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Radian Group Inc. (RDN)

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MANAGEMENT DISCUSSION SECTION

Operator: Good day and thank you for standing by. Welcome to the Second Quarter 2026 Radian Group Earnings Conference Call. At this time, all participant are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session [Operator Instructions] Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your first speaker today, Bob Lally, VP of Finance. Please go ahead.

Robert Lally

Vice President-Finance & Investor Relations, Radian Group Inc.

Thank you and welcome to Radian's second quarter 2026 conference call. Our press release, which contains Radian's financial results for the quarter, was issued yesterday evening and is posted to the investors section of our website at radian.com. This press release includes certain non-GAAP measures that may be discussed during today's call, including adjusted pre-tax operating income, adjusted diluted net operating income per share and adjusted net operating return on equity. A complete description of all our non-GAAP measures may be found in press release Exhibit F and reconciliations of these measures to the most comparable GAAP measures may be found in press release Exhibit G. These exhibits are on the investors section of our website.

Today, you will hear from Rick Thornberry, Radian's Chief Executive Officer; Mike Weinbach, Radian's CEO Elect; and Dan Kobell, Senior Executive Vice President and Interim Chief Financial Officer.

Before we begin, I'd like to remind you that comments made during this call will include forward-looking statements. These statements are based on current expectations, estimates, projections, and assumptions that are subject to risk and uncertainties, which may cause actual results to differ materially. For more information regarding these risks and uncertainties, as well as certain additional risks that Radian faces, you should refer to the risk factors included in our 2025 Form 10-K as well as the subsequent reports filed with the SEC. These are also available on our website.

Now, I would like to turn the call over to Rick.

Richard G. Thornberry

Chief Executive Officer & Director, Radian Group Inc.

Thank you all for joining us today. Before discussing our second quarter results, I'd like to highlight another important milestone at Radian's strategic transformation. When we announced our agreement to acquire Inigo in September last year, we also outlined a clear strategic path forward, transforming Radian from a leading US mortgage insurer into a global multi-line specialty insurer while divesting non-core businesses and becoming a more focused insurance organization.

Since then, we have successfully closed the Inigo acquisition and integrated the business into our organization, and we have taken definitive action to complete the divestitures, including completing the sale of our real estate services business this week, entering into an agreement to sell our title business, and earlier this year, exiting the mortgage conduit business. Together, these actions have sharpened our focus on insurance, expanded our product set, simplified our portfolio, reduced organizational complexity, and delivered on the key strategic actions we outlined less than a year ago.

The Radian we are today is meaningfully different from the company that announced that strategy last year. Our mortgage insurance business, which has been the foundation of our company and a significant driver of value creation for stockholders for nearly 50 years continues to generate strong earnings and capital. Combined with Inigo, we are now stronger, more diversified and more focused organization with two complementary and uncorrelated insurance businesses, greater capital allocation, flexibility, and access to broader growth opportunities across global insurance markets.

Most importantly, our team has executed on the commitments we made and positioned Radian for its next chapter of growth. The second quarter marked our first full quarter with Inigo and another important step for Radian as a global multi-line specialty insurer. The financial benefits of this combination are already evident in our results.

Total revenues increased 93% year-over-year to $575 million, while net earned premiums increased 116% to $504 million. Our mortgage insurance business once again produced strong underlying performance and remains a powerful source of earnings, capital generation and embedded economic value for our company.

New insurance written increased year-over-year reflecting continued strength of purchase activity, combined with the value of our proprietary data and analytics capabilities and our deep customer relationships. Primary insurers support us reached a record $284 billion with persistency remaining strong, supporting the embedded value of our portfolio and future earnings generation.

Credit performance continues to reflect the quality of our insured portfolio and our team's unwavering commitment to disciplined underwriting. We are proud of the important role private mortgage insurance plays in the home finance marketplace by helping borrowers responsibly and sustainably achieve home ownership.

Turning to our specialty insurance business. As I mentioned, this quarter marks our first full reporting period reflecting Inigo's contribution. The specialty insurance business is already contributing meaningfully to the diversification of revenue and earnings profile. During the quarter, our specialty segment represented approximately 50% of total revenues and 53% of total net premiums earned during the quarter, highlighting the scale and earnings contribution of our new business mix. The strategic value that the combination with Inigo brings to Radian is clear, reinforcing both the benefits and the opportunity ahead.

While the underlying specialty insurance portfolio continues to perform well, it is important to acknowledge that market conditions have become more competitive and rates continue to soften. The current rate environment consistent with the cyclical dynamics we anticipated when underwriting the acquisition. The Inigo team has maintained our focus on underwriting discipline and rate adequacy, while also allocating capital to the most attractive opportunities.

Our priority is profitability, not any particular revenue growth target. We believe Inigo's diversified portfolio, strong analytics capabilities, unwavering commitment to strong underwriting and experienced leadership team position the business well to navigate market cycles and selectively deploy capital to the highest value opportunities.

At the enterprise level, our capital position remains a significant and core strength. The earnings power and capital generation capabilities of our businesses provides us with meaningful financial flexibility. During the quarter, we continue to return capital to stockholders through both dividends and share repurchases, while maintaining the financial strength needed to support growth opportunities across the enterprise. As always, we remain focused on prudent capital management and creating long-term value for stockholders.

Before I turn the call over to Dan to review our financial results, I would like to invite Mike Weinbach to share a few thoughts. As many of you know, Mike recently joined Radian as CEO Elect and has already spent considerable time engaging with our employees, customers, investors and business leaders across both the mortgage and specialty segments. He and I work closely together to execute a seamless transition of leadership. Mike brings significant industry experience, a strong leadership track record, and a deep appreciation for the strengths that make Radian and Inigo unique, including the value of our talented and experienced teams. I'm excited about the future of this company under his leadership. Mike?

Michael S. Weinbach

Chief Executive Officer-Elect, Radian Group Inc.

Thanks, Rick. First off, I want to share how excited I am to be a part of Radian. And I want to offer two things to Rick. One is my congratulations on all you and the team have accomplished under your leadership. Radian is a transformed company due to your vision, leadership and execution.

The second is my thanks. Having the opportunity to come in as CEO Elect on June 1 where I could observe and learn before having to make decisions was a true gift. So thank you, thank you, thank you to you and your family. Just had to wait a little bit longer for papa to be a primary job.

And for my fellow investors, I'll expand a little more on why I'm so excited to be here. Radian Group, and I fully include Inigo when I say this, has great people, a great culture and great platforms. We have a leading mortgage insurance business led by a team with decades of experience, combined with an excitement about asking how we can make the business even better.

We have a leading specialty insurance business, which is stocked with experienced insurance experts who came together to build something new and better than what they had experienced at their prior organizations. We're still early in that journey, and the progress the team has made gives me great confidence in what lies ahead.

I'm still learning and plan to take advantage of every minute I have with Rick while in this role and when he continues as a strategic advisor to me and the board into the future. But I'll go back to where I started.

I'm excited and you should be too about all the possibilities ahead for Radian and the talent we have to realize them. Rick, back to you.

Richard G. Thornberry

Chief Executive Officer & Director, Radian Group Inc.

Thank you, Mike. The team and I are thrilled to have you on board. And as my tenure comes to an end I look forward to what is ahead and I'm confident in the future of Radian in your hands.

With that, I will turn the call over to Dan to review our financial results in more detail.

Daniel Kobell

Senior Executive Vice President & Interim Chief Financial Officer, Radian Group Inc.

Thank you, Rick. I'm pleased to provide additional details about our second quarter results. On a GAAP basis, which includes the impact of certain onetime costs related to the Inigo transaction, as well as non-cash amortization and purchase accounting adjustments, we generated net income from continuing operations of $0.87 per share with a return on equity of 10%.

Adjusted net operating earnings per share grew year-over-year to $1.14, and adjusted net operating return on equity was 13% this quarter. Our operating results reflect continued strong underwriting performance across both our mortgage and specialty segments, continued growth in investment income and disciplined capital management. The results also include the expected seasonal expense associated with our annual share based incentive compensation plans, as well as the establishment of reserves in our Specialty segment to reflect ongoing developments in the Middle East.

On a year to date basis, our adjusted net operating earnings per share has increased 12% compared to the prior year as we continue to see immediate financial benefits from the Inigo acquisition. We grew book value per share 8.5% year-over-year to $36. We also returned dividends to our stockholders over the past year that were equivalent to an additional 3% of book value.

On a consolidated basis, our total revenues grew 93% year-over-year to $575 million, primarily driven by the revenue contribution from our specialty segment. Our net premiums earned are now well balanced across our segments with our specialty segment accounting for 53% of second quarter net premiums earned. Our total investment portfolio of $7.1 billion consists of well-diversified and highly rated securities.

At the enterprise level, we generated $75 million of net investment income this quarter, an increase of 21% from a year ago, primarily driven by growth in balances. Our investment portfolio has continued to be an important contributor to our earnings and the addition of Inigo's investment portfolio further enhances the strength.

Turning now to the key drivers of our segment results, beginning with our Mortgage segment. New insurance written was $16.3 billion in the quarter, an increase of 14% year-over-year. Persistency also remained strong in the quarter, increasing to 82%. Our large, high quality mortgage insurance in-force portfolio grew 3% year-over-year to an all-time high of $284 billion. As of the end of the second quarter, approximately half of our insurance in-force portfolio had a mortgage rate of 5.5% or lower. Given current mortgage interest rates, these policies are less likely to cancel due to refinancing in the near term.

Our in-force premium yield was stable this quarter as we continue to generate consistent premiums from our valuable mortgage insurance portfolio. Our mortgage provision for losses and related credit trends continue to be positive with strong core activity and lower claim levels. We reported approximately 12,400 new defaults in the quarter, a decline of 9% from the prior quarter. Cures once again exceeded new defaults this quarter, reducing our portfolio default rate to 2.47%. Our cure trends have also been consistently positive, meaningfully exceeding our initial default to claim expectations.

This quarter, these favorable cure trends drove $20 million of favorable development from prior period defaults. Consistent with prior years, our second quarter operating expenses in both our mortgage segment and corporate area reflect the timing impact of our share based compensation plans. This expected seasonal item is the primary driver of the increase in expense in these areas compared to the first quarter of 2026.

Importantly, underlying expense performance remained strong, with Mortgage segment operating expenses declining 7% year-over-year, and the Mortgage segment expense ratio improving to 23% from 25% a year ago.

Now turning to our Specialty segment. Net premiums earned were $267 million, an increase of 9% year-over-year. In our specialty business, we continue to target opportunities to write attractive business across a range of insurance and reinsurance lines. As the environment has become more competitive, particularly in property insurance and reinsurance, the team remains thoughtful and disciplined in its underwriting approach, focusing on maintaining sound underwriting margins to drive profitability.

It is important to note that the Specialty segment tends to exhibit meaningful seasonality in how premium revenue is recognized during the year. Earned premiums in the second half of the year are typically higher than in the first half, as shown in the Inigo quarterly results for 2025 included in press release Exhibit J. As a result, we anticipate second half earned premiums in 2026 to be approximately 20% higher than in the first half of the year.

Operating expenses in our Specialty segment were $39 million this quarter in line with the full prior quarter. As noted at our recent Investor Day, Inigo's business was intentionally built with a simple and scalable operating model, supporting our ability to maintain an appropriate expense ratio through a softening market cycle.

Total loss provision within the Specialty segment was $169 million, which included $24 million of favorable net development for prior period reserves, primarily seen in property lines of business. We are pleased that the acquired reserve portfolio has developed more favorably than expected since the acquisition.

Consistent with our thoughtful approach to establishing reserves, particularly in cases with significant uncertainty, we set reserves this quarter to reflect the ongoing developments in the Middle East. These reserves reflect both the expected and potential claims related to the ongoing conflict, as well as updated inflation assumptions across our full insured portfolio, given the related macroeconomic uncertainty and potential inflationary pressures associated with the conflict.

Our Specialty segment net combined ratio, which includes the impact of these reserves was 98% for the second quarter. As we noted previously, we expect variability in our Specialty segment combined ratio over time and the impact on second quarter ratios from the Middle East reserving is elevated given the seasonally lower premiums in the first half of the year as I noted earlier.

Over the first half of 2026, the specialty combined ratio was 93%, which is elevated due to the reserving for the Middle East developments, as noted. Absent this item, the combined ratio in the first half of the year would be in the high 80s, which is consistent with our expectations heading into the year. As the market continues to soften, we expect to see generally lower underwriting margins in our specialty business, which will gradually earn through to our reported results over time. As a result, our combined ratio in the low 90s is more reflective of the current operating environment.

As noted, the reported combined ratio in any specific period will be subject to some volatility due to market events. Additional details regarding our segments are available in press release Exhibit E.

Moving to our capital, available liquidity and related strategic actions. Radian Guaranty's financial position remains strong. In the second quarter, Radian Guaranty paid a $200-million dividend to Radian Group. Our PMIERs cushion was $1.5 billion significantly above the required PMIERs capital level. This capital buffer, combined with our current reinsurance programs, positions Radian Guaranty well to withstand and remain well-capitalized through a potential severe macroeconomic stress.

Our Specialty segment also remains well capitalized and continues to maintain a strong position relative to its regulatory capital requirements. During the second quarter, our holding company received $19 million in distributions from our entities that were held for sale.

Since we announced our divestiture plan last year, we have returned $127 million of capital from our entities held for sale to our holding company, providing immediate liquidity and reducing the carrying value of those entities to $35 million as of the end of the second quarter.

As we announced this week, we have completed the sale of our real estate services business in the third quarter and entered into a definitive agreement to sell our title services business. While we have not disclosed terms of the transactions, we do not expect the total net asset value return to our holding company as we complete the divestiture process to be materially different than the carrying value of these businesses as of the second quarter. As we approach the end of our divestiture plan, we are pleased with both the total value realized and the timeline to complete the process, both of which are in line with our initial expectations.

As we move forward and continue to execute on our multiline insurance strategy, our robust capital generation profile and balance sheet strength continue to provide us with significant financial flexibility. Our actions in the second quarter reflect our disciplined approach to capital management as we continued to return significant capital to stockholders while reducing our debt and growing our liquidity position.

In the second quarter, we repurchased $76 million of our common stock or 2.2 million shares. In the third quarter to date, we have purchased an additional $50 million of shares, bringing the total year to date purchase amount to $176 million or 5 million shares.

We continue to believe that share repurchase provides an efficient and accretive way to return excess capital to stockholders, particularly as the shares trade significantly below our view of their intrinsic value. During the second quarter, Radian Group also paid a quarterly dividend to stockholders totaling $37 million. We also repaid $75 million of the draw on a revolving credit facility, reducing our holding company leverage ratio to 19%.

As of quarter end, we had $75 million outstanding on our credit facility draw, which we expect to repay during 2026. Net of these actions are holding company liquidity at quarter end increased to $412 million. We have increased our previous guidance for expected dividends from Radian Guaranty to Radian Group and now expect at least $650 million of total dividends during 2026, including the $340 million paid through the first half of the year.

I will now turn the call back over to Rick.

Richard G. Thornberry

Chief Executive Officer & Director, Radian Group Inc.

Thank you, Dan. Before we open the line for questions, let me summarize a few key takeaways from the quarter. First, our mortgage insurance business continues to be a source of strength across the enterprise, supported by high quality risk selection, strong underwriting, favorable portfolio performance and meaningful capital generation.

Second, Inigo completed its first full quarter as part of Radian and continues to reinforce the strategic benefits of our transformation into a global multi-line specialty insurer. Third, we remain focused on disciplined execution, managing capital thoughtfully by allocating resources to attractive opportunities.

And finally, I would like to acknowledge our employees across the company. Their dedication, expertise and commitment to our customers are at the heart of our success. While we are still early in the next chapter for Radian, we are encouraged by the momentum across the organization and excited about the opportunities ahead.

With that operator, we are ready to take questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Please stand by while we compile the Q&A roster. And our first question comes from Rowland Mayor of RBC Capital Markets. Your line is open.

Rowland Mayor

Analyst, RBC Capital Markets LLC

Q

Hi. Good morning. I wanted to quickly start on the Middle East loss. I think based on your high 80s combined ratio comment, it was about $20 million. Could you maybe help me understand if that was a few large claims for higher volume of small, medium claims? And if we should expect ongoing pressures from that war?

Daniel Kobell

Senior Executive Vice President & Interim Chief Financial Officer, Radian Group Inc.

A

Yeah. Thanks, Rowland, for the question. So as I noted earlier, the combined ratio was 98% in the second quarter. So that included the reserving related to the Middle East and that's both for the expected and potential claims related to the conflict itself as well as our updated inflation estimates given the potential for some additional inflationary pressure resulting from the conflict.

So, I'd say the total of all those items in the second quarter was around $30 million, a bit higher than the number you provided. And again, that's inclusive of all of that for the Middle East. Excluding that, the combined ratio would have been generally in the mid to high 80s, so consistent with where it was in the first quarter and generally again consistent with what we would have expected heading into the year.

As far as the balance of the year, obviously we feel like we're very well reserved as we sit here today, we continue to actively monitor the situation but feel pretty good about where we sit relative to the reserves and what we know about the conflict at this point.

Rowland Mayor
Analyst, RBC Capital Markets LLC

Q

Okay. That's helpful. And then several P&C insurers are citing a spread of competition beyond property lines. I was wondering if you could help me with the specialty growth in the quarter, whether you're seeing softening in casualty.

Richard G. Thornberry
Chief Executive Officer & Director, Radian Group Inc.

A

Hi, Rowland. This is Rick. Thank you for the question. We – I think it's clearly we're seeing the market continue to soften across the specialty and reinsurance business. I think – and this is all part of what we anticipated as part of the acquisition, so these kind of changing market cycles.

For us, the team will really respond to any kind of specific opportunities that we're seeing. But the teams remaining very disciplined in how they go about kind of identifying those opportunities. I think the team is well positioned to go through it, and we've been, you know, continue to be very impressed by the experience and the approach and the discipline that the team is applying across the process. So, we're here to write profitable business, be selective where we can across the wide range of products that we focus on.

And I think when you about the strategy here, it remains unchanged. It's pretty straightforward. We won't sacrifice pricing or terms or expect the returns to maintain kind of premium volume. So, I think when you look year-over-year, the team has seen the opportunity to grow, continues to see attractive rate adequacy across the variety of products, continues to work closely with our customers to find those opportunities and kind of write risk where we continue to see value in that. And so I think the summary of all that is, is that we continue to see opportunities in the market. We're being very selective, leveraging our analytics, remaining strongly committed to underwriting this business.

One thing I would just highlight, because I think it's important to note that I think the market has moved and is going to continue to move to where underwriting discipline matters more than ever. And I think as we worked with the team, one thing that we've seen is the hard market reward participation. So, you could be in the market and feel good about it because premiums – premiums got to such a level. But the next stage of the cycle is going to reward those who remain disciplined and allocate capital selectively and consistently prioritize margin over volume, which is what we plan to do and what the team has done since the beginning.

So as the market evolves, I think our underwriting discipline positions us well, and I think that's the strength and kind of opportunity as we go forward. So, the team is continuing to find opportunities across a variety of classes of products and we're going to continue to look for those opportunities as we go forward.

Rowland Mayor
Analyst, RBC Capital Markets LLC

Q

Thank you, Rick. That was super helpful. And just one more quick numbers one out of me and I'll jump back in the queue. But you gave a slide on the specialty earned premium for the second half of the year. Does that 20% increase include the January result that was not part of your consolidated results?

Daniel Kobell
Senior Executive Vice President & Interim Chief Financial Officer, Radian Group Inc.

A

>: Good question, Rowland. And the answer is yes, it does. If you take the full six months of the first half of the year and we provided that in two different places in our press release, take that full six-month as a baseline, it's 20% on that number is what we'd expect for the second half of the year.

Richard G. Thornberry
Chief Executive Officer & Director, Radian Group Inc.

A

Thank you, Rowland for that helpful clarification. Appreciate that.

Rowland Mayor
Analyst, RBC Capital Markets LLC

Q

No, thank you. I appreciate the answer.

Operator: Thank you. And our next question comes from Terry Ma of Barclays. Your line is open.

Terry Ma
Analyst, Barclays Capital, Inc.

Q

Hi. Thank you. Good morning. Maybe just starting out with Specialty. I think I heard you say a combined ratio of low 90s is more reflective of the current environment. Maybe just expand on that. And then longer term, should we expect the combined ratio to migrate back to the high 80s?

Daniel Kobell
Senior Executive Vice President & Interim Chief Financial Officer, Radian Group Inc.

A

Yeah. Thanks, Terry for the question. So in terms of the combined ratio, so I mentioned in my prepared remarks we'd expect to see kind of the business where we're writing business where we see the market today kind of expected combined ratios in the low 90s. I think that's coming after several really strong years of performance. And so, it's kind of the impact of the expected softening we've seen across the market.

And so, we've kind of seeing if you look back at the results we provided for Inigo's business over their history, it's kind of been more mid-80s trending to high 80s and now you're kind of seeing that into the low 90s. And again, that's just part of the normal cycle that we'd expect and what we anticipated, as Rick mentioned, when we made the acquisition.

So I think that's, again, consistent with our expectations as we sit here today, again, just preparing that guidance with the reminder of the seasonality from a revenue perspective that we'd expect to see the second half of the year, premiums again, 20% higher than the first half of the year. Just want to make sure you kind of take both of those factors into consideration when you think about the near-term kind of underwriting projections for that business. And again, combined ratio obviously is going to be subject to some volatility from quarter-to-quarter just based on market events.

Richard G. Thornberry
Chief Executive Officer & Director, Radian Group Inc.

A

Yeah. I would just – I think, as you think about this business going forward across a variety of different cycles, going back to what I kind of said just a few minutes ago, the discipline from an underwriting and value kind of focus from a profitability and rate adequacy point of view through those cycles is important.

And so, over the long – you can look at this business over the long-term in terms of kind of long term combined ratios with some volatility through it, the one thing that we feel very confident is our team's ability to kind of navigate those cycles effectively and, again, to find value kind of – from a performance point of view to kind of navigate through the cycle. So feel very confident in that. And I think what we're doing is just trying to provide some view of kind of where we are in the cycle at this point and how the team is navigating it.

Terry Ma
Analyst, Barclays Capital, Inc.
Q

Got it. That's helpful. And then maybe just switching gears, talking about credit for MI. Just any color on the cure rate trends that you're seeing slide 16 that you guys have in your deck so pretty favorable trends overall across vintages. Do you expect that to continue as you get more of the recent vintages start to peak? Thank you.

Daniel Kobell
Senior Executive Vice President & Interim Chief Financial Officer, Radian Group Inc.
A

Yeah, yeah. Thanks, Terry, for the question. I think when you look at that slide again, as you – can as you noted, you can see that cure development has continued to be very strong and very positive over time.

I think when you look at that, that schedule covers multiple years and as a result, it kind of already reflects a little bit of newer vintages working their way through into the portfolio. And I think around that, you can probably see on the margins little bit of change in terms of some of that cure development path from quarter to quarter. But broadly, we continue to see that very strong and certainly favorable to our reserving assumptions. So, again, we effectively reserving to a 92.5% cure rate and we're getting to that level and beyond pretty consistently across all of those default cohorts.

So continue to see strong activity even as kind of the newer business kind of works its way into the portfolio. And generally from a credit perspective, we don't see any pockets of concern when we look at it at a credit metric level, kind of from a geography perspective or across vintages, we continue to see everything play out in line with or better than our expectations when we priced the business.

Terry Ma
Analyst, Barclays Capital, Inc.
Q

Got it. Thank you.

Operator: Thank you. And our next question comes from Mihir Bhatia of Bank of America. Your line is open.

Mihir Bhatia
Analyst, BofA Securities, Inc.
Q

Hi. Good morning. Thanks for taking my question. I wanted to start on the specialty insurance piece, maybe, just – I guess you continue to describe the rate conditions as softening. You also suggested the low 90s combined ratio remains achievable. Can you just help us understand where the pressure is greatest today and whether your expectation is for future earnings pressure to come from lower margins or just lower premium growth?

Richard G. Thornberry
Chief Executive Officer & Director, Radian Group Inc.
A

Yes. Thank you, Mihir. It's a great question. I think – look, as we sit here today, year-over-year, I think we are – net earned premiums were 9% up year-over-year. So that's indicative of the team continuing to find opportunities that are in a competitive market. That's the one I think I would kind of highlight for you.

As we go forward and Dan can comment on this as well too. As we think about the combined ratio, we're really – we're looking at the remainder of the year. And as Dan highlighted in his comments and in his responses a minute ago, you know, we seasonality on a revenue basis generally leans towards the third and fourth quarter to be higher than the first half of the year. I think Dan's number was 20%.

When you think about writing the business technically lower margins than previous years from a rate perspective, but still at attractive rate adequacy and pricing and returns on capital, we would expect the combined ratio to migrate up.

Beyond that, we're not really giving any guidance. But I think we're in a softening market. We anticipated that as part of our M&A transaction and kind of our analysis of kind of a through the cycle view of the business. And I have to just compliment the team, again, as we've worked with them closely over the last year. One of the things that we liked about the business, the business was the experience of the team and their ability to kind of adjust and navigate through cycles and find value.

If you think about what's like our MI business. In our MI business, we don't focus on market share particular growth targets, we focus on finding economic value. The specialty business, Inigo business focus is very similar in the sense of really looking to find those opportunities across markets, both in hardening markets and soft markets, where the returns are most attractive. I think we continue to demonstrate that. And I'm very proud of how the team's shown that resiliency through this year navigating again. But I think just kind of reflecting back on Dan's comments, I think we feel like the business is in a good position and it created some transparency around that.

Mihir Bhatia
Analyst, BofA Securities, Inc.

Q

Got it. Thank you. And, Rick, congratulations on your upcoming retirement, I guess. And, Mike, congratulations again on the appointment to CEO. If I could ask you question, Mike, just after spending the last two months at the company, maybe talk a little bit about the biggest thing you've learned that was maybe a little different from your perception before you were on the inside as it were? What's been new, different, maybe some of the learnings you've had so far? Thank you.

Michael S. Weinbach
Chief Executive Officer-Elect, Radian Group Inc.

A

Yeah, thanks, Mihir for the question. And the one thing I'll start with, which wasn't a huge surprise that, you know, from the outside looking in, I saw a company with really good people, the culture, the platforms, and it totally lives up to billing. Again, I said this at Investor Day and I kind of upgraded it. It really is great people, great culture, great platforms.

And I'm excited as I look to the future because in Rick talked about this a little bit out front, but if you just think about where Radian is, the Radian that is going to be entering 2027 is going to look very different than the Radian that entered 2026. It's a year of transformation, transition with me and Rick, the acquisition of the Inigo, the sale of our non-core businesses. But we have a company where the revenues will have effectively doubled from where they were coming into the year, the revenue generation capability, with double digit accretion to EPS. And maybe more importantly, a simpler and more focused company. Two core insurance businesses, MI, and Specialty Insurance that are not correlated but have at their heart the use of data and analytics to outperform the market.

And the company is going to continue to generate excess capital and we're going to have a lot of opportunities to deploy that. So, you know, were there surprises? I don't know that there were any surprises. There's certainly been a lot of learnings. So I'd say as I've gotten a closer look at the MI business, it's a business that's performing. I really do understand the strength and the way we deploy data, analytics and risk management capabilities and feel really great about the way we're participating in the market. But that also doesn't mean we're satisfied. We recognize we have opportunities to be more efficient. There's opportunities to take advantage of emerging AI technologies to be faster, and obviously take our data and analytics to an even higher level.

And at Inigo, of course, had the opportunity to spend time with the team in London and spend time talking to brokers and customers and others in the market. And I see this and I sort of get the validation from the marketplace, this is a really experienced team that's managed through different cycles and is built to focus on finding opportunities to deploy capital for strong risk adjusted returns. It is – we look at returns over growth. We do this across 17 different lines that we write today and we think there's still room for growth.

So, I am – and just a little bit of reiterating some of the points that Rick and Dan have made. But we don't have to grow we'll pull back in a softening market where we don't see the returns, but we're going to continue to lean into areas where we believe pricing remains adequate and where our underwriting expertise provides a competitive advantage. And we still see opportunities to grow to new lines and have new partnerships in other areas to drive growth. So, Mihir, maybe a little bit of a longer answer than you were looking for, but I appreciate the question and remain extremely excited about the path ahead.

Richard G. Thornberry A
Chief Executive Officer & Director, Radian Group Inc.

Yeah. And, Mihir, thank you for the well-wishes. I appreciate that. But I want to tell you, as a shareholder in this business, I'm excited about the future with Mike. He and I've had the chance to work together. We've known each other for a long time, but we had a chance to work together with the team over the last two plus months. I think the transition has been seamless and positive and I think really sets the company up for the future. So, I'm excited about it. As a fellow shareholder, I think [indiscernible] (00:49:07). So, thank you for the question, Mihir.

Mihir Bhatia Q
Analyst, BofA Securities, Inc.

No, thank you. Thanks for answering. Good luck.

Richard G. Thornberry A
Chief Executive Officer & Director, Radian Group Inc.

Thank you.

Operator: Thank you. And our next question comes from Bose George of KBW. Your line is open.

Graham Bundy Q
Analyst, Keefe, Bruyette & Woods, Inc.

Hey, everyone, this is Graham Bundy on for Bose. You all touched on just earned premiums growing 20% in the second half there. Could you help me understand how expenses or the trends there are staying relatively flat?

Daniel Kobell
Senior Executive Vice President & Interim Chief Financial Officer, Radian Group Inc.

A

Yeah. Thanks, Graham for the question. Are you referring to expenses in the Specialty segment?

Graham Bundy
Analyst, Keefe, Bruyette & Woods, Inc.

Q

Yes.

Daniel Kobell
Senior Executive Vice President & Interim Chief Financial Officer, Radian Group Inc.

A

Yeah. So in terms of the expenses there, there's a component that's related acquisition cost that will fluctuate more directly with earned premiums. So, you'll see a change there, and that's part of the combined ratio guidance that I provided earlier. And then there's a portion that's a little bit more fixed quarter to quarter and that we'd expect to be generally more stable. There's going to be some investments there for growth, obviously. But I would say the expense trend is all part of the combined ratio guidance that we provided of the low 90s for the second half of the year.

Graham Bundy
Analyst, Keefe, Bruyette & Woods, Inc.

Q

Okay. Awesome. Very helpful. And then jumping to some repurchases here. Could you guys just help us from a modeling perspective what we should be expecting in the second half? I know with the Inigo acquisition in the first half originally, your thought it would pause a bit but then with good opportunity there you guys picked right back up? So what can we expect in the second half here?

Daniel Kobell
Senior Executive Vice President & Interim Chief Financial Officer, Radian Group Inc.

A

Yes, sure. And so, we were definitely pleased to restart the share repurchase program when we did very quickly after the Inigo acquisition closed effectively in the first quarter of this year. And so, we're very pleased with the repurchase that we've done to date. As we said here, we're at $176 million of share repurchase to date for 2026. I did provide guidance last quarter that we'd expect a range for the full year of between $200 million to $250 million. And so, we're tracking very well, obviously, against that range.

As we sit here today, based on the activity and what we've done so far, I would expect us to be more towards the upper end of that $200 million to $250 million range. Of course, that is subject to market conditions and what happens between now and the end of the year, but that's a pretty good feel for where we'd expect to finish 2026 in terms of share repurchase.

Richard G. Thornberry
Chief Executive Officer & Director, Radian Group Inc.

A

And I would just add to Dan's comment that if you look at our track record over the last several years, just our discipline around allocating capital whether it's our dividend, whether it's our share buybacks, not to mention a major acquisition which we did within our whole balance sheet, which you see the accretive nature of that transaction. This quarter really kind of with the revenue growth, earnings contribution opportunity ahead and the opportunity, as Dan highlighted to accelerate our share buybacks this year, the debt repayment, we've been deleveraging over the last year or two, two years, I guess.

So it's been – we've been very active capital managers. I know under Mike's watch going forward, that's – that is a key part of his thesis as well. And so, I think you'll continue to see us take advantage of our capital resources in the most attractive way.

Daniel Kobell
Senior Executive Vice President & Interim Chief Financial Officer, Radian Group Inc.

A

Yeah. And the one piece I'll just add on to what Rick said, too, is what's given us a lot of the confidence in the ability to kind of execute on those capital management initiatives has been the visibility that we have into the dividends that are coming up for Radian Guaranty. So, we – at the beginning of the year, we noted that we expected $600 million or more of dividends coming up. We've just updated that to now $650 million or more for the full year 2026. And again, that increase is reflective of continued strong performance of the underlying mortgage business. The earnings of the mortgage business is effectively what drives that dividend capacity. So, we continue to see that trend very well for us.

Graham Bundy
Analyst, Keefe, Bruyette & Woods, Inc.

Q

Awesome, guys. Thank you for taking my questions.

Richard G. Thornberry
Chief Executive Officer & Director, Radian Group Inc.

A

Thank you.

Operator: Thank you. And we have a follow up from Rowland Mayor of RBC Capital Markets.

Rowland Mayor
Analyst, RBC Capital Markets LLC

Q

Yeah, thanks for letting me back in. I wanted to just quickly go off that buyback question. Could you maybe walk through the remaining liquidity draws that the revolver in debt? And then once those are complete, do we assume that the capital – there's a lot more free capital available for buybacks?

Daniel Kobell
Senior Executive Vice President & Interim Chief Financial Officer, Radian Group Inc.

A

Yeah. Thanks, Rowland for the question. So as we said at the end of the second quarter, we had a $75 million balance on the draw that we took on the revolver. So again, our expectation is and has been throughout the year that we'd expect to pay that down by the end of 2026.

As far as the debt maturity that we have coming up in – 20 in the first quarter of 2027, we noted in the past currently our expectation is that we would look to refinance that. We'll certainly evaluate that as we get closer and we have the flexibility to kind of address that in different ways. But expectation is that we would refinance that at a similar size to what exists today.

So I think your question is correct in the sense that in a world where we're not paying down a credit facility draw and we continue to have a similar level of dividends coming up from Radian Guaranty, that would create additional flexibility for us from a capital management perspective. And again, that goes back to the regular waterfall that we have, which I talked about at our Investor Day in terms of making sure we're supporting the organic growth of our businesses and then looking at other options whether it's delevering, accretive M&A or potentially returning capital to stockholders. And we do that today through both the quarterly dividend and then opportunistic share repurchase.

Rowland Mayor
Analyst, RBC Capital Markets LLC

Q

Thank you. And then just one more and then I promise I'm done. I want to make sure I didn't mishear the Middle East commentary. That $30 million provision you took in 2Q includes IBNR for potential future events or should we expect ongoing losses as the conflict continues?

Daniel Kobell
Senior Executive Vice President & Interim Chief Financial Officer, Radian Group Inc.

A

Yeah. So, I would say that's a fully loaded number there. It includes what we expect and potential claims related to the conflict based on what we knew as of the end of the second quarter. And along with the related item, which is the inflation adjustment, based on the potential pressures that the conflict might have created.

Rowland Mayor
Analyst, RBC Capital Markets LLC

Q

Okay, perfect. Thank you so much.

Richard G. Thornberry
Chief Executive Officer & Director, Radian Group Inc.

A

Thank you.

Operator: Thank you. I'm showing no further questions at this time. I'd like to turn it back to Rick Thornberry closing remarks.

Richard G. Thornberry
Chief Executive Officer & Director, Radian Group Inc.

Thank you. Appreciate that. And once again, thank you to everybody for joining us today. Before we conclude, I'd like to thank our employees across Radian and its businesses. Throughout my time as CEO, I have been continually impressed by the talent, dedication and professionalism of the teams. Their commitment to serving our customers and delivering for our stockholders is what has made our success possible.

I'd also like to thank our customers, business partners and stockholders for the trust and support they have placed in us over the years. As I reflect on my time leading this company, I'm incredibly proud of what we've accomplished together. We have built a stronger, more diversified organization and create a platform for the future growth and position Radian for long term success.

Most importantly, with Mike's leadership and exceptional leadership team, outstanding employees and a clear strategy, I'm excited and confident in the future of this company. It's been a privilege to serve as your CEO. Thank you for your support and thank you for the opportunity to be part of this remarkable team and company. Thank you.

Operator: This concludes today's conference call. Thank you for participating and you may now disconnect.