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Radian Group Inc. (RDN)

Barclays Global Financial Services Conference

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MANAGEMENT DISCUSSION SECTION

Mark C. DeVries

Analyst, Barclays Capital, Inc.

Good morning. Thank you for joining us. Very pleased to be joined on the stage by Frank Hall, the CFO of Radian. Frank's got some prepared comments for us. Then time permitting, afterwards we will do a little bit audience response questions and then have some time for some Q&A.

With that brief intro, I'm going to hand it off to Frank.

J. Franklin Hall

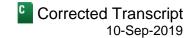
Chief Financial Officer & Senior Executive Vice President, Radian Group Inc.

Thank you, Mark, and thank you to Barclays for hosting this event. I am Frank Hall, Chief Financial Officer for Radian Group. Before we get started, it's important to note that some of the statements I will make today will be forward-looking. These statements as well as Radian's prospects are subject to certain risks and uncertainties. You should read about these risks on slide 2 of our presentation.

Our presentation today is updated from our presentation last year where we provided support of an investment thesis in Radian as we continue to find that our industry and our business continue to be misunderstood and our goal is to emphasize what we believe to be a strong investment thesis. Illustrated here on slide 4 is our company overview which shows that our company is comprised of two primary segments, our Mortgage Insurance segment and our Services segment. The Mortgage Insurance segment includes our traditional mortgage insurance and our mortgage risk services. Our Services segment includes other mortgage services such as our loan review and transaction management business used by investors; Radian Real Estate Services and our Radian Title Services. I'll discuss later today how this combination of services makes Radian unique among its competitors.

Illustrated here on slide 5 is what we believe to be a strong investment thesis for Radian. First, we participate in a mortgage origination industry that has transformed after learning valuable lessons through the financial crisis. Today, there are enhanced and specific rules pertaining to mortgage insurance that make the business we write today more attractive than ever before in our history. Second, we represent strong relative value among other mortgage insurers and other financial services companies from a return on capital perspective and comparative

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ROE and PE multiples. Third, we are in an industry that has enhanced ways to distribute the risk we take. At Radian, we are experts at actively aggregating, managing and distributing the risk we take. And lastly, Radian is unique among our mortgage insurance peers. We will prove this thesis today and hopefully shine some light on the value potential for current and future shareholders.

So what is private mortgage insurance? Prospective homebuyers who do not have a 20% down payment are viewed by lenders as a high risk. However, private mortgage insurance protects the lender against a portion of first loss in the event of default and therefore enables these borrowers to qualify for a conventional loan. Private mortgage insurance does this by meeting a requirement established by Congress, the low down payment loans sold to the government sponsored enterprises, Fannie Mae or Freddie Mac have extra credit protection at the loan level.

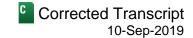
In the illustration here on slide 6, a family wishing to buy a \$190,000 home would need a 20% down payment of \$38,000 without private mortgage insurance. With private mortgage insurance, they would require a 5% down payment of only \$9,500. For the average household with income of about \$75,000, this reduced down payment requirement represents about 38% of their pre-tax annual income, a substantial reduction in down payment. Private mortgage insurance helps more people achieve the American dream of home ownership. Private mortgage insurance has been around for more than 60 years. The permanent source of private capital has been a valuable contributor to the mortgage ecosystem and has continued to improve in health. In fact, since the GSEs entered conservatorship, the private mortgage insurance industry has paid over \$50 billion in claims for mostly pre-crisis losses and remains healthy and viable. The most recent evolution in our industry began with the Private Mortgage Insurers' Eligibility Requirements (sic) [Private Mortgage Insurer Eligibility Requirements] (00:04:54) or PMIERs established by the GSEs and has created a much stronger private mortgage insurance industry with both financial and operational standards that must be complied with to be an approved GSE mortgage insurance counterparty.

There are only six private mortgage insurance companies approved to provide mortgage insurance. This is due perhaps to the very high barriers to entry including those listed here on slide 8. First is a \$500 million capital requirement under PMIERs that is required even before a book of business has been established. In other words, large amounts of capital will not be fully utilized for many years, a situation that is likely unappealing to new investors. The second barrier to entry is the operational complexity of running a mortgage insurance operation. Unlike other larger financial – or financial services industries, there are no off the shelf technology systems to use. Third is the multiple layers of regulatory compliance including 50 state licensure and state insurance regulatory requirements. And lastly, ongoing PMIERs compliance and access to additional capital [ph] should (00:06:13) there be a need under adverse economic scenarios under PMIERs.

The good news is that for investors looking for exposure to this asset class, there are ways to invest either directly through the equity of the private mortgage insurer, the risk transfer transactions of the GSEs or in the somewhat recently developing insurance-linked notes utilized by mortgage insurance issuers.

Today's mortgage insurance landscape is vastly different than what existed before the great financial crisis and rests on three pillars which I'll cover in more detail. First is the overall mortgage origination landscape post-crisis which has improved greatly. Second is the mortgage insurance specific risk-based capital requirements. And third is the more evolved manner in which risk is priced and managed. Before I cover the improved mortgage origination landscape, I think it's helpful to first understand the limited subset of the total origination universe that private mortgage insurers operate in. On the left hand side of slide 10, is the breakdown of the 2018 total mortgage originations. Private mortgage insurance was used in only 18% or \$291 billion of the total mortgage

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originations in 2018. Private mortgage insurers generally cover only the highest quality borrowers with an average FICO score of 750.

On the right hand side of the slide, we list some of the most significant post-crisis changes to the mortgage environment including that full documentation of loans is required and that the attributes that establish a borrower's ability to repay have been governed by the Qualified Mortgage rules established by the CFPB using metrics such as debt to income and no negative amortization or balloon payments.

In addition to stronger underwriting, servicer requirements now emphasize the need to keep borrowers in their homes versus foreclosure. This is important to private mortgage insurers as we do not pay a claim unless there has been a loss realized after foreclosure.

So anything keeping a borrower in their home also prevents a claim which is good news for the private mortgage insurer. In addition to the overall mortgage origination landscape, the private mortgage insurers have also evolved their pricing discipline to price for the risk taken. Radian does this through enhanced data and analytics and by using an economic value versus market share based approach.

And probably the most significant enhancement to the private mortgage insurance industry post-crisis is PMIERs. This risk based capital framework has truly transformed and rationalized the capitalization of the industry and has calibrated the claims paying ability of the industry to a great financial crisis like stress.

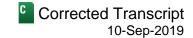
It is uniform for all mortgage insurers and requires a greater capital to be held against higher risk loans which in turn brings greater pricing discipline to the industry as pricing will tend to relate to the required capital and a targeted return on that required capital.

The example shown here of a high risk loan of a below 620 FICO and above 95% loan to value ratio has a PMIERs capital or available asset requirement of 29% of the risk in force compared to a higher quality below 85% loan to value and greater than 760 FICO loan which requires only 1.58% of the risk in force to be held in PMIERs available asset, a significant difference in required capital.

It is important to realize that mortgage insurance coverage – it is important to realize that mortgage insurance covers only a portion of the mortgage loan and only pays claims for specific reasons. We have illustrated on the right hand side of this slide an example \$240,000 home purchase with a 5% down payment and 30-year mortgage of \$228,000. The GSEs require that we cover 30% of the \$228,000 loan amount or \$68,400. This \$68,400 is our risk in force. The total loan amount of \$228,000 is what we refer to as our insurance in force. Though our risk exposure is much less, insurance in force is the basis from which our premium calculations are derived. So the priority of loss exposure is first to the homeowner and their equity of 5%, then to the mortgage insurer. Our borrower paid policies also cancel automatically when the loan achieves a scheduled amortization of 78% of the home's original value. And the limitation on loss events are listed on the lower left and do not include physical damage to the property and the home must generally complete foreclosure before a claim is paid.

Risk distribution has helped transform the private mortgage insurance landscape and is a powerful way to help optimize the retained risk in our portfolio and to limit the tail risk of loss under stress scenarios effectively capping the cumulative loss ratio of the covered risk. Because of the reduced retained risk, it also helps us reduce the required capital held against this risk, though we may decide to hold more capital based on our own risk appetite. And because of the lower required capital, our returns on the retained business are enhanced. At Radian, when we evaluate the risk distribution opportunities, we consider the cost, expected performance over time and through stress, rating agency view, terms and counterparty risk. To-date, Radian has utilized insurance-linked notes and

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both quota share and excess of loss reinsurance structures that cover approximately 64% of our risk in force and has reduced our PMIERs capital requirements by approximately \$1.5 billion on a consolidated basis.

Illustrated here on slide 15 is a view of the \$1.5 billion reduction of PMIERs Minimum Required Assets I just mentioned on each vintage. This incorporates all forms of risk distribution including traditional reinsurance and insurance-linked notes.

Illustrated here on slide 16 is an overview of the ILN structure on our 2018 monthly premium business. A few things to note are that the structure effectively caps our cumulative loss ratio on this vintage for approximately 25% to 30% under a CCAR Severely Adverse scenario and that the structure would not be exhausted under this scenario. This protection comes at a very low cost of capital relative to the regulatory capital relief of less than 3% on a net after tax basis after consideration of the investment income generated by the collateral held in trust.

In this next section of our presentation, we have a collection of common misperceptions about private mortgage insurance. It is intended to help filter through the noise to see what really matters to our business and to you as an investor. The first common misconception is the impact of interest rates on mortgage insurance volume. It should be fully appreciated that the majority of loans that use private mortgage insurance are first-time homebuyers and as such the absolute payment, not the interest rate, have the most bearing on the purchase decision. First-time homebuyers generally base their decision to buy a house on life events not trying to speculate on or time changes in interest rates. So if they are solving for a payment amount in a higher interest rate environment, the purchase price will just need to be lower. What this simply means is that while interest rate influence persistency in our portfolio and investment income, it may not influence the behavior of the first-time homebuyer as much as one might expect particularly given that interest rates remain relatively low on a historical basis.

Another misconception is the impact of the total mortgage origination market on the mortgage insurance volume. While refinance activity provides added opportunity for private mortgage insurance, purchase market activity is the primary driver of our new business. We have presented here the trend of mortgage originations from 1990 to a forecasted 2021. Of particular note is that the forecasted 2019, 2020 and 2021 purchase market indicated in the dark blue is expected to continue to increase despite volatility in the total mortgage origination market.

This expectation is further evidence of what we see in other studies in that there is still a preference of U.S. households to own a home. What is encouraging for private mortgage insurers about this graph is that purchase originations are three to five times more likely to use private mortgage insurance than refinance.

Overall, the evidence supports a healthy U.S. housing environment and outlook and therefore is a healthy environment for mortgage insurers. To emphasize this point further, illustrated here on slide 20 is the breakdown of the origination market and the resulting impact on total industry new insurance written from the purchase mortgage volume. Roughly 84% of new insurance written since 2013 has come from purchase versus refinance originations and total mortgage insurance, new insurance written has grown by 66% since 2013 with purchase transaction activity more than doubling during this timeframe.

Building on a similar theme as interest rates, home price fluctuations, especially if only moderate, would not be expected to have a meaningful impact on the first-time homebuyer decision. In fact, of the purchase transactions discussed on the previous slides, 60% of these purchases are first-time homebuyers. And the industry data supports this with 73% to 84% of non-homeowners expressing a desire to be a homeowner and the prevailing view is that homeownership is still part of the American dream.

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Another underappreciated fact about private mortgage insurers is that mortgage insurance is typically in force for several years and therefore we can accumulate a large in force portfolio over time. Our in force portfolio at Radian is what drives our earned premiums but is not reflected on the balance sheet of the company. What we track at Radian is both the future earnings and the economic value. Future earnings are undiscounted expected GAAP earnings while economic value is the future earnings less the cost of capital discounted over the expected life of the portfolio.

Knowing the economic value serves two purposes; first, to aid in calibrating our pricing to ensure we are earning at least a hurdle rate of return on a fully loaded basis. And secondly, to help us evaluate future portfolio enhancements such as risk distribution to further enhance the economic value of the portfolio by lowering the cost of capital.

Further detail on the future earnings are presented here on slide 24 illustrating a single year \$50 billion vintage of NIW. Using the assumptions noted on the left-hand side of the slide, this particular vintage is expected to generate approximately \$725 million in lifetime net income. It should be noted that only a small amount of lifetime earnings are realized in the year of origination as there has yet to be a full year impact of earned premiums and because there are many years of premiums yet to be realized. For the entire portfolio of vintages originated by Radian as of March 31, 2019, there were total future earnings of approximately \$2.5 billion or \$11.80 per share.

A similar view for our economic value calculation is presented here on slide 25. Remember that our economic value calculation for NIW helps inform our pricing decisions and the economic value of the portfolio aids us in further enhancing the value of the portfolio after origination. A single NIW vintage using assumptions noted on the left-hand side of the slide would produce an expected single vintage economic value of approximately \$0.5 billion and our total in force portfolio as of March 31, 2019 at an estimated economic value of \$1.3 billion.

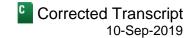
The misperception discussed here on slide 26 is the effect of an economic stress on our future earnings. All of what I discussed a few minutes ago regarding the three pillars of modern mortgage insurance is brought into clarity on this slide which illustrates the impact on our future earnings. Given the combination of risk based pricing and risk distribution even with severe stress scenarios, our expected future earnings are positive, a stark contrast to pre-crisis performance and further illustration that the changes made to our industry and the underwriting of covered mortgages has been for the better.

Illustrated here on slide 27, is a snapshot of Radian's valuation relative to other mortgage insurers, P&C companies and banks on both a price to book value and a price to forward earnings basis. For both metrics and given the fact that our returns on required capital for our underlying business are in the mid-teens and we are operating in a much healthier environment overall, Radian represents very strong relative value.

Here on slide 28, we have illustrated a range of products and services that Radian offers relative to other mortgage insurers and we have many competitive differentiators due largely to our Services business. The Services businesses offer us ways to deeper penetrate our existing mortgage insurance relationships to capture more share of wallet and to be considered more broadly as a trusted provider of solutions beyond simply offering a single product.

It is this broader set of services that allow us at Radian to meet with the highest levels of leadership at our clients and cultivate more meaningful and long lasting relationships as we seek to understand their needs across their entire enterprise and find ways to partner with them in meeting their need.

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Our relationships cover over 1,200 mortgage lenders, 300 plus mortgage and real estate investors and over 35,000 real estate agents and brokers. These relationships are well beyond the typical mortgage insurance relationships and help give us a distinct industry advantage as we speak across multiple dimensions of the mortgage and real estate ecosystem.

We move now to our approach on capital management which also differentiates Radian. I presented this slide at our most recent Investor Day in May of this year. But what we illustrate here is both how capital is generated through superior returns based on pricing, investment management and then the further management of enhanced returns on our primary business.

We then prioritize our use of capital based on our overall risk appetite and we'll determine the amount of excess capital available for a range of uses including returns to shareholders through either share repurchases or common dividends if deemed to be appropriate. At this time, we have only materially utilized share repurchases though the amounts and predictability of capital generation could support a wider range of options for consideration.

As it relates to considerations for capital returns and support for our primary business, it is important to understand that within our capital planning constraints of PMIERs capital, holding company liquidity and state insurance statutory capital, the statutory capital, specifically our statutory surplus, will be the limiting factor as we have already up-streamed \$825 million in capital in 2018 and 2019 to the holding company.

We've illustrated here on slide 31 the components of statutory capital and what the drivers of each element will be over time. It should be noted that the contingency reserves are expected to be released starting in 2023 and will provide meaningful statutory capital growth and additional capital management flexibility.

What makes Radian unique? We are a market leader, growing a high quality and high value mortgage insurance portfolio. We are disciplined in our economic value based approach and we have a diversified set of real estate products and services. We have a strong brand with broad and loyal customer relationships developed through a unique enterprise sales and marketing platform. We have significant capital and financial flexibility including a strong history of shareholder return. And most importantly, we have a very experienced and talented team to help create value for our shareholders. Radian is a company with strong strategic focus, business momentum, valuable and strong customer relationships and a high quality insurance portfolio that has achieved strong year-over-year growth. So based on a strong industry, economic and regulatory backdrop coupled with strong relative value and enhanced risk distribution, we believe that Radian is unique among its peers and this, we think, makes for a strong investment thesis for Radian.

I'm now happy to take questions.

QUESTION AND ANSWER SECTION

Mark C. DeVries

Analyst, Barclays Capital, Inc.

Q

Okay. Before we do that, if we could actually do the audience response questions first. We've got a few questions for the audience, if you grab the clicker in front of you and register a response we'd greatly appreciate it. First is, what do you view is biggest catalyst for Radian over the next year; one, capital returns; two, declining loss ratios; three, growth in risk in force; four, other. So 50% indicated capital returns, 31% growth in risk in force. Next question, please.

What is the biggest risk to shares? One, weaker than expected credit; two, weaker than expected risk in force growth; three, competitive pricing pressure; four, GSE reform/end of QM patch; five, recession or recessionary fears. So 53% are concerned about the recession prospects, 15% split between three of the other options. So next question please

Over the next year, would you expect your position in Radian to one, increase; two, decrease; three remain the same? Okay. So [indiscernible] (00:28:10) remain the same.

J. Franklin Hall

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

Α

Can we get a recount on that one?

Mark C. DeVries



Analyst, Barclays Capital, Inc.

Okay. Okay. Thanks for doing that. Happy to open it up for questions from the audience. We've got one upfront.

Q

I have two questions, one on the QM patch [ph] impact on you (00:28:35). And then second on pricing in the industry. I guess specifically – just generally – or specifically the – given the PMIERs penalizes people from taking on excessive risk it would seem as though people would – competitors would be sort of forced into the same sandbox in terms of customers that might create some sort of pricing pressure. I'm just curious about that.

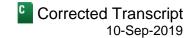
J. Franklin Hall

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

Sure. Thanks for the question. So the first question on the QM patch, that's something that has certainly gotten some recent media attention. I think the good news is, and I mentioned this in my prepared remarks, the concern that the CFPB is attempting to address I think they are still very concerned with and that being primarily the borrower's ability to repay. So things pertaining to that particular element of underwriting, I think are always going to be of a dominant concern for the CFPB. So the ultimate form that it takes, yet to be determined. But I am confident that the strong underwriting environment that exists in a post-crisis mortgage landscape will remain, so confident there.

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The second related to pricing, pricing in this industry has always been – I think the term we use is competitive around the edges, right. Even when we hedge just a standard published rate card, there was always some competition around pricing for certain elements of risk that particular MIs would want to seek and maybe pull-back from. So that really hasn't changed. I think the pricing tools that are being used by mortgage insurers today are more advanced and take into account more elements of risks that have varying degrees of correlation to the ultimate loss that they expect to see out of the loan. But the pricing landscape really hasn't changed from a competitive standpoint. It's just the tools that are used to express those views about risk you want to take and hold versus risk you want to stay away from I think have just evolved to be more sophisticated in a black box pricing environment.

Mark C. DeVries

Analyst, Barclays Capital, Inc.

Q

I got a follow-up question for you, Frank. Around the QM patch, I mean, I think the Treasury plan last week recommended that the patch not be extended. I think they also are basically pointing towards changes to the QM rule that create a more uniform standard that applies to all players, not just giving the GSEs an exemption from that rule. Just [ph] interested (00:31:27) in getting your thoughts on that, the path forward and what the implications are for you and I don't think you've disclosed it in the past but can you give us any color on the percentage of your recent writings that are from 43% plus DTI business.

J. Franklin Hall

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



Sure. So I'll take your last question first. We don't disclose that and for varying reasons including the potential volatility that exists in different parts of the production and the attributes of the production that we're producing especially in the black box context in particular. So we do view sort of where we're expressing our desires and our appetite for risk at that level of detail is proprietary.

So for that reason we don't [ph] share that (00:32:10). But as it relates to the various plans that are out around GSE reform without getting into any of the technicalities there, we are encouraged by the reports that have recently been issued. In fact we appreciate the continued emphasis on the importance of private capital in reducing the taxpayer risk.

And we think the recommendation to better harmonize the role of FHA and the GSEs need to establish better guardrails of the GSEs to discourage scope creep et cetera increase transparency then create a more level playing field within the private mortgage or — within the private market we think are all very good. We thought many of the recommendations in the reports were consistent with what FHFA Director Calabria's public comments have been historically and as a reminder he has repeatedly referred to the private MI industry as a good example of where private capital is working effectively in the housing finance system.

Mark C. DeVries

Analyst, Barclays Capital, Inc.

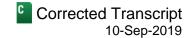
Okay. In August, you authorized a \$200 million repurchase authorization after completing a \$250 million one in the first half of the year. Can you walk us through your holdco liquidity here and how you think about deploying the capital?

J. Franklin Hall

Δ

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

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Sure. So the – at the end of the second quarter, we had approximately \$879 million in available holding company liquidity. We've announced some actions post second quarter such as cleaning up some of our outstanding debt maturities. That number is now down to \$729 million. So we still have sufficient resources available to support a range of capital deployment opportunities most recently is the announcement of the \$200 million share repurchase authorization that you mentioned. So and as I mentioned in the prepared remarks as well, we think through a variety of considerations as we plan our holding company liquidity and the uses for that including risk buffers and just holding sufficient capital for any potential strategic opportunities and then we evaluate a range of capital return opportunities. And again to-date and most materially we've used share repurchase. In fact since 2014 I think we've repurchased just about under 14% of our total outstanding shares from that time horizon, so longstanding demonstration of returning capital to shareholders.

Mark C. DeVries

Analyst, Barclays Capital, Inc.

Yeah. And I think as you've pointed out, a lot of those capital returns have either come through repurchase of shares or buying back debt. And you currently have just a very nominal dividend. At what point would you think about extending a more meaningful dividend to shareholders?

J. Franklin Hall

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

Sure. So and that's a great question. And I think one of the tricky things about a dividend policy especially going from virtually no dividend to a more meaningful dividend is just the confidence around being able to maintain it. And I think that is something that should never be taken lightly. And so there is an extra layer of consideration that needs to be taken into account when evaluating a more meaningful shareholder dividend. And then of course there's the decision about how much and so at this time we just expressed our appetite for capital returns to shareholders through repurchase but it's certainly a topic and a possibility for future consideration.

Mark C. DeVries

Analyst, Barclays Capital, Inc.

Okay. Anything else from the audience? No? Okay. Could you [ph] sort of (00:35:53) what you're seeing in the ILN market these days, continues to get more liquid and deep execution, more favorable kind of what your outlook is there and potential for future transactions.

J. Franklin Hall

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

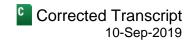
Sure. So I think as I mentioned in my prepared remarks the advent of the ILN especially for mortgage insurers has been very impactful. It's a very cost effective, sturdy way to distribute risk. And so we like them as demonstrated by the previous two issuances that we've had. And so we think it's an effective tool. As I mentioned in the evaluation of the risk distribution components, we evaluate it across a range of components including cost, execution, timing, et cetera, but there don't seem to be any indications that that market would not continue to be as strong and perhaps get stronger from where it is.

Mark C. DeVries

Analyst, Barclays Capital, Inc.

Okay. Maybe just on one last note, we're probably – we're six months in roughly to all the players in the industry operating with a discrete risk based pricing model. There's a lot of good that comes with that. There's also a lack of transparency around what your competitors are doing and potential pricing pressure. Can you just talk about what you're seeing there? I mean we've also seen some pretty volatile moves in some share among players.

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J.	Fran	klın	Hall

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

Α

Sure.

Mark C. DeVries

Analyst, Barclays Capital, Inc.

Just what the dynamics are like there around pricing.

J. Franklin Hall

Α

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

Yeah. So there are two things I would point to specifically on that point, Mark. The first is as you look at the meaningful market share percentage shifts among certain players, some of what drives that is what's called bulk bid business by some of the larger mortgage originators. We have found that business to not have the required returns that we need for what we hold in portfolio. And so that's why you've seen our market share remain relatively constant. The second point would be just what I would point to as a distinct advantage for Radian which is our outstanding data and analytics capabilities. And so that coupled with the way that we express our appetite for risk and pricing in that black box landscape, I think we are able to shape the business that we want and the portfolio that we want in a more nimble way than we've ever been able to before. And so I view that very positively. We're still generating outstanding returns on the business that we're writing and I think it's just a great landscape for a company like Radian to excel.

Mark C. DeVries

Analyst, Barclays Capital, Inc.

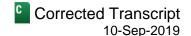
Okay. That seems like a great place to end. For those of you who still have questions for Frank, we'll be doing a breakout in the Morgan suite. Please join me in thanking him for his time.

J. Franklin Hall

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

Thank you.

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