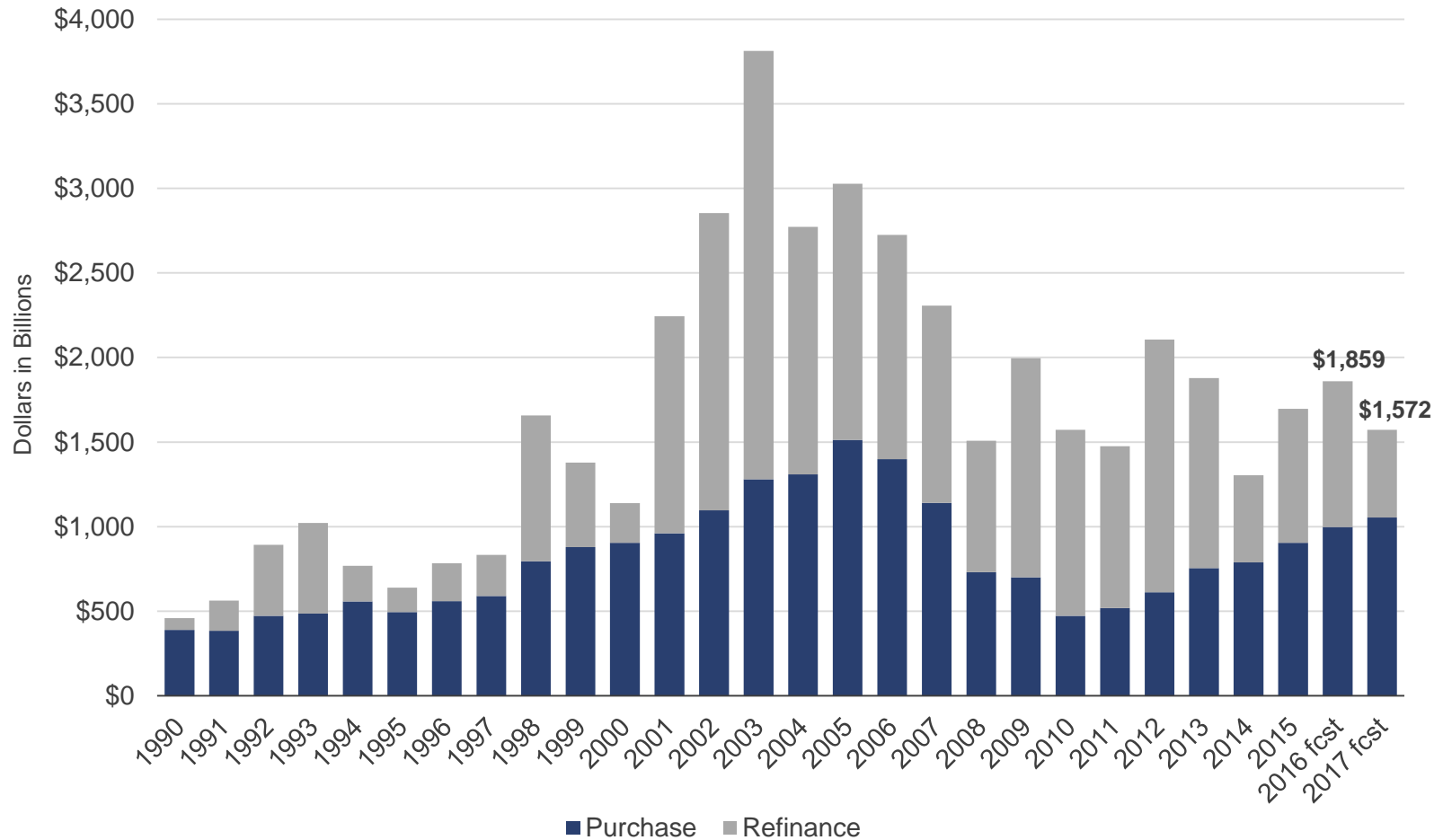


More stringent regulatory environment and improved servicing standards

- More stringent regulatory environment with a focus on the ability of a borrower to pay and improved loan manufacturing quality
- Improved servicing standards with an industry focus on preventing foreclosures

POST CRISIS U.S. HOUSING MARKET

Mortgage Originations Trend



Current 2017 estimates suggest the largest purchase origination market in 10 years, with purchase originations exceeding \$1 trillion.

On average, purchase originations are 4x as likely to use MI as refinance.

WHAT IS PRIVATE MORTGAGE INSURANCE?

Loan to Value Range	MI Coverage Percentage ⁽¹⁾ (% of Loan Amount)	Effective LTV after Private MI Coverage ⁽²⁾	Radian Borrower Paid Premium Rates ⁽³⁾
95.01 - 97.00%	35%	63.1%	0.55%
90.01 - 95.00%	30%	66.5%	0.41%
85.01 - 90.00%	25%	67.5%	0.30%
80.01 - 85.00%	12%	74.8%	0.19%

GSE charters require credit enhancement, which includes private mortgage insurance, on conforming loans with Loan-to-Value (LTV) ratios in excess of 80%.

The Private MI industry provides credit protection to the GSEs, transferring first-loss credit risk from the US taxpayer.



1. Based on GSE standard coverage for 30 year loans.
2. Utilizes highest LTV value in range.
3. The MI industry utilizes risk-based pricing that considers, among other attributes, LTV, FICO Score, Loan Term, Loan Purpose and Occupancy.

WHAT IS PRIVATE MORTGAGE INSURANCE?

Private Mortgage Insurance Helps Provide Access to Homeownership

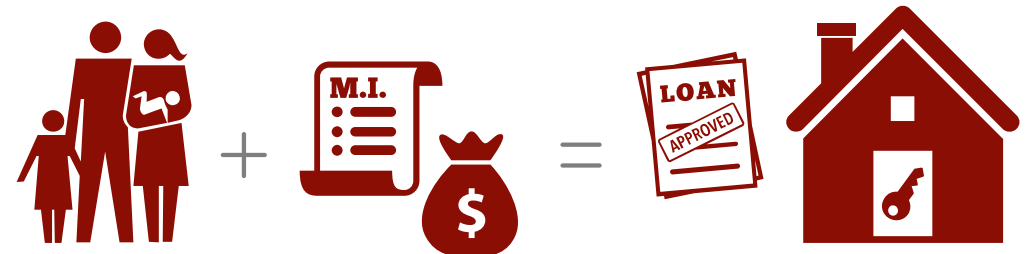
WITHOUT Mortgage Insurance

For many families, coming up with the required down payment can be one of the **biggest hurdles** to homeownership.



WITH Mortgage Insurance

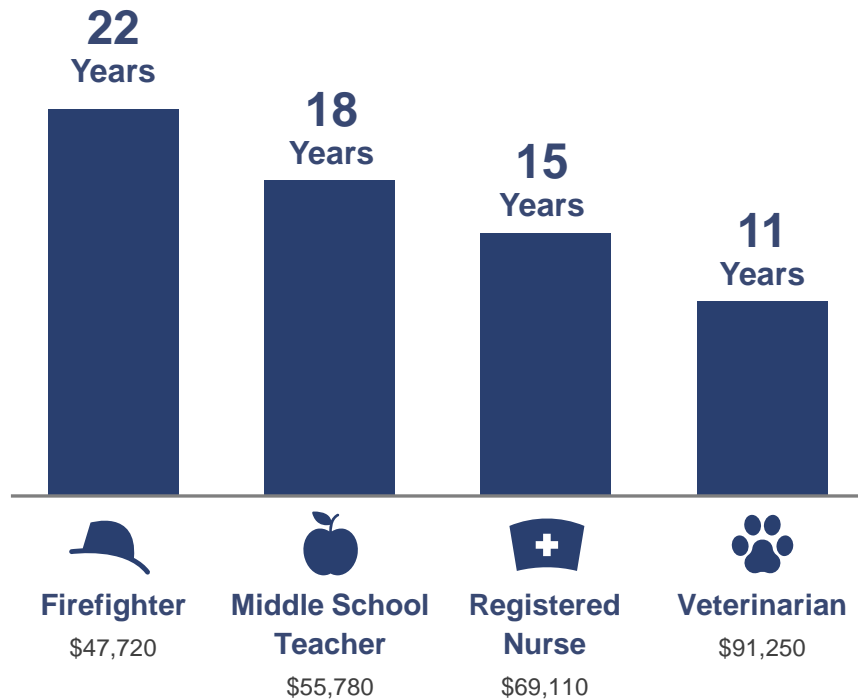
Mortgage Insurance has **helped millions become homeowners** by enhancing their ability to borrow in an affordable way by reducing the risk of their loans.



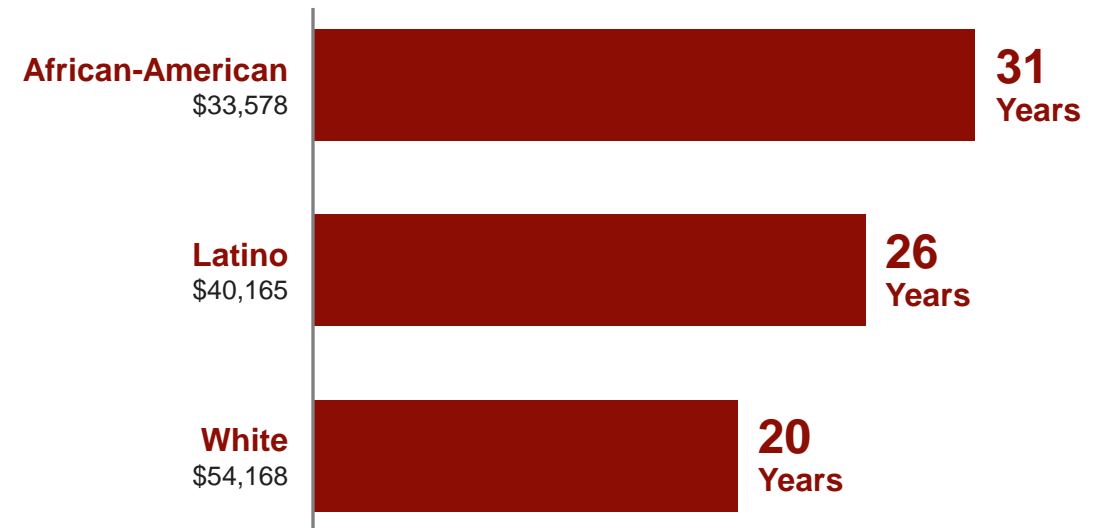
WHAT IS PRIVATE MORTGAGE INSURANCE?

Saving for the Down Payment can be the Largest Hurdle to Homeownership

Years to Save 10% Down Payment
by Profession



Years to Save 10% Down Payment
by Race



RADIAN INVESTMENT THESIS

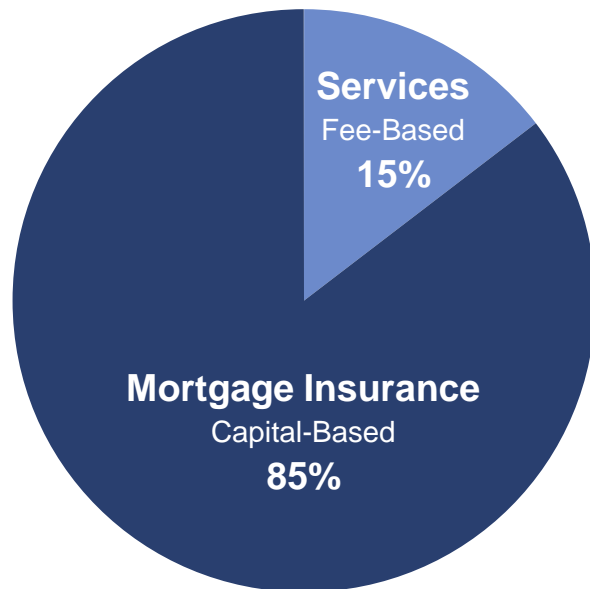
Value Investment Opportunity

Strong Business Fundamentals

Growth Opportunities in Both Segments

COMPANY OVERVIEW

Q2 2016 Revenue



Total Net Premiums Earned
and Services Revenue: **\$268 million**

Radian Group Inc., headquartered in Philadelphia, provides private mortgage insurance, risk management products and real estate services to financial institutions through two business segments:

Mortgage Insurance:

Provided through its principal mortgage insurance subsidiary Radian Guaranty Inc., protects lenders from default-related losses, facilitates the sale of low-down payment mortgages in the secondary market and enables homebuyers to purchase homes more quickly with down payments less than 20%.

Mortgage and Real Estate Services:

Provided through its principal services subsidiary Clayton, as well as Green River Capital, Red Bell Real Estate and ValuAmerica. Solutions include information and services that financial institutions, investors and government entities use to evaluate, acquire, securitize, service and monitor loans and asset-backed securities.

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FINANCIAL HIGHLIGHTS

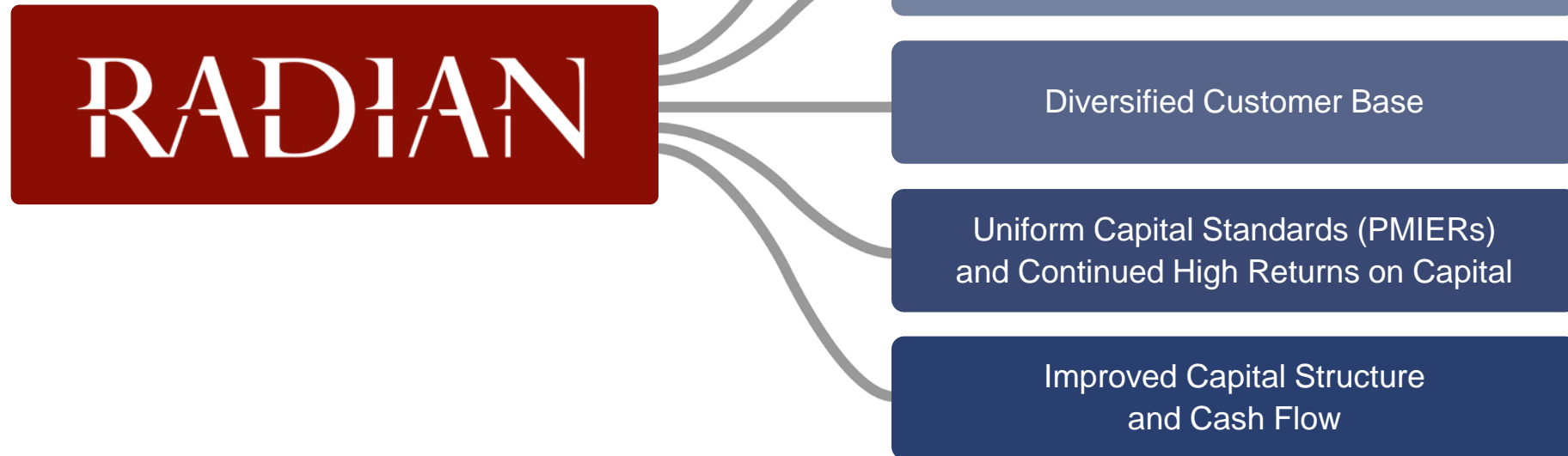
Radian Group Inc. Consolidated

(\$ in millions, except per share amounts)

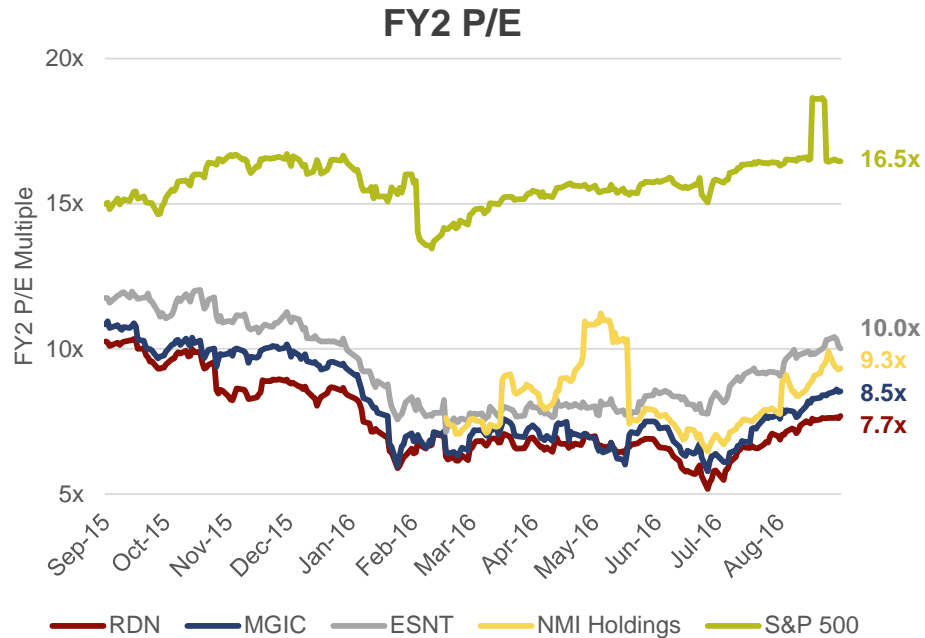
	Quarter Ended		
	June 30, 2016	December 31, 2015	June 30, 2015
Book Value Per Share	\$13.09	\$12.07	\$11.28
Net Income from Continuing Operations	\$98.1	\$74.5	\$45.2
Pretax Income from Continuing Operations	\$156.5	\$104.7	\$80.0
Adjusted Pretax Operating Income ⁽¹⁾	\$131.4	\$124.1	\$147.3
Market Capitalization	\$2,233.0	\$2,770.0	\$3,913.0
Price to Book Value	0.80	1.11	1.66
Long-Term Debt	\$1,278.1	\$1,219.5	\$1,224.9
Stockholders' Equity	\$2,805.4	\$2,496.9	\$2,353.4

1. Adjusted pretax operating income, as used in this presentation, is a non-GAAP financial measure. For a reconciliation of the adjusted result to the comparable GAAP measure, visit www.radian.biz. You will find the reconciliation under Investors > Non-GAAP Financial Measures > 2Q16, or [by clicking here](#). For a definition of adjusted pretax operating income, see Exhibit G to Radian's second quarter 2016 earnings press release dated July 28, 2016.

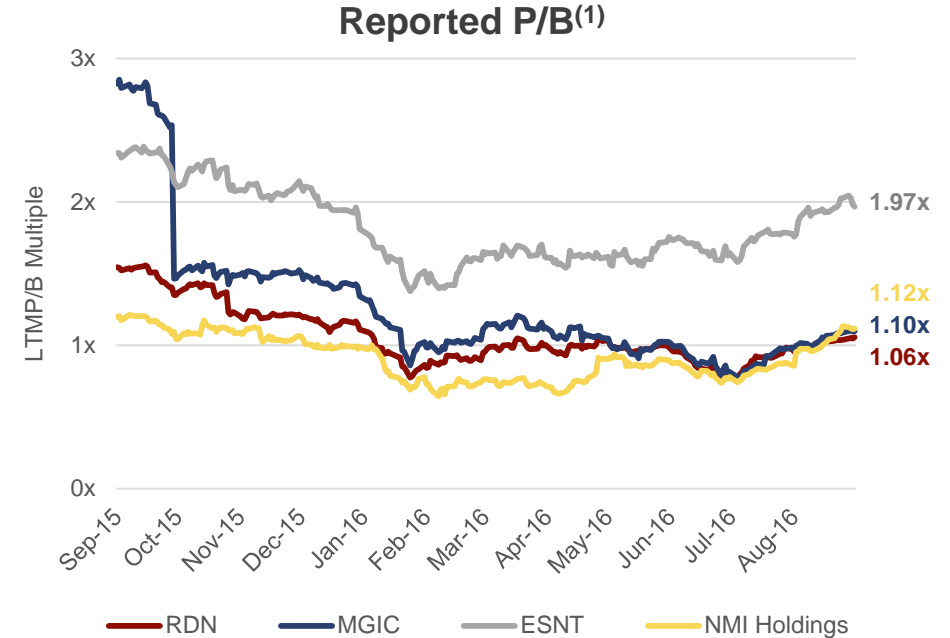
POSITIONED TO PROVIDE LONG-TERM PROFITABILITY AND STABILITY



VALUATIONS FOR MI INDUSTRY NEAR 1-YEAR LOWS



AVERAGE	3M	YTD	1Y	2Y	3Y
RDN	6.7x	6.7x	7.5x	8.9x	9.9x
MGIC	7.3	7.2	8.1	9.6	9.9
ESNT	9.0	8.4	9.3	11.4	11.9
NMI Holdings	7.9	8.3	8.3	8.5	8.5
S&P 500	16.3	15.6	15.7	15.8	15.4



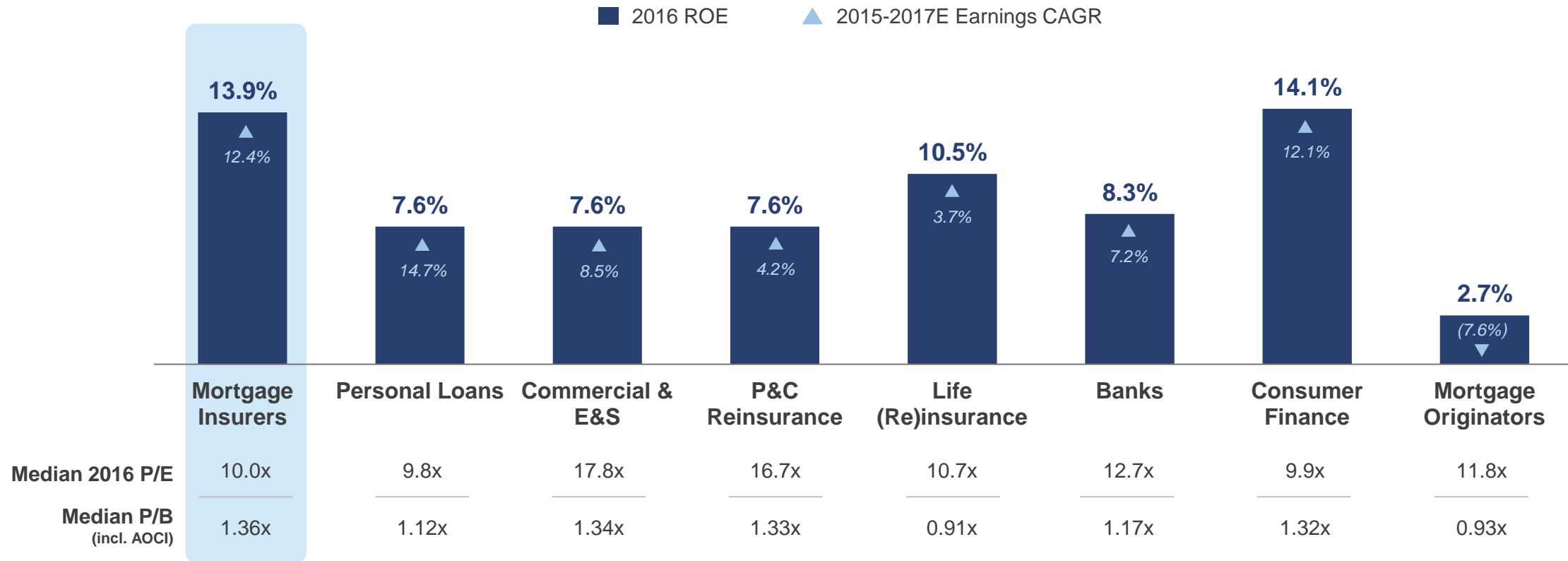
AVERAGE	YTD	1Y	2Y	3Y
RDN	0.95x	1.07x	1.34x	1.71x
MGIC	1.02	1.27	2.14	2.63
ESNT	1.67	1.83	2.14	2.22
NMI Holdings	0.83	0.91	1.02	1.15

Source: Bloomberg, Capital IQ, and IBES Estimates. Market data as of September 1, 2016.

1. P/B levels based on reported BV and do not include dilution from any NOLs or convertible debt.

VALUE INVESTMENT OPPORTUNITY

MI Provides Attractive Returns and Valuation Relative to Other Financial Sectors



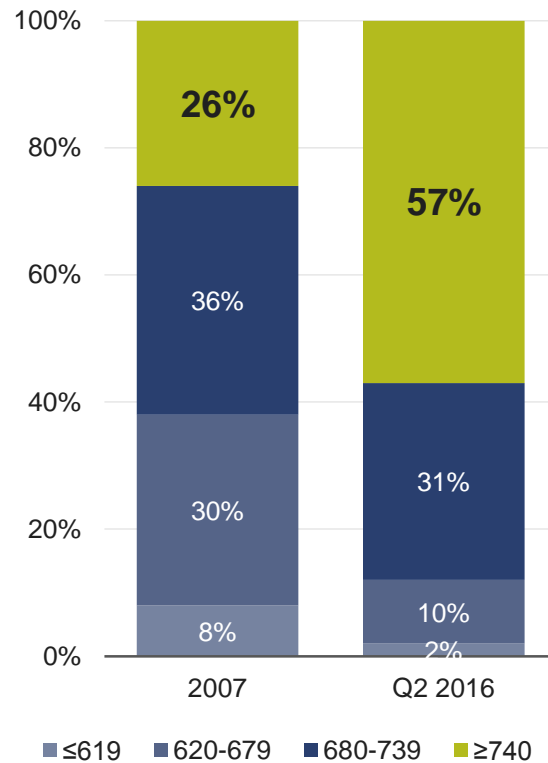
Source: Estimates per IBES, Company filings, SNL Financial, CapIQ, Duff & Phelps, Ibbotson, Axioma as of 23-Nov-2015

Note: Mortgage Insurers includes RDN, NMIH, MTG, and ESNT. Personal Loans includes ALL, PGR, IFC, THG, MCY, KMPR, HMN, STFC, IPCC, SAFT and DGIC. Commercial and E&S includes MKL, WRB, AFSI, RLI, AGII, OB, NAVG, JRVR, EIG, GBLI, NATL, EMCI, BWIN, BRK, AIG, TRV, HIG, FFH, CINP, CNA, AFG, WTM, ORI, ERIE, PRA, SIGI and UFCS. P&C Reinsurance includes ACE, XL, ACGL, RE, Y, PRE, AXS, RNR, ENH, VR, AWH and AHL. Life (Re)insurance includes MET, PRU, AFL, AMP, PFG, LNC, VOYA, UNM, TMK, AIZ, CNO, PRI, GNW, AEL and FFG. Banks include WFC, JPM, C, BAC, USB, PNC, COF, BBT, STI, MTB, FITB, KEY, CMA, HBA, NYCB, FRC, ZION, FHN and SNV. Consumer Finance includes SLM, NNI, AXP, COF, DFS, ATLC, CACC, CPSS, LEAF and WRLD. Mortgage Originators includes PHH and FBC.

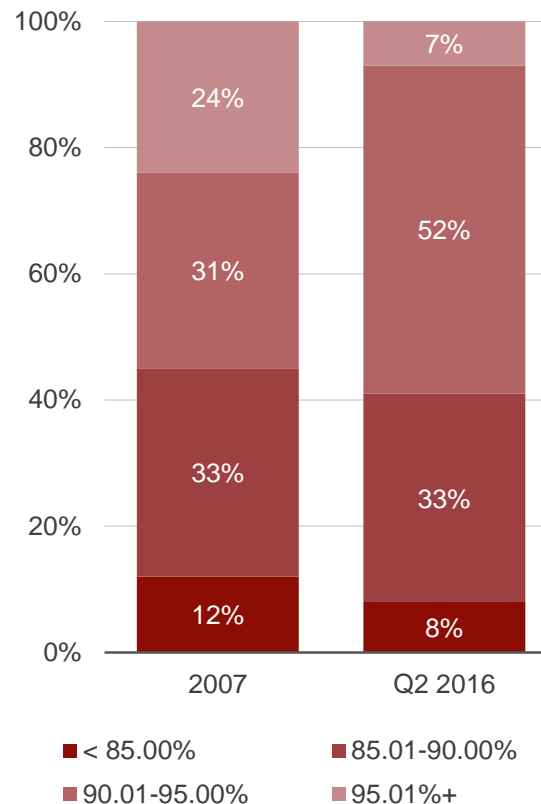
FUNDAMENTALS

Composition of MI Portfolio Then and Now

Primary RIF Distribution by FICO Score



Primary RIF Distribution by LTV



In addition to improved overall credit characteristics for today's business, layered risk, or the combination of risky attributes in one loan, declined significantly beginning in 2009. For example:

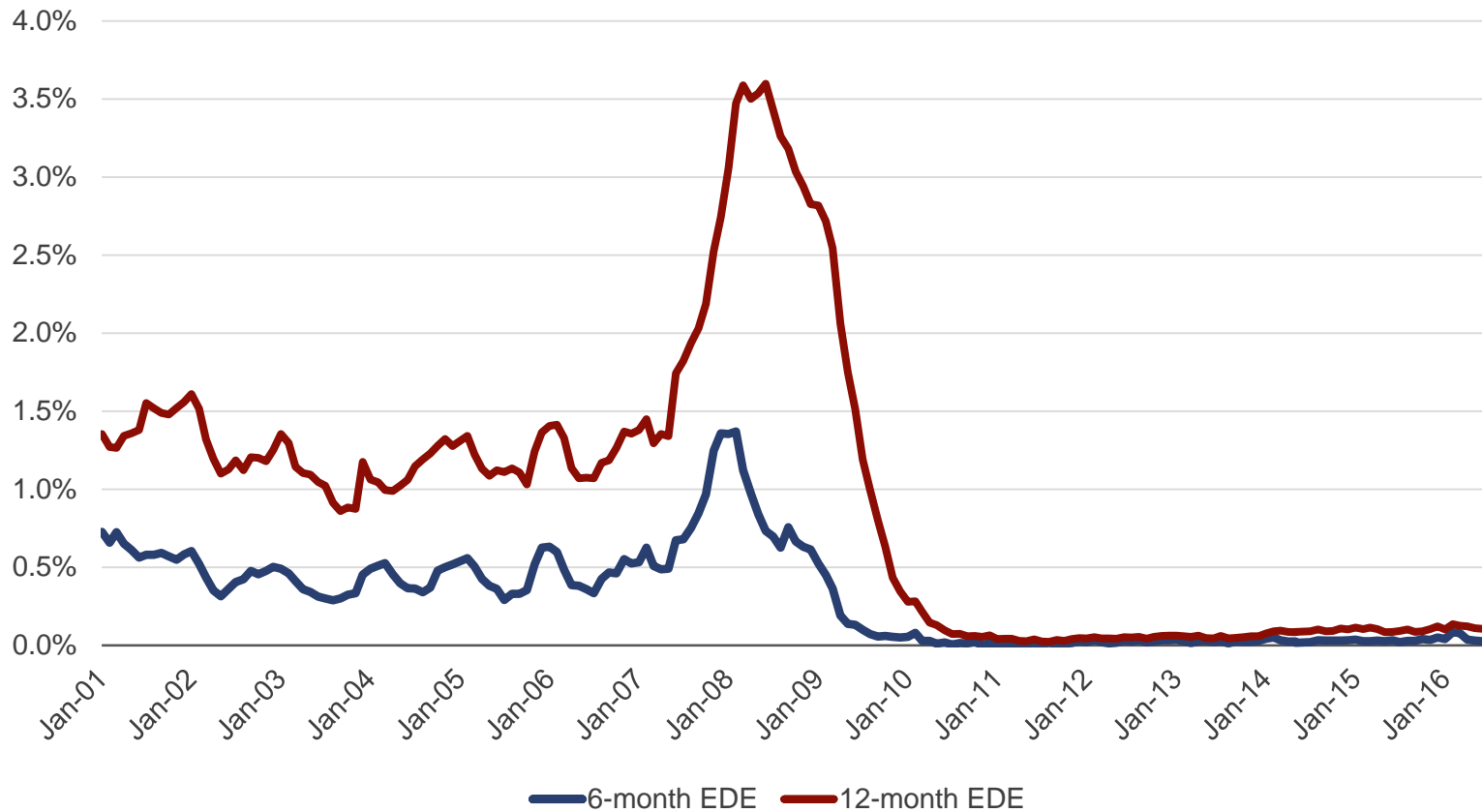
Primary NIW Distribution		
Layered Risk	2005-08	2009+
FICO<680 AND Original LTV>95	6.9%	< 0.2%
FICO<680 AND Cash-out refinance	11.0%	< 0.1%
Investment /Second Home AND FICO<=720	4.4%	< 0.5%

In Q2 2016, New Insurance Written (NIW) consisted of 100% prime credit quality, with 93% at 680 FICO or better.

FUNDAMENTALS

Historically Strong Underwriting Quality

Primary Flow EDE Rates by Month



Early default experience (EDE) within the first 12 months of a mortgage loan is an indicator of poor underwriting quality.

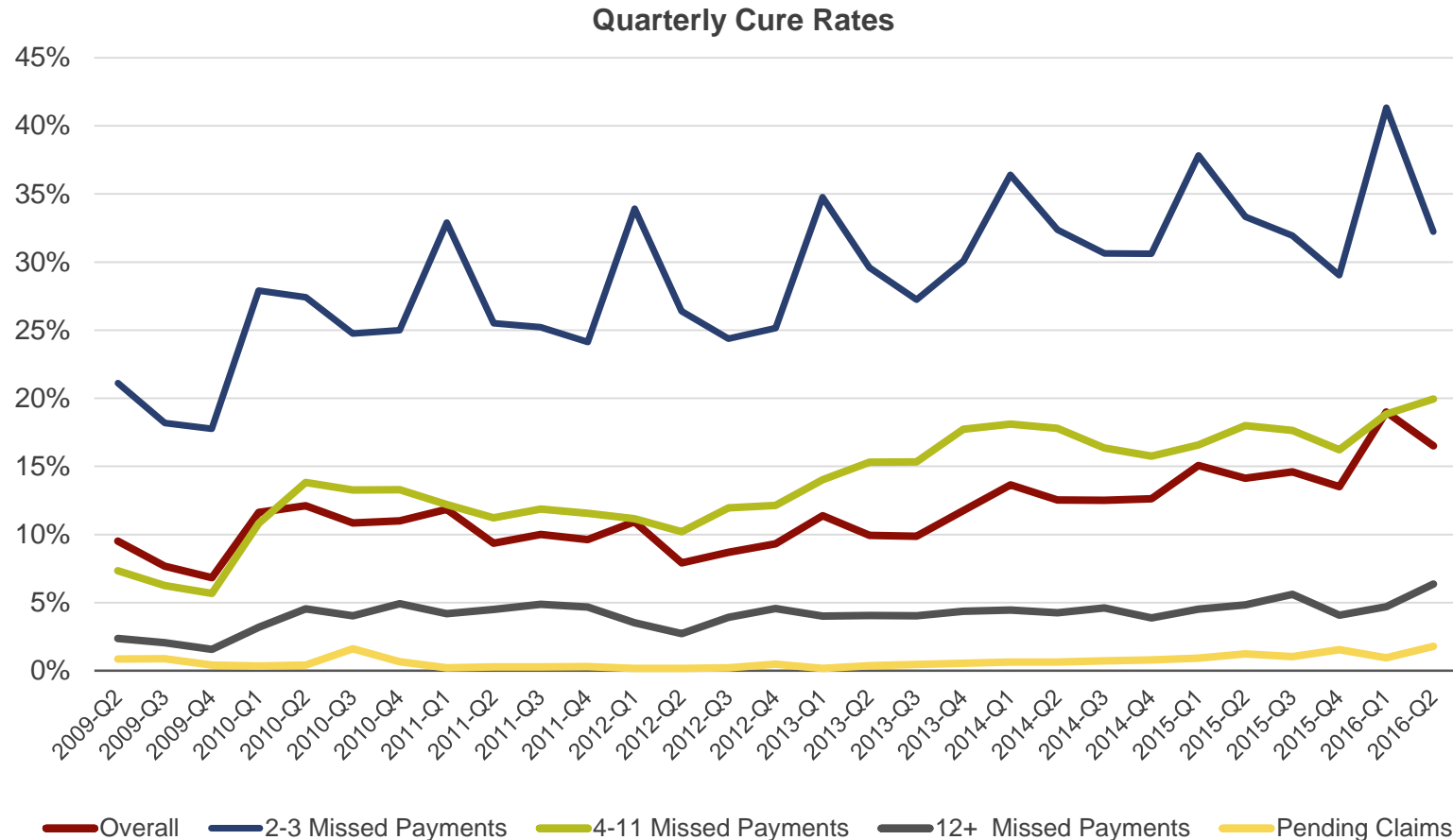
EDE has declined dramatically as underwriting quality improved beginning in 2009 – significantly outperforming even pre crisis loan performance

Quality control review has expanded significantly – all 12-month early defaults are reviewed and show historically low material defect rates

Note: EDE rates are calculated by dividing the portion of NIW in default at a specific time period from origination (e.g., 6 months) by the total NIW from the same period.

FUNDAMENTALS

Cure Rates Continue to Increase on an Annual Basis



A cure represents a loan that was in default (two payments missed) as of the beginning of a period and is no longer in default at the end of the same period because payments were received.

Year-over-year improvement in primary cure activity to 16.5% in Q2 2016 as compared to 14.1% in Q2 2015

Cure improvements in Q2 2016 for latest stage delinquent buckets were the highest in more than 7 years

FUNDAMENTALS

First-Lien Mortgage Insurance 2016 Performance by Vintage

(in millions)

Vintage	6 MONTHS ENDED 6/30/2016			3 MONTHS ENDED 6/30/2016
	Premiums Earned ⁽¹⁾	Incurred Losses ⁽¹⁾	Net	Net
2005 & Prior	\$28.2	\$17.5	\$10.7	\$3.1
2006	\$22.4	\$18.3	\$4.1	(\$0.5)
2007	\$41.1	\$33.7	\$7.4	\$3.0
2008	\$23.0	\$10.2	\$12.8	\$5.1
2009	\$8.2	\$1.2	\$7.0	\$3.6
2010	\$6.4	\$0.1	\$6.3	\$3.2
2011	\$12.6	\$0.3	\$12.3	\$6.1
2012	\$42.1	\$1.5	\$40.6	\$20.6
2013	\$77.5	\$2.7	\$74.8	\$37.6
2014	\$80.5	\$3.6	\$76.9	\$38.7
2015	\$97.4	\$4.1	\$93.3	\$47.6
2016	\$13.5	\$0.2	\$13.3	\$11.6

Today, even legacy vintages are contributing to earnings.

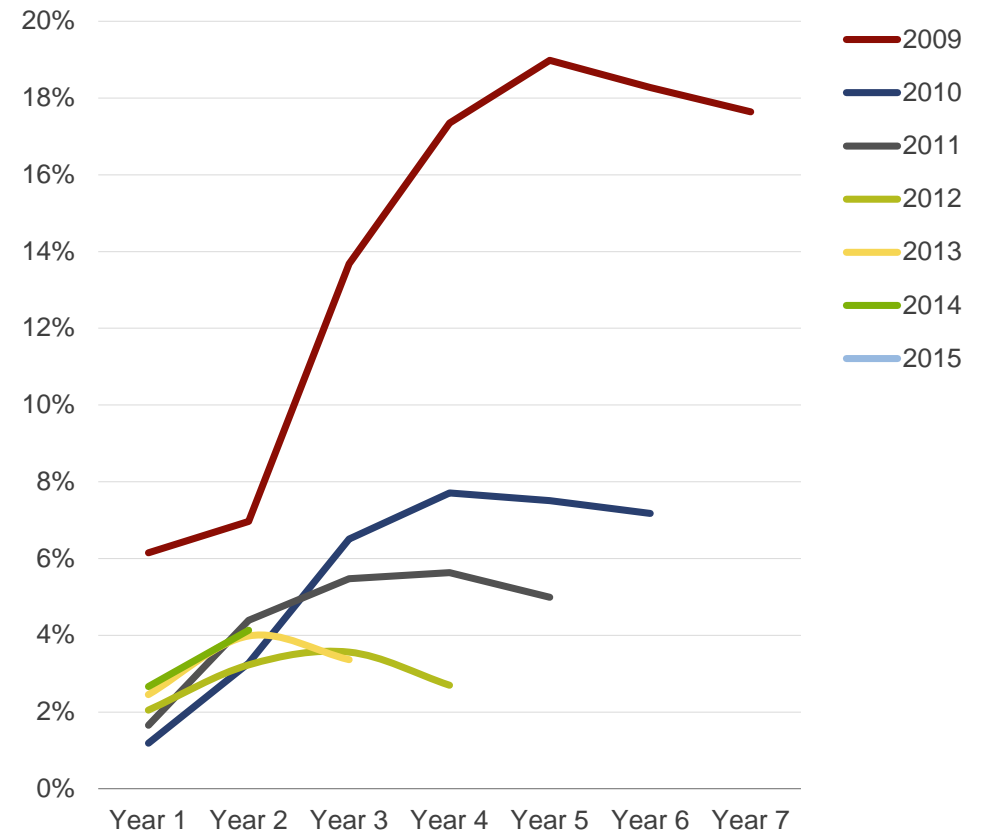
1. Represents premiums earned and incurred losses on first-lien portfolio including the impact of ceded premiums and losses related to the 2012 Quota Share Reinsurance transactions and the Single Premium Quota Share Reinsurance transaction, but excluding any reduction for ceded premiums and losses recoverable through our other reinsurance transactions, as these impacts are not material.

FUNDAMENTALS

Primary Mortgage Insurance Cumulative Incurred Loss Ratio by Development Year

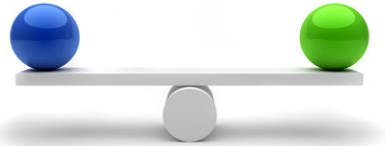
CUMULATIVE INCURRED LOSS RATIO								
Vintage	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Jun-16
2009	6.1%	7.0%	13.7%	17.4%	19.0%	18.3%	17.6%	17.6%
2010		1.2%	3.3%	6.5%	7.7%	7.5%	7.2%	7.0%
2011			1.7%	4.4%	5.5%	5.6%	5.0%	4.9%
2012				2.0%	3.2%	3.6%	2.7%	2.8%
2013					2.5%	4.0%	3.4%	3.4%
2014						2.7%	4.1%	4.2%
2015							2.1%	3.3%

Radian assumes a through-the-cycle loss ratio of approximately 20% for profitability projections on newly originated MI business.



FUNDAMENTALS

Private Mortgage Insurer Eligibility Requirements (PMIERs) Provide Robust Risk-based Capital Framework



Provides a level capital playing field for the MI industry, ensuring risk and pricing discipline

- Ensures that MI companies maintain adequate liquidity and claims-paying resources to withstand a significant stress scenario
- Risk-based capital factors are applied at a loan level to total net risk in force (RIF)
- Total risk-based capital represents projected claims on an insurer's book of business over remaining life of existing policies in a significant stress scenario

Loan-level characteristics that determine capital factors applied to Performing Loans:

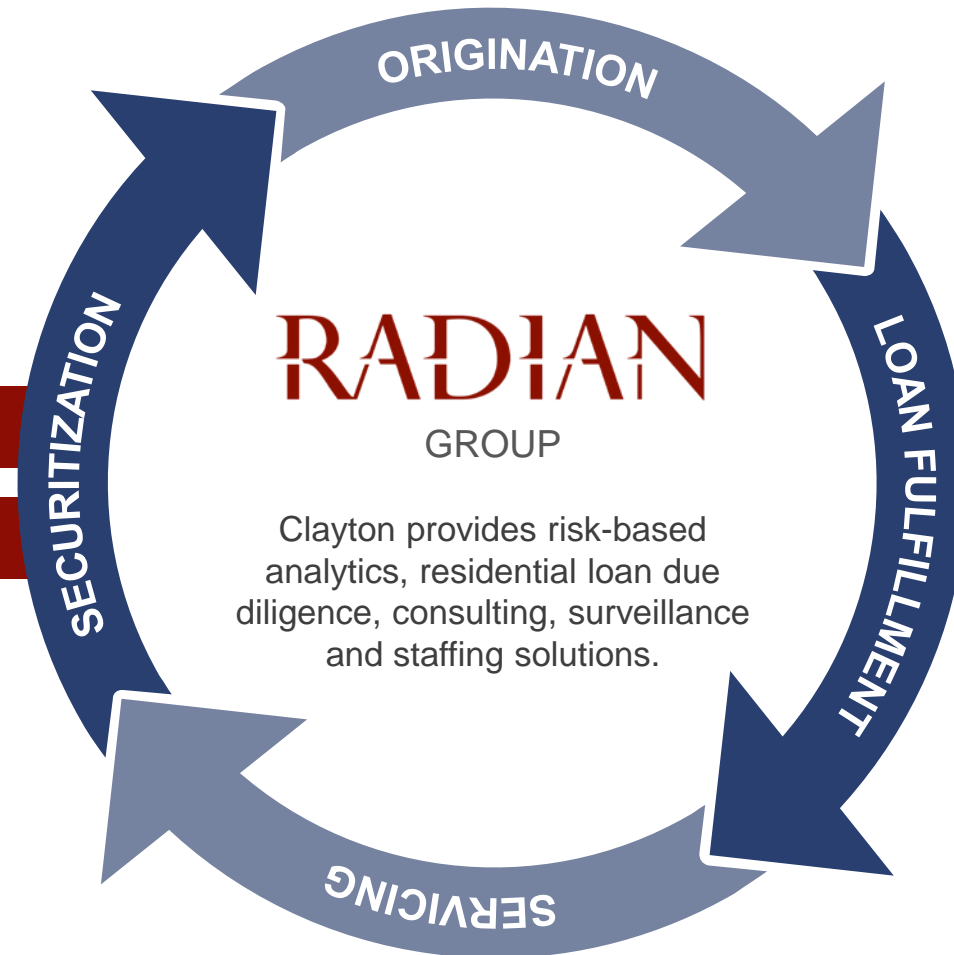
- Original LTV
- Original Credit Score (FICO)
- Vintage: 4 buckets [Pre-2005; 2005-2008; 2009 – June 2012; Post June 2012]
- Seasoning Factors applied to Post June 2012 loans after 2 years
- HARP refinance loans utilize specific capital factors based on LTV & FICO

Loan-level characteristics that determine capital factors applied to Non-Performing Loans:

- Prior to a claim filing = 55% to 85% of RIF based on number of missed monthly payments
- After a claim filing = 106% of RIF

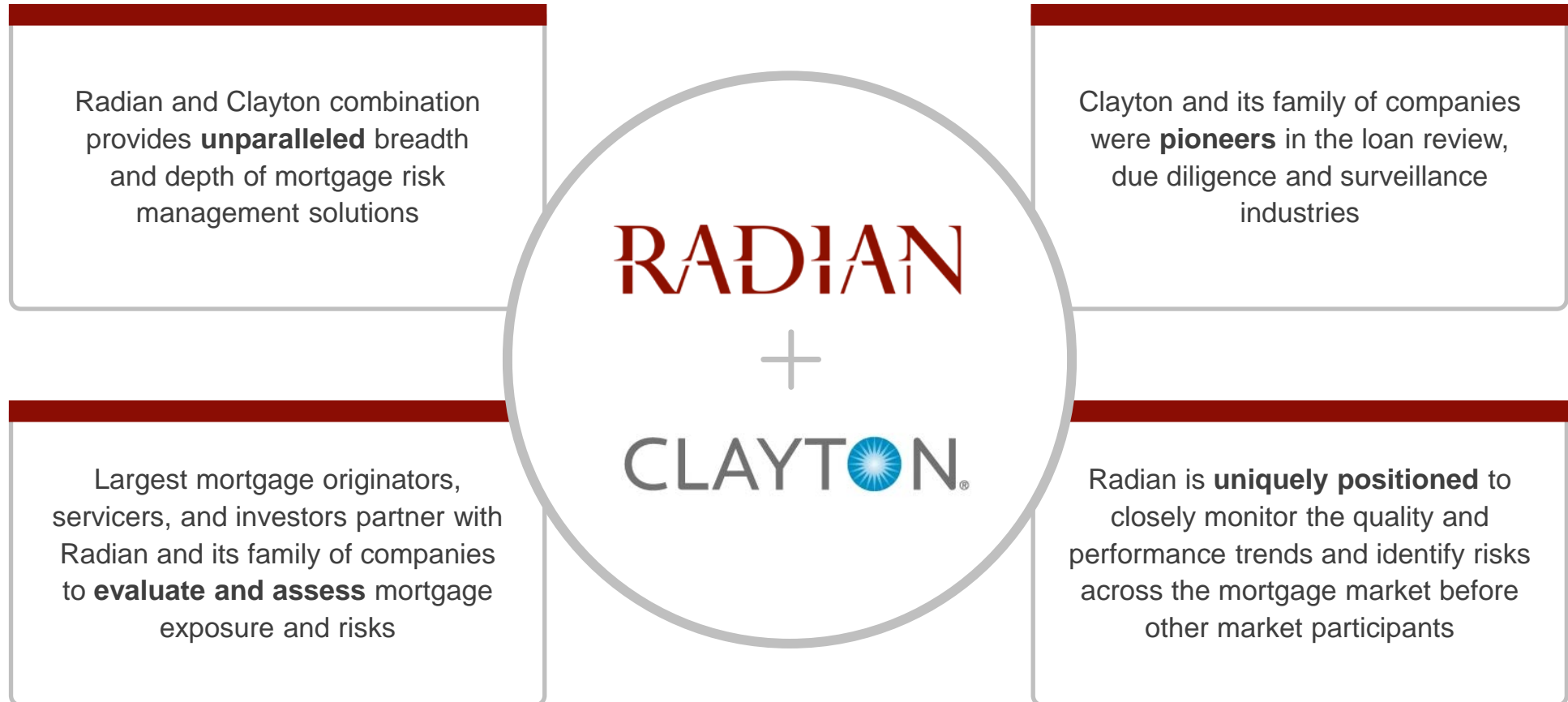
GROWTH OPPORTUNITIES

Mortgage and Real Estate Services



GROWTH OPPORTUNITIES

Unique Business Model



IMPROVED CAPITAL STRUCTURE & CASH FLOW

\$718 million

Radian Group maintained \$718 million of available liquidity as of June 30, 2016 ⁽¹⁾

Primary Sources of Additional Liquidity for Holding Company:

- Operating Expense and Interest Expense Reimbursement
 - Agreement with operating subsidiaries to pay their allocated share of holding company operating expenses and interest expense
 - Operating expenses of HoldCo for the next 12 months are expected to be between \$50 - \$55 million
 - Interest expense of HoldCo for the next 12 months is expected to be \$62 million
 - Substantially all operating and interest expense of HoldCo will be reimbursed by operating subsidiaries
- Unregulated free cash flow from Clayton

1. On August 12, 2016, Radian Group redeemed the remaining \$195.5 million aggregate principal amount outstanding of its 9.000% Senior Notes due 2017. Radian Group paid an aggregate redemption amount of \$211.3 million, including accrued interest through the redemption date. Previously, on July 6, 2016, the company announced that its Board of Directors authorized an additional share repurchase of up to \$125 million of the company's common stock. The shares may be purchased in the open market or in privately negotiated transactions.

IMPROVED CAPITAL STRUCTURE & CASH FLOW

Total Capitalization as of June 30, 2016

Coupon	Description	Carrying Value (\$'000)	Principal (\$'000)	% of Total Capitalization ⁽²⁾
9.00%	Senior Notes due 2017 ⁽¹⁾	\$193,318	\$195,501	4.7%
5.50%	Senior Notes due 2019	\$296,320	\$300,000	7.3%
5.25%	Senior Notes due 2020	\$344,702	\$350,000	8.4%
7.00%	Senior Notes due 2021	\$343,801	\$350,000	8.4%
Total Senior Notes:		\$1,178,141	\$1,195,501	28.9%
3.00%	Convertible Senior Notes due 2017	\$20,261	\$22,233	0.5%
2.25%	Convertible Senior Notes due 2019	\$79,649	\$89,194	2.0%
Total Convertible Senior Notes		\$99,910	\$111,427	2.4%
Total Debt		\$1,278,051	\$1,306,928	31.3%
Stockholders Equity		\$2,805,367		68.7%
Total Capitalization		\$4,083,418		100%

Prudent balance sheet management and strong performance has led to upgrades.

Radian is committed to returning to investment grade.

Board authorized additional share repurchase program in July

Current Radian Group Ratings:

S&P

- BB- with positive outlook
- Upgraded from B+ to BB- on March 14, 2016

Moody's

- Ba3 with stable outlook
- Upgraded from B1 to Ba3 on January 28, 2016

1. On August 12, 2016, Radian Group redeemed the remaining \$195.5 million aggregate principal amount outstanding of its 9.000% Senior Notes due 2017. Radian Group paid an aggregate redemption amount of \$211.3 million, including accrued interest through the redemption date.

2. Based on carrying value of debt and stockholders' equity..

INVESTMENT THESIS

Value Investment Opportunity

Strong Business Fundamentals

Growth Opportunities in Both Segments

SAFE HARBOR STATEMENTS

All statements in this report that address events, developments or results that we expect or anticipate may occur in the future are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Exchange Act and the U.S. Private Securities Litigation Reform Act of 1995. In most cases, forward-looking statements may be identified by words such as “anticipate,” “may,” “will,” “could,” “should,” “would,” “expect,” “intend,” “plan,” “goal,” “contemplate,” “believe,” “estimate,” “predict,” “project,” “potential,” “continue,” “seek,” “strategy,” “future,” “likely” or the negative or other variations on these words and other similar expressions. These statements, which may include, without limitation, projections regarding our future performance and financial condition, are made on the basis of management’s current views and assumptions with respect to future events. Any forward-looking statement is not a guarantee of future performance and actual results could differ materially from those contained in the forward-looking statement. These statements speak only as of the date they were made, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We operate in a changing environment. New risks emerge from time to time and it is not possible for us to predict all risks that may affect us. The forward-looking statements, as well as our prospects as a whole, are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in the forward-looking statements including:

- changes in general economic and political conditions, including in particular but without limitation, unemployment rates, interest rates and changes in housing markets and mortgage credit markets that could impact the size of the insurable market and the credit performance of our insured portfolio;
- changes in the way customers, investors, regulators or legislators perceive the performance and financial strength of private mortgage insurers;
- Radian Guaranty’s ability to remain eligible under the PMIERS and other applicable requirements imposed by the Federal Housing Finance Agency and by the GSEs to insure loans purchased by the GSEs;
- our ability to successfully execute and implement our capital plans and to

maintain sufficient holding company liquidity to meet our short- and long-term liquidity needs;

- our ability to successfully execute and implement our business plans and strategies, including in particular but without limitation, plans and strategies that require GSE and/or regulatory approvals;
- our ability to maintain an adequate level of capital in our insurance subsidiaries to satisfy existing and future state regulatory requirements;
- changes in the charters or business practices of, or rules or regulations imposed by or applicable to, the GSEs, including the GSEs’ interpretation and application of the PMIERS to Radian Guaranty;
- changes in the current housing finance system in the U.S., including in particular but without limitation, the role of the FHA, the GSEs and private mortgage insurers in this system;
- any disruption in the servicing of mortgages covered by our insurance policies, as well as poor servicer performance;
- a significant decrease in the Persistency Rates of our Monthly Premium Policies;
- heightened competition in our mortgage insurance business, including in particular but without limitation, increased price competition and competition from other forms of credit enhancement;
- the effect of the Dodd-Frank Wall Street Reform and Consumer Protection Act on the financial services industry in general, and on our businesses in particular;
- the adoption of new laws and regulations, or changes in existing laws and regulations, or the way they are interpreted;
- the outcome of legal and regulatory actions, reviews, audits, inquiries and investigations that could result in adverse judgments, settlements, fines, injunctions, restitutions or other relief that could require significant expenditures or have other effects on our business;
- the amount and timing of potential payments or adjustments associated with federal or other tax examinations, including deficiencies assessed by the IRS resulting from its examination of our 2000 through 2007 tax years, which we are currently contesting;
- the possibility that we may fail to estimate accurately the likelihood, magnitude and timing of losses in connection with establishing loss reserves for our mortgage insurance business;
- volatility in our results of operations caused by changes in the fair value of our assets and liabilities, including a significant portion of our investment

portfolio;

- changes in GAAP or SAP rules and guidance, or their interpretation;
- legal and other limitations on dividends and other amounts we may receive from our subsidiaries; and
- the possibility that we may need to impair the carrying value of goodwill established in connection with our acquisition of Clayton.

For more information regarding these risks and uncertainties as well as certain additional risks that we face, you should refer to the Risk Factors detailed in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2015, and subsequent reports and registration statements filed from time to time with the U.S. Securities and Exchange Commission. We caution you not to place undue reliance on these forward-looking statements, which are current only as of the date on which we issued this report. We do not intend to, and we disclaim any duty or obligation to, update or revise any forward-looking statements to reflect new information or future events or for any other reason.