



RADIAN

Ensuring the American DreamSM

Goldman Sachs Leveraged Finance Conference

Frank Hall, Chief Financial Officer
May 17, 2016

NYSE: RDN

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 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 GSE’s 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 mortgage insurance 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 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 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;

Safe Harbor Statements (Continued)

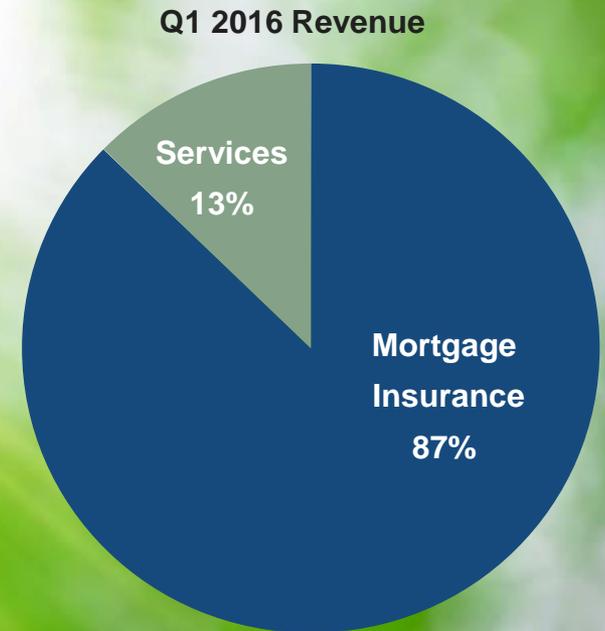
- the possibility that we may fail to estimate accurately the likelihood, magnitude and timing of losses in connection with establishing loss reserves for our mortgage insurance business;
- volatility in our results of operations caused by changes in the fair value of our assets and liabilities, including 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 estimated fair 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.

Who Is Radian?

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**, through its principal mortgage insurance subsidiary Radian Guaranty Inc., protecting lenders from default-related losses, facilitating the sale of low-downpayment mortgages in the secondary market and enabling homebuyers to purchase homes more quickly with downpayments less than 20%.
- **Mortgage and Real Estate Services**, 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.



**Total Net Premiums Earned
and Services Revenue**

\$253 million

NYSE: RDN
www.radian.biz

Ensuring the American Dream[®]

Our History

1977
CMAC is founded

2001
Radian acquires Enhance Financial Services Group

2005
Mortgage industry veteran S.A. Ibrahim joins Radian as CEO

2009
Radian increases focus and resources on its core MI business

2011
Radian continues to expand sales force and diversify customer base

2014
Radian acquires Clayton, a mortgage and real estate services provider

1992
CMAC goes public

2002
Principal operating entities unite under the Radian brand

2008
Radian discontinues writing new financial guaranty business

2010
Radian raises \$1 billion in new capital to support new business growth

2013
Radian ranked as the largest MI company and achieves net operating profit

2015
Clayton acquires Red Bell and ValuAmerica, expanding scope of Services offerings

Radian Business Model

Two Distinct and Complementary Business Segments



MI = Mortgage Insurance

What is Private Mortgage Insurance?

GSE charters require 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.



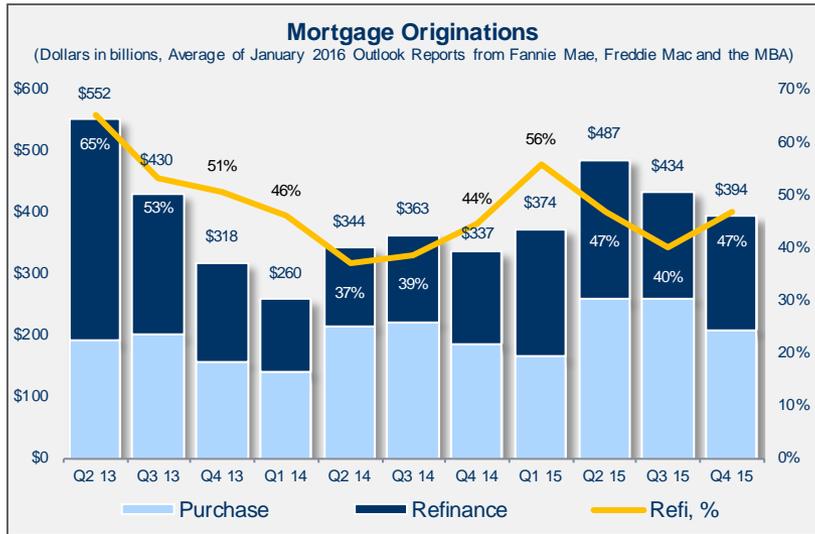
Loan to Value Range	MI Coverage Percentage * (% of Loan Amount)	Effective LTV after Private MI Coverage **	Radian Borrower Paid Premium Rates***
95.01 - 97.00	35%	63.1%	0.55%
90.01 - 95.00	30%	66.5%	0.41%
85.01 - 90.00	25%	67.5%	0.30%
80.01 - 85.00	12%	74.8%	0.19%

* Based on GSE standard coverage for 30 year loans.

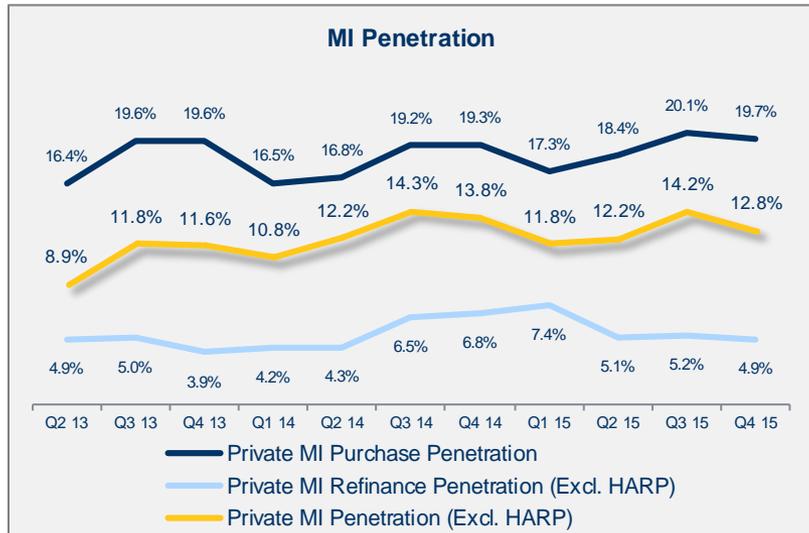
** Utilizes highest LTV value in range.

*** The MI industry utilizes risk-based pricing that considers, among other attributes, LTV, FICO Score, Loan Term, Loan Purpose and Occupancy. Rates effective April 7, 2016, subject to regulatory approval.

Mortgage Origination and Mortgage Insurance Market



Industry-wide MI penetration remains strong, positioning the MI industry to write new insurance on a high volume of originations in the future, particularly as the purchase origination market recovers.



Sources: MI market is based on publicly reported information of new insurance written. Mortgage market size based on average of MBA, Fannie Mae & Freddie Mac Mortgage Finance Forecast as of January 2016.

What is Mortgage and Real Estate Services?

Clayton provides risk-based analytics, residential loan due diligence, consulting, surveillance and staffing solutions.
The company also provides:

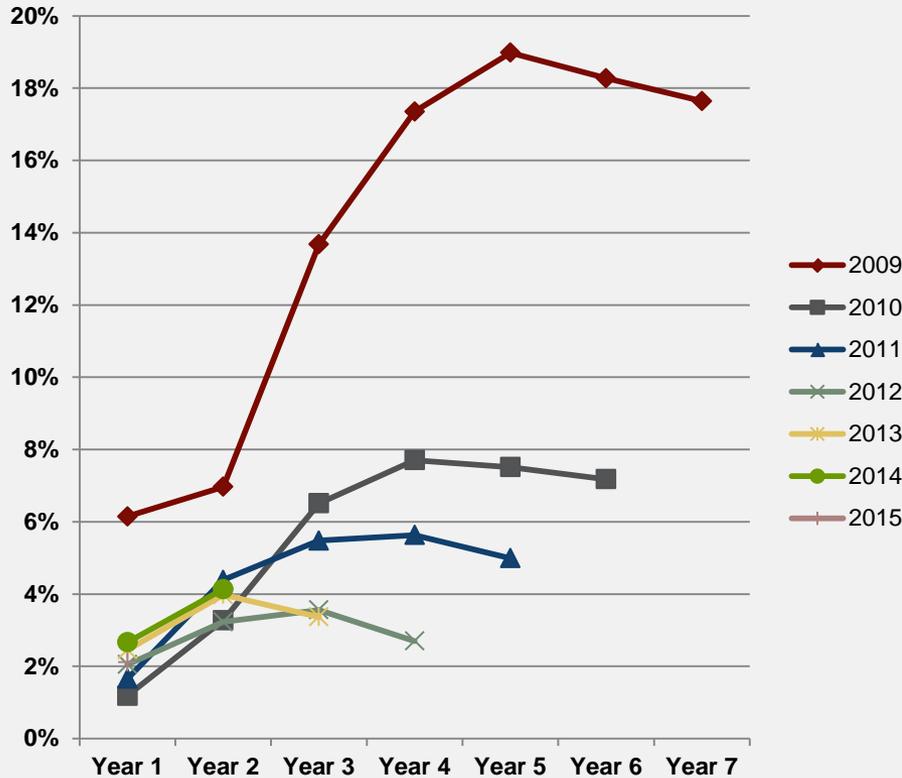
Customized REO asset management and single-family rental component services through its **Green River Capital** subsidiary

Advanced AVMs, BPOs and technology solutions to monitor loan portfolio performance, acquire and track NPLs, and value and sell residential real estate through its **Red Bell Real Estate** subsidiary

Appraisal, Title, Closing and Settlement services as well as technology solutions for vendor management through its **ValuAmerica** subsidiary

Global reach through its **Clayton EuroRisk** subsidiary

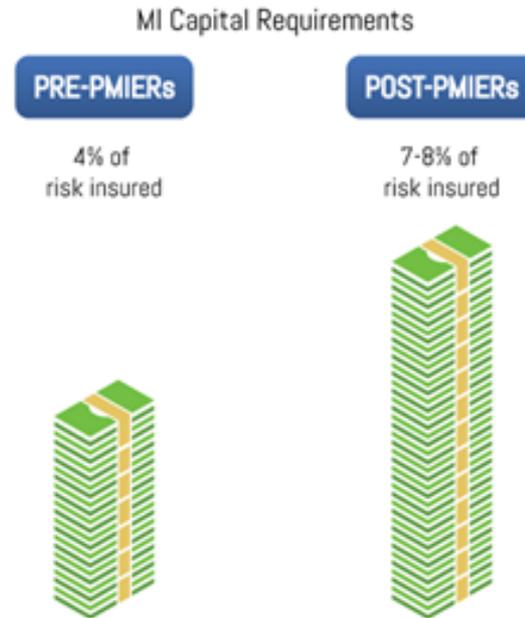
Primary Mortgage Insurance: Cumulative Incurred Loss Ratio by Development Year



Incurred Loss Ratio								
Vintage	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Mar-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%	7.2%
2011			1.7%	4.4%	5.5%	5.6%	5.0%	5.0%
2012				2.0%	3.2%	3.6%	2.7%	2.8%
2013					2.5%	4.0%	3.4%	3.5%
2014						2.7%	4.1%	4.3%
2015							2.1%	2.8%

Private Mortgage Insurer Eligibility Requirements

Private Mortgage Insurer Eligibility Requirements (PMIERs) were developed by Fannie Mae and Freddie Mac and became effective on December 31, 2015



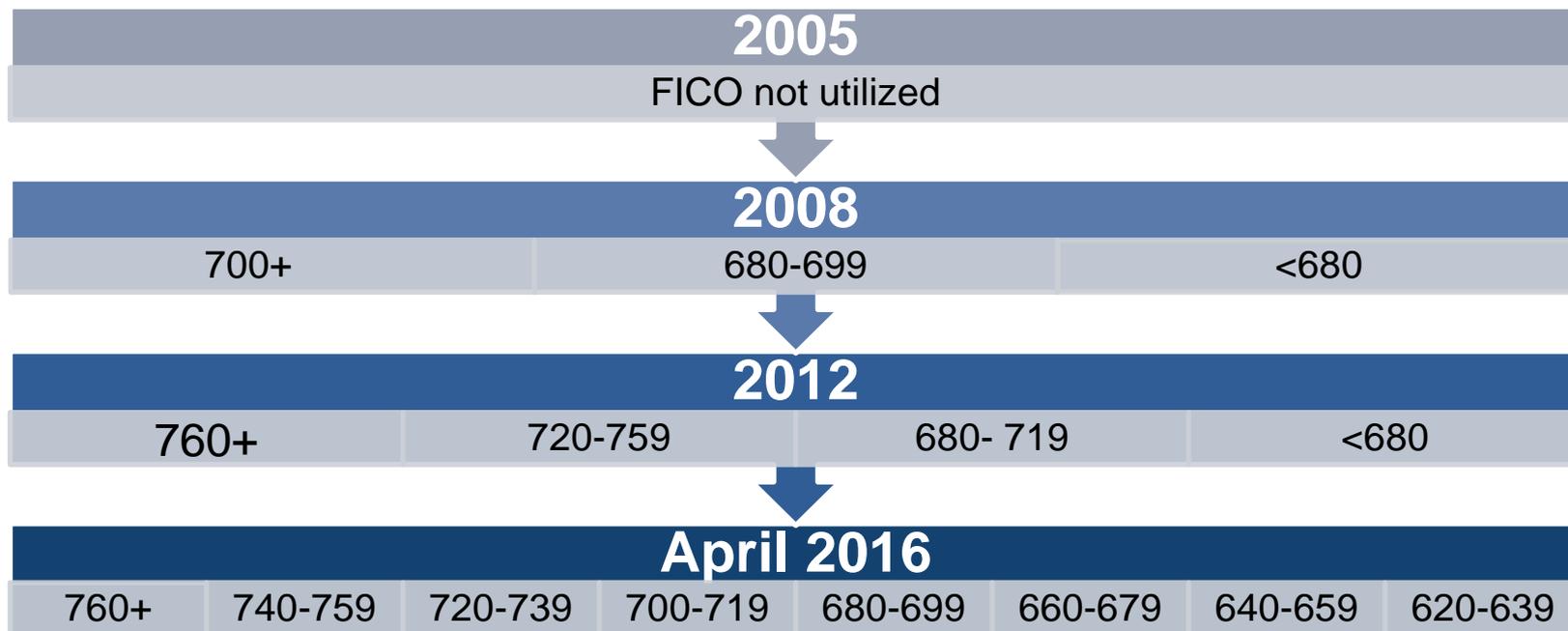
Source: www.usmi.org

Private Mortgage Insurer Eligibility Requirements

- Radian Guaranty is compliant with the PMIERs and does not expect to require any additional capital contributions in order to remain compliant.
- The financial requirements of the PMIERs require a mortgage insurer's Available Assets to equal or exceed its Minimum Required Assets. As of March 31, 2016, Radian Guaranty's Available Assets exceeded its Minimum Required Assets by approximately \$500 million, due primarily to the significant positive impact of the company's Single Premium Quota Share Reinsurance agreement as well as organic growth.
- In order to comply with the PMIERs and increase financial flexibility, Radian Group transferred **\$325 million** of cash and marketable securities to Radian Guaranty in exchange for a surplus note issued by Radian Guaranty
 - Based on positive trends reflected in its capital projections, Radian Guaranty currently expects to seek to redeem a portion and possibly all of the note in 2016, and any remaining amounts in 2017. Early redemption of the surplus note is subject to regulatory approval.
- Lenders, investors and other mortgage market participants can now have even more confidence in the value and financial strength of the MI industry

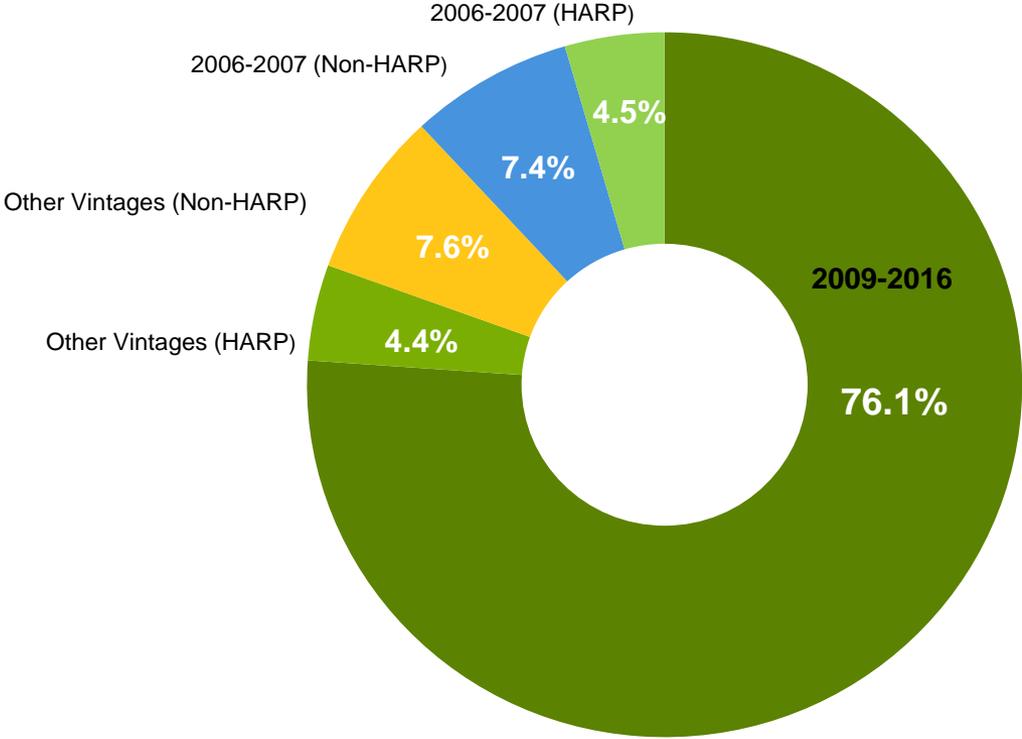
Mortgage Insurance Pricing

- Today's pricing environment: increased granularity and risk-based pricing
 - Radian has moved toward a more granular and risk-based pricing approach over time
 - **Example:** Progression of the use of FICO scores in Radian's Borrower-Paid (BP) Rate Card:



Improved Composition of MI Portfolio⁽¹⁾

NIW since 2009 and HARP volume combined **now represents 85%** of Radian's mortgage insurance primary risk in force as of Q1 2016



(1) Includes amounts subject to the Freddie Mac Agreement.

Capital Structure

Total capitalization (as of March 31, 2016)

Coupon	Description	Carrying Value (\$'000)	Principal (\$'000)	% of total Capitalization ⁽¹⁾
9.00%	Senior Notes due 2017	\$192,783	\$195,501	4.9%
5.50%	Senior Notes due 2019	\$296,033	\$300,000	7.5%
5.25%	Senior Notes due 2020	\$344,406	\$350,000	8.7%
7.00%	Senior Notes due 2021	\$343,528	\$350,000	8.7%
	Total Senior Notes	\$1,176,750	\$1,195,501	29.8%
3.00%	Convertible Senior Notes due 2017	\$19,931	\$22,233	0.5%
2.25%	Convertible Senior Notes due 2019 ⁽²⁾	\$89,785	\$101,581	2.3%
	Total Convertible Senior Notes	\$109,716	\$123,814	2.8%
	Total Debt	\$1,286,466	\$1,319,315	32.6%
	Shareholders' Equity	\$2,660,398	\$2,656,888 ⁽³⁾	67.4%
	Total Capitalization	\$3,946,864		100.0%

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

- **Prudent balance sheet management and strong performance has led to upgrades**
- **Committed to returning to investment grade**

(1) Represents Radian's market capitalization, based on closing price as of March 31, 2016 of \$12.40 and shares outstanding as of March 31, 2016 of 214,265,168 shares.

(2) Radian may redeem all or part of the remaining 2019 convertible notes on or after March 8, 2016 if the reference share price exceeds \$13.78 per share over the required period.

(3) Based on carrying value of debt and book value of equity.

Strong Holding Company Liquidity

Liquidity Resources at Radian Group Inc. (\$ in millions)

Available Holding Company Liquidity as of March 31, 2016 \$ 393

Additional Sources of Liquidity for Holding Company

Surplus Note⁽¹⁾

- Radian Guaranty expects to be in a position to seek to redeem a portion, or potentially all, of its \$325 million surplus note with Radian Group as early as June 30, 2016.

Expense Reimbursement

- Agreement with operating subsidiaries to pay their allocated share of certain holding company operating expenses
- Operating expenses of HoldCo for next 12 months expected to be between \$45-50 million

Interest Reimbursement

- Agreement with operating subsidiaries to pay their allocated share of holding company interest expenses on most of Radian's outstanding debt
- Interest expenses of HoldCo for next 12 months expected to be approximately \$80 million

Tax Sharing Agreement

- Agreement with operating subsidiaries, wherein they pay their estimated federal income tax to the holding company on a quarterly basis. HoldCo refunds excess amount in a taxable year to the subsidiaries

Any early redemption of the Surplus Note is subject to approval by the Pennsylvania Insurance Department. The GSEs have approved early redemption of the note based on the following criteria: Radian Guaranty may redeem 50% of the Surplus Note balance on or after June 30, 2016; On or after June 30, 2016, and prior to May 31, 2017, in addition to amounts paid above, Radian Guaranty may redeem the note balance up to the amount by which Available Assets then exceed Minimum Required Assets (as defined in the PMIERS) less \$150 million; On or after May 31, 2017, Radian Guaranty may redeem any remaining note balance.

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