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PRESENTATION

Mark DeVries - *Barclays - Analyst*

All right. Good morning. Thank you for joining us. Fortunate to have Radian management team up on the podium with me. Speaking will be S.A. Ibrahim, the CEO. We've also Joe D'Urso, who runs Clayton, and Frank Hall, the new CFO. So, with that I'll hand it off to S.A., I look forward to your comments.

S. A. Ibrahim - *Radian Group Inc. - CEO*

Thanks, Mark. Good morning and thank you all for joining us today both here in New York and on the webcast. I'm S.A. Ibrahim, Radian's Chief Execute Officer, and with me this morning are Joe D'Urso, President of Clayton and Frank Hall, Radian's Chief Financial Officer.

So, we'll focus today's presentation on the growth drivers for our Company. These include the expected earnings power of our Mortgage Insurance segment over the next several years and the revenue drivers of our Mortgage and Real Estate Services segment. Joe -- having Joe here is great, because he's going to walk you through the Services segment and highlight several of the market factors impacting those businesses.

And finally, building on the solid foundation we've created for Radian, I'm very excited to share with you the future growth opportunities for our Company. You may find a replay of this webcast and the accompanying slides on our webcast, www.radian.biz.

Some of the statements we will make today will be forward-looking. These statements as well as Radian's prospects are subject to certain risks and uncertainties and you should read about these risks on slides two, three, and four.

Turning to the agenda, I will first cover the primary driver of the expected earnings growth for Radian, namely the large high quality mortgage insurance book of business we have written over the past few years. And next, I will turn the podium over to Joe to walk us through the companies within our Services segment, focusing on products, services and revenue drivers. And then finally, I'll comment on some of the many opportunities I see for future growth within our businesses as well as those that leverage our combined capabilities and our access to more than 1,500 mortgage customers.

As I look at the audience here today, I see many familiar faces and I know that many of you already know Radian. But for those who may not, we primarily offer private mortgage insurance, risk management products and real estate services to financial institutions through our two business segments. Slide six describes these two segments, Mortgage Insurance and Mortgage and Real Estate Services. Mortgage Insurance, as you know, has been our largest segment for many years where we have been a leading player. And last year, we acquired Clayton and successfully introduced up Services segment.

Earlier this year, we eliminated all of our exposure to financial guaranty credit risk with the sale Radian Asset. These strategic initiatives created a turning point for Radian, and we believe our Company is in a strong financial and competitive position today with embedded earnings power and most importantly, we're excited about the future, as we look to broaden our existing capabilities within the residential real estate market.

Slide seven provides the highlights of our financial position including our substantial holding company cash, a portion of this is earmark for the upcoming PMIERs compliant.

Turning to slide eight and our Mortgage Insurance segment, the most important driver of our future earnings is the size of the mortgage insurance in force along with the mortgage market size and the business volume. As you can see here, we've been writing strong volume of extremely profitable Mortgage Insurance business, which we expect to continue to serve as the primary driver of future earnings for Radian. And our in-force book has grown an impressive 37% from 2011.

Turning to slide 9, adding to our success in growing our in-force book, our outstanding success in writing new business has also improved the credit profile of our portfolio. The high quality books of Mortgage Insurance business written after 2008 including loans completing a HARP refinance represented 82% of our primary mortgage insurance portfolio as of June 30, 2015. Again, this is also a primary driver of our future financial results.

Slide 10 shows the earnings power of our existing mortgage insurance book, how these earnings have developed over the last few years and how they continue to develop. So for the six months ended June 30, 2015, you'll see that earned premiums less incurred losses from 2009 and later MI vintages were $318 million compared to $227 million for the six months ended June 30, 2014. Importantly, the expected run rate for 2015 would exceed even last year's strong performance as this continues to develop.

And as I discussed earlier, the books of business written after 2008 consist of loans with stellar credit quality. This slide shows the loss performance to date. While it's still early for certain vintages, loss ratios are well below our pre-downturn historical experience of approximately 30%. You should note that we expect the business written during these past six years to produce loss ratios below 20% with some vintages in the high single-digits.

And continuing to talk about the credit quality of the business we've written, slide 12 depicts the lower default counts on our newest books of business. We expects these newer books to result in the lowest loss ratios we've seen in the Company's history. This slide also illustrates the continued credit burn out in certain legacy vintages.

So with that, I'd like to turn it now to Joe D'Urso, President of Clayton to review our Services segment. Joe?

Joe D'Urso - *Clayton Holdings LLC - President*

Thank you, S.A., and thanks all of you for being here. It's a pleasure to have the opportunity to talk to you about our Mortgage and Real Estate Services segment, which may be new to many of you. The segment is comprised of Clayton which Radian acquired in June of last year as well as Green River Capital, our subsidiary. Earlier this year Clayton added to its capabilities by acquiring Red Bell Real Estate. What do all these companies do? We offer technology-enabled solutions that financial institutions, investors and governmental entities use to evaluate, acquire, securitize, service and monitor loans and asset-backed securities.

Clayton provides risk-based analytics, residential loan due diligence, consulting, surveillance and staffing solutions. Green River offers customized REO asset management and single-family rental services. Red Bell is a real estate brokerage that provides a variety of products and services including automated valuation models, broker price opinions and advanced technology to value and sell residential real estate. And finally, we have global reach through our Clayton EuroRisk subsidiary.

Let's turn to slide 14 now to show how these companies and products breakdown into business lines and revenues. Slides 14 and 15 list the distinct business lines for the Services segment, loan review and due diligence, surveillance, valuation and component services, Real Estate Owned or OREO and EuroRisk. These slides illustrate the percentage of revenue for each business line since 2014 and the market segments and clients that we serve as well as today's primary revenue drivers. In the last column, you can see the potential future revenue drivers as our industry continues to change and evolve.

Let me take a moment to point out the most important areas of focus in the Services segment today as I will highlight the opportunity for future growth in a moment. First, in our loan diligence -- loan review and due diligence business we provide loan level detail analysis and evaluation of the credit, collateral, compliance and data risks inherent in new and seasoned mortgage loans. The service is utilized by our clients in many aspects of their business including origination, acquisition, sale and securitization of mortgage assets and it includes clients like originators, banks, investment banks, GSEs, private equity funds and hedge funds.

Second, in our surveillance business, we utilize our technology and mortgage expertise to oversee and help manage mortgage assets and the mortgage servicers operations and compliance in order to highlight issues and potential issues and ensure maximum performance in return on the underlying assets. The main clients of this business include mortgage servicers, RMBS issuers, regulators, portfolio managers and the full spectrum of investors in mortgage assets.

Third is our valuation and component services business. This business provides accurate valuation of single-family real estate properties utilizing both a network of 10,000 real estate agents as well as unique and cutting-edge proprietary technology. This segment also provides specific property and mortgage level services such as reviews of title policies and underlying mortgages for the single-family rental market. Clients of this business also span the spectrum of mortgage and real estate market participants.

Fourth is our REO business. This group manages and disposes of individual residential properties on behalf of all types of financial institutions who own those properties post foreclosure. The group will take properties in post that foreclosure and then administer its all aspects of the managing and disposition of those properties. Post foreclosure, we may need to do an eviction and manage everything all the way until the ultimate sale and closing of the property. Finally, via EuroRisk we have a small portion of our business, but one that provides us with a platform for potential growth outside of the US.

Slide 16 offers a snapshot of our historical performance. As you can see, second quarter total revenues were $45 million, which was the highest since the Radian acquisition and for the last two years. What is important to remember is that there are fluctuations in revenue experienced in this business given that the business is highly transactional in nature. We enjoy high market share in each of the industries we serve which is fueled by our industry knowledge, our quality work, our proprietary technology and our relationships.

Now I'd like to turn it back over to S.A.

S. A. Ibrahim - *Radian Group Inc. - CEO*

Thank you, Joe. So as you heard from Joe, you can see why we are excited about this business and the comprehensive insight it provides into what's happening in the industry and given the fact that our core businesses' risk management, those insights in the long term can be extremely valuable. So with that let me now turn to opportunities for future growth. I started out talking about how we created a very strong mortgage insurance book of business that creates embedded earnings for our business. So that is one of the drivers of the future for Radian but now let me talk about the opportunities that are not incorporated in those numbers I discussed earlier. So this is illustrative and I'm only going to touch on some opportunities.

Looking at the Mortgage Insurance business opportunities, as you know, future opportunities will be largely shaped by the demand for mortgages and where it comes from. And this chart shows that you can see on slide 17 based on the studies shown here that renters today have limited cash savings and total net worth. If these renters choose to purchase their first home there would certainly be demand for low down payment mortgage. Radian's private mortgage insurance can help first time homebuyers with limited cash savings to buy their first home sooner using 10%, 5% or if qualified even 3% down payment.

And while the previous study of renters found limited cash savings among minority groups, slide 18 illustrates new household formations that are expected to come from these same groups. Based on a study conducted by the Joint Center for Housing at Harvard, 13 million of the 17 million households projected to be formed from 2010 to 2025 will come from diverse minority markets.

The key thing to takeaway from these two slides is that there is likely to be increasing demand for low down payment loans based on the changing demographics of tomorrow's homeowners. This should create an opportunity for private mortgage insurance. Mind you, many of the minority homebuyers lack the legacy benefit of getting down payment assistance from their parents.

So, in order to better understand and inform the fastest growing demographic groups for homeownership in America in the future, Radian has entered into exclusive partnership with the leading trade association for each segment. The most trusted advisor for many first time homebuyers is their real estate agent. Therefore, our partnerships with Hispanic African-American and Asian real estate communities is invaluable.

In addition to the increased demand expected from first time homebuyers, we continue to actively participate in the debate of GSE reform, as well as in discussions on the front-end risk sharing including deeper MI coverage. This coverage could further protect the GSEs from risk, increase the use of private capital and provide opportunity to our industry to increase its level of credit protection. While discussions are in early stages, we're encouraged by the support and the potential opportunity for our Company.

Turning to illustrating some of the growth drivers for the services segment, slide 20 may not appear to represent an opportunity at first glance because the chart shows the small size of the private label RMBS market and the large sized pre-downturn. Well, there in lies the opportunity, while today's market is much smaller than its peak in 2006, we believe that there's opportunity for future growth and while it's remained very challenging and difficult to predict either timing or the volume for future private label activity, the point that I'd like to illustrate on the next slide is we don't need the activity to go back to the original levels to get a meaningful result in our services business and why is that, slide 21 focuses on the products that would be in demand as this market -- private label market returns.

The regulatory changes rating agency demands and investors' requirement for greater confidence have resulted in a larger sample sizes in loan coverage for non-agency RMBS due diligence and given the scrutiny required by these reviews, the pricing for diligent services has doubled from pre-crisis levels along with the size of the sampling that rating agencies and investors would require for each level of securitization. So, you could have a private label market which is much smaller than the [pat] with roughly equal or close to equal volumes of opportunity. So we also have the opportunity to perform surveillance for investors and asset managers, as this market grows with investors again demanding greater transparency into servicer's performance and compliance. And what's most important is the dynamics and economics of the market today are good for our Company. So we are well positioned to benefit from any increase in the private label market with our existing capabilities and expertise. And what you heard earlier from Joe said that while that could benefit us in a big way when it happens, we are running a business that has other opportunities and is making money today.

So to bring it all together and show you how we can collectively leverage our expertise in the residential real estate market and surround our customers with many compelling services to deepen our relationship, I'm going to share with you what we internally at Radian call our value circle. This shows our customers and our existing capabilities in origination, securitization, servicing and loan fulfillment. Today we use this value circle as a way to differentiate our mortgage insurance company from its peers, but tomorrow these capabilities will serve as a increasing core strength to broaden our breadth and deepen our expertise and services within residential real estate market.

The goal here is to become an increasingly more valuable and stickier partner for customers in the mortgage industry deriving benefits from all these services while ensuring that we are among the two or three players they take as part of their mortgage insurance providers.

So with that, we'd be happy to take your questions.

QUESTIONS AND ANSWERS

Mark DeVries - *Barclays - Analyst*

Before we go into questions, I got just quick audience response portion of the presentation. If you could please pick up the response card in front of here and register your response. First question, what do you view is the biggest catalyst for Radian over the next year one, stable or improving pricing, two, declining loss ratios; three, growing volumes of new insurance written; four, capital deployment; five, other?

Okay. 36% indicated decline in the loss ratios.

Next question, what is the biggest risk to share is one, weaker than expected credit; two, weaker than expected new insurance written, three competitive pricing in pressure; four, other?

Okay. Competitive pricing pressure is the big concern, 69%.

Next question, what is the best use of excess cash, one, pay dividend; two, buy back stock; three, retire convertible debt; four, M&A; five, other?

So retire debt first at 48%.

And then last question. Over the next year, would you expect your position in Radian to one, decrease; two, increase; three, remain the same?

Okay, so a bit mix, but 45% remain the same.

So with that I will leave it off and open it up. As I am going to ask you the same question I just asked, Pat, which is, could you just talk about your level of optimism that deep cover MI could be included in the GSE scorecard for the upcoming year?

S. A. Ibrahim - *Radian Group Inc. - CEO*

While I remain optimistic, it's very hard to predict anything [that works in] Washington. I think all the ingredients for that happening are there. First of all, as you heard, Mel Watt say on various occasions, once the PMIERs requirements were passed and the MI is complied with those requirements, the FHFA would be more open to doing more business with the MI company, so that is going to happen as of the end of the year.

Second, there continues to be strong pressure on the FHFA coming from both Congress as well as from the administration to widen the role of private capital and to reduce the exposure that cash spreads have to credit risk. And while some of that is going to come from new business -- some of that is going to come from laying off the risk on existing books business, a lot of it also have to from finding ways in which to lay off risk connected with the new business that is being written and who is in a stronger position that MI companies that understand that risk in meaningful ways and on a slide by-there I think, we, in addition to our mortgage insurance expertise also benefit from being able to get at that risk through our Clayton products and services in a deeper way. And Clayton is also provides a lot of those services to the GSEs among others, by the way.

So I think all the necessary pieces are there, but as we have seen in Washington before having the necessary pieces is one thing and then getting them to a point of decision is another thing. So, I remain very optimistic, but I find it difficult to predict the price -- the timing.

Mark DeVries - *Barclays - Analyst*

Okay. Any the questions from the audience? Okay. My next question is just around the growth outlook, and I think you did provide a lot of interesting stats and I think pointing to some very important drivers, which is one, both household formation, first time homebuyers coming back and the fact that a lot of these people may lack cash to put down meaningful [down pass]. Do you have a sense for what this could mean as you just see some kind of growth in first-time home buyer rates to growth in risk-in-force and insurance-in-force? If you guys spend a time kind of quantifying that and how much your addressable market could grow over the coming years?

Joe D'Urso - *Clayton Holdings LLC - President*

We play with those numbers internally but because there's a lot of uncertainty associated with that it would be difficult for me to share them, because they would change. The fact is these are numbers that excite us a lot because on the margin all you need is a marginal growth in the demand from homebuyers to propel new activity. As you know, the biggest challenge in the mortgage industry as a whole today has been the fact that as reprice go away, we haven't seen the purchase market come back.

And we feel based on the studies being done and all the demographic assessments that we have that the demand is there in the future, particularly since the home buying demand is going to come from those segments, minority segments of the population where ever steady and every interaction we have had indicates that homeownership remains one of the highest priorities for the Hispanic segment, for the Asian segment, for the African-American segment. I happen to be a year-ago speaking to the audience of homebuilders and real estate agents as well as homebuyers in Tucson at a initiative Radian launched in cooperation with the homebuilders, homebuyers and the Mayor of Tucson already set on. And the reaction of the homebuyers was phenomenal. Now, of course those were small numbers, because -- but they were largely minority buyers and as they increase in size you just have to extrapolate over them.

Mark DeVries - *Barclays - Analyst*

Okay. Could you talk a little bit about the outlook for your loss ratio? I mean, you're already at kind of a normalized level, but most of your losses are also still coming from your legacy book and your new business has almost no losses. Could you give us some sense of where you think that could bottom?

Joe D'Urso - *Clayton Holdings LLC - President*

That's a question we get asked many times and I can say that the trends are extremely encouraging and as you've heard the losses on some of our newer vintages in the single digits and the last is when we blend the new vintages with our legacy vintages is 20%. You can see the legacy vintages come down pretty sharply and the mix of the legacy business diminish, [but actually lot to] project the losses because there are so many factors outside the quality of the book of business that drive losses. Now, we don't see any major clouds in the horizon in terms of any major downturns in real estate, but we just have to be careful. The main point is, whatever they are when they're below -- when they're 20% or below, we are very happy and if they are in the single digits, we will be even happier.

Mark DeVries - *Barclays - Analyst*

Okay. Next question is just kind of on the competitor environment, I mean, we saw the FHA cut pricing at the beginning of the year. I guess they've clawed back a little bit of market share, but there is still, I think there is broader push in Washington to downsize their role in the housing market. Is there anything out there that could -- that's been viewed to consider them having a maximum LTV, so they're not serving kind of the higher end segment of the market, but their focus is narrowed and therefore kind of reducing their role in the market.

S. A. Ibrahim - *Radian Group Inc. - CEO*

There are a lot of ideas, but I think the main focus on Washington right now is the upcoming election year. Having said that, particularly on the Republican side of the House as well as Senate, there is a lot of concern about the creep up in the government role in lending through the FH actions and even on the investors' side, it appears that those actions were taken to broaden the scope of homeowners that come in, but as you now see initiatives coming from the FHFA with Fannie and Freddie are trying to broaden that access to homeownership and that means benefit for us because when a decision is made to for low down payment bar to go the GSE route, we get the benefit.

I hope that Washington will finally put some curbs and limits on what the FHA does. We are very supportive of the FHA because it plays a very critical role. We just think that given the objectives that everybody in Washington endorses of private capital playing a bigger role, it is inconsistent to have the FHA operate the way it is today. It should be scaled down in a wise way that protects the market, but as we -- there's a lot of us in the MI business. We have a lot of capital and if we work to the opportunity to write even more business that is a reason for which we could have access to even more capital, particularly given the profitability of the business right now. I think all of those things should allow them to step back on the FHA.

Mark DeVries - *Barclays - Analyst*

Okay. Next question is for Joe. Could you just give us a sense of what you think you need to see before the private-level security market comes back in a more meaningful way, kind of where is your market share relative to where it was pre-crisis and therefore if we see a big balance was represented by the difference between where we are now and some point in between what could that mean for your revenues and profits?

Joe D'Urso - *Clayton Holdings LLC - President*

It's great question. So let me start with market share. In most of our businesses our market share is 55% or greater. And so any significant increase in those markets will have a pretty significant increase to our bottom line. In terms of what it would take to see that market come back, I think that picture is becoming more and more clear. We've been doing as a Company a lot of work with both SFIG in the financial industry groups as well as the US Treasury, which have a number of efforts going simultaneously to try and bring back the private label securitization market. And it seems that there are really a couple of things that are required for investors in RMBS to really be willing in a meaningful way to get back into that market.

The biggest single one is going to be transparency, really understanding what's happening with the underlying assets. And they have introduced the role of a deal agent which actually plays very well into what we, at Clayton Radian do in terms of our surveillance business. And so investors having not only that transparency into what servicers are doing with the underlying assets, but also having an alignment of interest, so that there is not a complete disjointed alignment between servicers and the owners of the assets, and so the industry groups are working on both of those things.

And then I think the third thing is some standardization on the upfront kind of due diligence findings really understanding upfront how the due diligence translates across deals and across structures. And I believe that the industry is working on all of those things. So we're encouraged of course, the timing, as S.A. had said, is near impossible to predict, but we feel pretty good that we're moving in the right directions.

S. A. Ibrahim - *Radian Group Inc. - CEO*

And Mark, rather being well positioned to benefit from that private label market in the mortgage asset class to come back, we are doing -- we are being successful in looking at other asset classes and it's small, but it's growing, Joe, might want to comment on that.

Joe D'Urso - *Clayton Holdings LLC - President*

Yes, we have expanded in a small way into student loans, auto loan deals and credit card deals utilizing our surveillance business and what they call an ARR or asset representation reviewer role. And so we are named in a number of the securitization trust for those asset classes to review the actual representations that were made to the trust and to the investors in the trust. And so once again, that plays very well into our strengths in the surveillance business and it's a great entree for us in a very small way today but already growing out beyond the residential mortgage business.

Mark DeVries - *Barclays - Analyst*

And how much operating leverage is there in your business, I mean, if we see volumes expand should we expect kind of proportionate increase in your operating expenses as you kind staff up for that?

Joe D'Urso - *Clayton Holdings LLC - President*

In most of our business we utilize a lot of technology. And so while there's certainly a fixed overhead and a certain number of people that we need to manage many of our businesses, we should see an expansion of margin as we start to see business volumes grow. We also have been developing during this kind of slowness in the markets. We have been developing more in-house technology, we've also acquired more in-house technology via acquisitions like Red Bell. And so we think that there is actually a little bit more leverage than we can squeeze out and potentially significantly.

Mark DeVries - *Barclays - Analyst*

Okay. Can you us some context on where your margins were pre-crisis when you are doing a lot of business versus today?

Joe D'Urso - *Clayton Holdings LLC - President*

Yes. So kind of across all of our businesses and each one has some distinct kind of profit margins, but across all of our business our margins are probably in the 40s in terms of gross profit margin. I think pre-crisis that was probably in the 50s and I think that we can get back there.

Mark DeVries - *Barclays - Analyst*

Okay, great. (inaudible) any other questions, why don't we end on that note, they will be doing a breakout session in the Morgan suite for anybody who wants to ask questions there. Please join me in thanking them for their time.

S. A. Ibrahim - *Radian Group Inc. - CEO*

Thank you.