13-Sep-2016

Radian Group, Inc. (RDN)

Barclays Global Financial Services Conference

Copyright © 2001-2016 FactSet CallStreet, LLC

CORPORATE PARTICIPANTS

J. Franklin Hall
Chief Financial Officer & Executive Vice President, Radian Group, Inc.

Emily Riley
SVP-Corporate Communications & Investor Relations, Radian Group, Inc.

MANAGEMENT DISCUSSION SECTION

Unverified Participant

Okay. Thank you for joining. We're going to get started. I'm very pleased to have the team from Radian on the stage with me. We've got Frank Hall, the CFO; and Emily Riley who runs Investor Relations.

Radian is one of our topics within the group because we're very bullish on the cycle here, both for the legacy exposure burning off and the new business which has been absolutely pristine. And the stocks are trading at what we view is unreasonably discounted multiple, so very compelling opportunity.

With that, I'm going to hand it off to Frank. We look forward to your comments.

J. Franklin Hall
Chief Financial Officer & Executive Vice President, Radian Group, Inc.

Thank you. Good morning and thanks 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 24 of our presentation.

Our presentation today is support of an investment thesis and answers the question, why buy Radian. The mortgage insurance industry is an insurance specialty that is supported by one of the largest asset classes in the world, U.S. housing. As such, much of our time and attention at Radian is directed toward monitoring the health and the regulatory issues affecting U.S. housing. And we believe that since the financial crisis, the underlying fundamentals of this market are favorable for mortgage insurers.

From an economic perspective, unemployment is at its lowest level in seven years. Interest rates remain at historic lows. Home prices are recovering nationwide but remain well within the affordability norms and are in line with affordability metrics, namely borrower income.

From a regulatory perspective, the landscape has improved significantly since the financial crisis, and regulators have made great progress by imposing limitations on what is considered a qualifying mortgage which enhances the quality of the underlying credit. Regulatory changes have also enhanced loan servicing standards which now emphasize keeping people in their homes and thus, preventing foreclosures. Mortgage insurance claims are only paid in the event of a foreclosure. So, this is good news for mortgage insurers.

Copyright © 2001-2016 FactSet CallStreet, LLC

This enhanced regulatory landscape has also driven much higher credit standards and much higher manufacturing quality of loans originated post crisis. CoreLogic's Housing Credit Index, a measure of credit standards, indicates that we are currently five times tighter than credit standards in 2006. Full documentation loans are standard. Appraisal regulations have strengthened so that there is greater independence from lenders.

FICO scores, which we will detail later, have increased such that those utilizing private mortgage insurance have an average FICO of 740. Fixed-rate mortgages are the dominant product of choice for borrowers, and finally, loans with multiple risky attributes are largely a thing of the past. In summary, the landscape that helps to create the financial crisis has significantly changed for the better, and our insured portfolio has benefited from this change for the past seven years. We will discuss these improvements shortly.

Moving now of slide three. We have presented here the trend of mortgage originations from 1990 to a forecasted 2017. Of particular note is that the forecasted 2017 mortgage origination market is expected to have the highest level of purchase originations in the past 10 years. 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 four times as likely to use private mortgage insurance as refinance. Overall, the evidence supports a healthy U.S. housing environment and outlook and, therefore, is a healthy environment for mortgage insurers. So, what is private mortgage insurance?

Prospective homebuyers who do not have a 20% downpayment are viewed by lenders as a higher 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 that low downpayment loans sold to the government-sponsored enterprises, Fannie Mae or Freddie Mac, must have extra credit protection.

There are many differences between private mortgage insurance and government mortgage insurance which is offered through the Federal Housing Administration and backed by taxpayers. But one key difference is that FHA insurance covers the entire mortgage amount as compared to private mortgage insurance, which as you can see on slide four, covers only a portion of the original loan amount.

Another difference worth noting is that private mortgage insurance automatically cancels after the loan amortizes to a scheduled 78% loan to value, whereas FHA insurance is charged for the life of the loan. On this slide, you can also see representative pricing for each of these LTV or loan to value buckets. Our pricing is risk-based, therefore, lower loan to values and higher borrower FICO scores generally mean lower mortgage insurance pricing.

Turning the slide five, this is simply another look at how private mortgage insurance helps protect or helps prospective homebuyers to overcome the largest barrier to homeownership, the downpayment. Research tells us that the vast majority of Americans expect to buy a home in the future, and many of them will need low downpayment loans. In fact, as you can see on this slide, slide six, for the average American, it takes several years to save even a 10% downpayment. Information published by USMI, an industry trade group, indicates that for the average nurse, it would take 15 years to save a 10% downpayment. For the average middle school teacher, it would take 18 years and 22 years for the average firefighter. The time is even longer if you are the average Latino at 26 years or an African-American at 31 years. No wonder downpayment is one of the primary hurdles to homeownership. Private mortgage insurance helps these buyers by making it possible for them to use

Copyright © 2001-2016 FactSet CallStreet, LLC

a smaller downpayment and begin experiencing the American dream of homeownership sooner than they would otherwise be able to.

Also worthy of note, Radian has formed exclusive partnerships with several diverse real estate groups, including the National Association of Hispanic Real Estate Professionals. Homeownership growth is expected to be driven by various diverse communities in the coming year, and in fact, between 2010 and 2015, 13 million of the 17 million new households formed will be members of those diverse communities. 40% alone will be from the Hispanic community. We believe these exclusive partnerships position Radian to be a preferred provider of mortgage insurance within these growing markets.

What I will begin to speak to you now is the investment thesis for Radian in terms of a value investment opportunity, strong business fundamentals, and illustrate some unique growth opportunities for Radian given our diversified and complementary business units. Radian is headquartered in Philadelphia and provides private mortgage insurance, risk management products, and real estate services to financial institutions through two business segments. Our Mortgage Insurance segment accounts for approximately 85% of our revenue and is a capital-based business. Our Services segment represents approximately 15% of our revenue and is a fee-based business with no regulatory capital requirements for operation.

Some financial highlights for Radian Group are presented here on slide nine. Several numbers to note, which support our value-based theme, are an increasing book value per share currently at $13.09 as of June 30 and a positive trend in our pre-tax income from continuing operations and stockholders' equity, all signs of a strong and strengthening operation. This fundamental strengthening continues while our price-to-book value has declined from a premium to below book value as of June 30 and as of yesterday's close, at 1.05 to book value.

Radian is well positioned to provide long-term profitability and stability. Radian maintains a portfolio of risk that has been originated through some of the best credit years in history. As I mentioned earlier, the post-crisis mortgage lending environment has been outstanding, and because we have a portfolio with multiple vintages, we continue to add to that portfolio each day, while the limited pre-crisis legacy book continues to shrink.

Radian is among the few companies in our industry to have successfully navigated the financial crisis, and we continue to command a sizable position and strong reputation among lenders as a leader. This leadership position helps us to write a large volume of high-quality, profitable new business after 2008 and to improve the quality and composition of our portfolio.

Our customer base is diverse among originators, including large and small, bank and non-bank, and geographically diverse which further adds to favorable risk characteristics in our portfolio. The regulatory capital landscape has been improved by the recent Private Mortgage Insurers Eligibility Requirements or PMIERs established by the GSEs, Fannie and Freddie, that establish uniformity in the industry.

This uniformity provides capital standards and consistency among private mortgage insurers from which pricing and risk management decisions are made. It has also effectively decreased the risk to capital ratio to levels below the maximum state regulatory levels. For instance, Radian is now effectively writing new business under PMIERs at a 14:1 risk to capital level, while the state maximum level is 25:1.

And finally, the improved capital structure and cash flow of Radian, which I will discuss further, positions us to return capital to stockholders as you can see through our first quarter, $100 million share repurchase activity and through our board's authorization for an additional $125 million repurchase program.

Copyright © 2001-2016 FactSet CallStreet, LLC

Illustrated here on slide 11 is the historical snapshot of the publicly traded private mortgage insurers on a both a price-to-earnings basis and a price-to-reported book value basis. This simply illustrates that valuations have come down without a corresponding decay in either earnings or book value. Simply put, there appears to be a lack of appreciation for the strong fundamentals of our business. I plan to address many of those fundamentals today.

Illustrated here on slide 12 is an industry comparison of mortgage insurers to other components of the financial services sector. We've noted both on an ROE basis an estimated two-year compound annual growth rate of earnings basis. You can see that both ROE and expected earnings growth for mortgage insurers compare favorably to other financial services companies, and the returns, in particular, are among the highest.

Turning to the fundamentals of our business, slide 13 provides a snapshot of our portfolio composition today versus in 2007 before the housing downturn. These comparisons are important to understand given that the composition of our risk in force reflects the environment in which the loan was underwritten.

In general, loans written before 2009 reflect a significantly weaker credit environment and underwriting standards of that time as well as a much more lenient regulatory environment. In contrast, loans written after the downturn in 2009 and later reflect a tight credit environment and the more stringent underwriting and regulatory requirements I discussed earlier.

In addition to improved overall credit characteristics for today's business, layered risk or the combination of risky attributes in one loan declined significantly beginning in 2009. This risk layering contributed significantly to the losses we experienced after the housing downturn and also made the adequate pricing of a loan's risk extremely difficult. The regulations in place since 2009 create an underwriting environment where this type of risk layering is much less likely to be repeated. Some of these historical practices included cash-out refinancing, no documentation loans, et cetera, layered on top of one another.

When we consider the risks involved in any given loan in addition to credit quality, we pay close attention to the underwriting or manufacturing quality of the loan. One way to measure that underwriting quality is through our early default experience as you see here on slide 14. What this chart shows are the 6-month and 12-month rates of default following origination. Most importantly, you can see that the rates of default in this early stage are extremely low beginning in 2009. You can also see here that today's low rate of early default is not only significantly below where we were in the mid-2000s. It is also significantly below where we were in the early 2000s.

Another important indicator of loan manufacturing quality is our quality control. Post crisis, our industry has significantly increased the size and the scale of our quality control efforts. And this is translating into extremely low material underwriting defect rates. So, again, strong credit and underwriting quality across the board.

In further support of the positive fundamentals at Radian, we continue to see an improvement in our cure activity. A cure represents a loan that was in default at the beginning of a period that is no longer in default at the end of the same period based on payments received. In fact, cure improvements in the second quarter of this year on our oldest delinquent loans were the highest they had been in more than seven years.

Turning now to slide 16, we have illustrated by origination vintage the premiums earned, the incurred losses, and the net of those two numbers both on a year-to-date 2016 basis and a most recent quarter basis. What's important to note is that our high-quality books of business post crisis are generating strong premium for our company. Another interesting point, which is called out on the upper right, is that even our legacy books of business written before 2009 are collectively contributing to earnings, a point that is frequently misunderstood.

Copyright © 2001-2016 FactSet CallStreet, LLC

The detail on slide 17 depicts the culmination of strong credit and underwriting quality, very low cumulative incurred loss ratios for our post-2008 portfolio. Many of these books are turning out to be the best we have ever written in our nearly 40-year history. In fact, we see some of these vintages having already passed their peak default curves and are settling into the upper single-digits with extraordinarily low loss ratios for the book. It is also important to note that for the pricing and profitability projections, we assume a through-the-cycle loss ratio of approximately 20%, a higher loss ratio, of course, than many of these books are exhibiting today.

Slide 18 provides highlights of the PMIERs, the Private Mortgage Insurance Eligibility Requirements, which are the counterparty requirements imposed on mortgage insurance companies by the GSEs. The PMIERs, which went into effect this year, provide a robust, risk-based capital framework that is applied at the loan level, which requires mortgage insurers to withstand a significant stress scenario.

And given the increased capital requirements under the PMIERs, mortgage insurers would be significantly stronger counterparties going forward as all will be required to maintain adequate liquidity and claims-paying resources to withstand a significant stress scenario. As a result, we feel the PMIERs also provide a level capital playing field and standards that ensure industry risk and price discipline which was not the case prior to the downturn.

Turning to our Services segment, this slide helps to illustrate how the Clayton family of companies within our Services segment broadens our participation in the residential mortgage market value chain. The products and services we offer through these companies range from those needed at origination, including automated valuation models, title and closing services to post-closing loan reviews and servicing audits.

In addition to the value these companies provide to their existing customers, we're able to differentiate ourselves among our mortgage insurance competitors through the unparalleled breadth and depth of our mortgage risk management solutions. Introducing our large and growing customer base to these additional product offerings helps to deepen our mortgage insurance customer relationships and also expand our business.

In addition to the customer benefits generated by our Services segment, there is also internal benefit from our combination. We are uniquely positioned to closely monitor quality and performance trends across our companies and, therefore, identify mortgage market risks earlier than many of our peers. This information helps inform our risk management team and help support better risk mitigation.

On slide 21, we've highlighted several key components of our strong capital and liquidity position. As of the second quarter end, we had $718 million of parent company liquidity. Since quarter-end and consistent with our previously announced capital actions, we have used approximately $211 million to redeem all of our outstanding 9% senior notes due in 2017. Also, as I mentioned earlier, our board has authorized an additional share repurchase program of up to $125 million in addition to the previously executed $100 million share repurchase.

We've also noted another positive for Radian that supports our holding company cash management and that we have an operating expense and interest expense reimbursement arrangement with our operating subsidiaries. This gives us the comfort and confidence that the bulk of holding company operating expenses and interest expense is being supported by the positive cash flow and strong operating performance of the mortgage insurance subsidiary. Over the long term, our Services segment is also expected to be a source of unregulated free cash flow.

Copyright © 2001-2016 FactSet CallStreet, LLC

On slide 22, we have illustrated our overall consolidated capital structure as of June 30, 2016. One key item of note is that our total debt leverage after redemption of the 2017 senior notes is now below 30%, a key milestone for us in our quest to return to investment grade at the holding company.

And finally in closing, I hope that the investment thesis has been established. Radian is a great value with strong business fundamentals and with strong growth prospects in the future.

Unverified Participant

All right. Thanks. Before we open up to Q&A, I'd like to first do the audience response section, so if you could pick up your controls in front of you and participate. 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; or five, other? Okay. So, 37% indicated stable or improving pricing, 29% declining loss ratios.

Next question. What is the biggest risk to shares: one, weaker-than-expected credit; two, weaker-than-expected new insurance written; three, competitive pricing pressure; four, recession or recessionary fears; or five other? Okay. So, 42% indicated recession or recessionary fears followed by competitive pricing pressure of 31%.

Next question please. What is the best use of excess cash: one, pay a dividend; two, buy back stock; three, retire convertible debt; four, M&A; five, other? Okay. 42% indicated retire convertible debt.

Next question. Over the next year, would you expect to position Radian to one, decrease; two, increase; three, remain the same? Okay. So, 56% indicated increase and 31%, remain the same.

So, thanks for participating on that. Next, we're going to move to Q&A.

Copyright © 2001-2016 FactSet CallStreet, LLC

QUESTION AND ANSWER SECTION

Q

I'll kick it off. I had a question on just kind of the profitability given your credit experience. And if you could flip to the early default experience, was that slide 13 or 14? You got your screen back, [ph] my friend (26:53). Okay, that's the one. Yeah. Okay. So, while this looks like a rather unfortunate EKG where the patient expired, I think it actually tells a pretty remarkable story here where it appears that since 2011, you're insuring extremely low-risk loans. And I think slide 17 indicated your loss ratios on the books since then are coming in actually in kind of the mid-single digits compared to your pricing at 20% for this type of books. So, could you just talk about as the legacy book continues to run off, what can we expect for ROEs if we're left with a book like this that is just not producing any losses in terms of like returns?

J. Franklin Hall
Chief Financial Officer & Executive Vice President, Radian Group, Inc.

A

Sure. Yeah, so as I mentioned, we price based on a 20% loss ratio through the cycle, and we think that that's prudent. Admittedly, we're in a great part of the cycle right now, and obviously, loss ratios come in lower. Our effective ROE is higher. So, we certainly take that into consideration but again, don't want to get too far ahead of ourselves as it relates to pricing into a good environment, just realizing that cycles happen and that it's a good risk management practice to price with a through-the-cycle mindset.

Q

Yeah. Fair enough. We certainly understand that, but if you ended up running at a mid, high-single-digit loss ratio for an extended period of time, what would that translate into an ROE? Would we be talking in the high-teens, low-20s, that rate?

J. Franklin Hall
Chief Financial Officer & Executive Vice President, Radian Group, Inc.

A

I think it would – right now, we are riding on [ph] a levered (28:36) basis to the mid-teens [indiscernible] (28:38) us into the high-teens, yes.

Q

Okay. Great. Any questions for the audience?

Q

Hey. The Services business, could you go into a little bit more detail about what those are, who you compete with, and whether or not you get pricing in those businesses?

Copyright © 2001-2016 FactSet CallStreet, LLC

J. Franklin Hall
Chief Financial Officer & Executive Vice President, Radian Group, Inc.

A

Sure. So, the Services segment, we acquired that business in 2014. And the purpose of the acquisition was not only to look at other ways to generate fee income, but it was to buy something that was complementary to our existing monoline mortgage insurance business.

And so, as you look at this particular slide on slide 19, this is a scaled-down version of what our sales force uses, and we call it the value circle. And what it intended to do is just highlight that at various points around the life cycle of a mortgage loan, from origination all the way through securitization, we have products and services that can help people that invest in that particular part of the value chain. So, for instance, at origination, not only do we have mortgage insurance, but we have valuation services that a lender would use. So, our Red Bell valuation services in particular, our technology-enabled valuation tool that is frequently cited by many of our large customers as truly being best-in-class.

Some of the other products and services that we have, title insurance brokerage, for instance, at the origination. And then as we look at the servicing and securitization, they are mostly due diligence capabilities and things related to quality-type assignments that we get from large investors in mortgage real estate assets.

Q

So, who do you compete with? You're a title insurance broker.

J. Franklin Hall
Chief Financial Officer & Executive Vice President, Radian Group, Inc.

A

That's correct.

Q

[indiscernible] (30:40). And then valuation services, who do you compete with and do you get pricing in those businesses?

Emily Riley
SVP-Corporate Communications & Investor Relations, Radian Group, Inc.

A

If I may, just in the interest of time, we do have quite a bit of information on our website in the November Investor Day that we went through in a lot of detail what the different products and services are as well as competition and where the revenue comes from in the Services segment.

J. Franklin Hall
Chief Financial Officer & Executive Vice President, Radian Group, Inc.

A

Yeah. Just to summarize the answer to your question there, there are certain services that we offer, but there is little to no competition, and we do maintain 100% market share. Others, as you've noted there, there is a little more competition.

Q

Copyright © 2001-2016 FactSet CallStreet, LLC

So, re-familiarizing myself with the space after a long hiatus, what was it – I see the stock price yourself and your major competitor created about a year ago. Can you explain what was happening at that point and going into it and what catalyzed it?

J. Franklin Hall
Chief Financial Officer & Executive Vice President, Radian Group, Inc.

A

Sure. I will summarize the speculation that I've heard from that time period. Nobody actually knows what moves the stock price, but I would say generally speaking and that's part of the reason why we wanted to create this presentation, I think it was a misunderstanding or perhaps an overestimation of what a [ph] dip in credit (32:07) would look like. And I also think there was a fundamental misunderstanding on what pricing may evolve to.

So, the combination of those two things I think puts perhaps some sell pressure on it because people's reference points for a real estate bubble or crisis is the last one. And so, that's why it's important for us to tell you about and for you to understand the regulatory landscape that we operate in today, and again, the GSEs and the FHFA and others have done a phenomenal job of making sure that that doesn't happen again.

So, when we talk about risk layering and you look at some of the crazy underwriting practices and origination practices that happened pre-crisis, they don't and can't happen today. And so, when you look at our portfolio of business with over 80% being originated post-crisis, the manufacturing quality of those loans is so high. So, to your question specifically, I think there's an under appreciation for the sturdiness of that portfolio in stress scenarios.

Q

A couple of quick questions. When are the convertible debentures due and what's the plan around those? And what do you need to do to eventually go to investment grade rating?

J. Franklin Hall
Chief Financial Officer & Executive Vice President, Radian Group, Inc.

A

So, the convertible notes we've listed here on slide 22. There is the contractual but we've also demonstrated an ability and a willingness to early redeem those. And so, we hope to be taking those out opportunistically. As far as what it takes to become investment-grade, nobody knows the precise formula but some of the metrics that we're managing to that we believe will help us get there. Certainly, the leverage ratio below 30%, eliminating [ph] the converts (34:08) from the capital structure, smoothing out the maturity profile of the organization, and making sure that we're maintaining sufficient holding company liquidity to address any single-year maturities.

Q

Where do you think the audience got wrong in our responses? And particularly on the M&A question, do you think that is a bigger opportunity than [ph] weaker credit (34:31)?

J. Franklin Hall
Chief Financial Officer & Executive Vice President, Radian Group, Inc.

A

I think and I just made a couple of notes here, the risks, certainly recession fears, I think that's a legitimate concern in that you never know how the market is going to translate that into the future performance of our stock. What we're trying to educate people on is the fact that it is a strong portfolio, originated in the best credit quality

Copyright © 2001-2016 FactSet CallStreet, LLC

years of our memory. And so, if there is a recession, the likely impact on our existing portfolio is probably less severe than most people might imagine. And so, that's part of what we're trying to help people understand.

And let's see, excess cash, I think that was a good prioritization, I'd agree with that. And on the M&A front, I'm frequently asked, what's the right number of players for this industry? We were at seven going to six. I think we've been as low as four in the history. I would answer that really more in terms of what the right amounts of competitors to have adequate risk distribution for lenders, for GSEs, for others.

Q

I have a follow-up on M&A. I think with the relatively recent announcement of Arch's purchase of United Guaranty, can you just talk through what you think the implications are from a competitive perspective for the industry? And also, what type of opportunity that creates for Radian and others to try and gain share?

J. Franklin Hall
Chief Financial Officer & Executive Vice President, Radian Group, Inc.

A

Sure. So, I think that particular combination is a good combination in the fact that I don't expect it to have much impact on the industry or market share. I would say, just generally speaking, anytime you go through an acquisition and an integration, there is always a little disruption. Nothing ever blends together as neatly as one might expect.

So, there may be some opportunities for potential customer service disruption, things of that nature, but I would categorize those things as not being unique to this acquisition but just more generically on any acquisition where there is an integration.

So, I will say the one benefit to it that we have noticed is it has brought attention back to the sector. And as we talked about today, I think educating people on the sector in today's regulatory landscape is a good thing. And so, to the extent that it brings investor interest back and some new shareholders into the space, I think that's great.

Q

Okay. I have another growth question for you. I think you indicated you get four times the penetration of purchase originations in refi in the product. But one thing you didn't talk about and I don't know if you have the statistics is that you also presumably get a higher percentage of purchase from first-time homebuyers than the average homebuyer. And I think there are some real signs of the first-time homebuyer who is very slow to participate in the early recovery, and the housing market is starting to come back. And by that, one of the things I'd point to is the fact that despite the fact that the industry lost 5% market share to the FHA last year, risks still grew across the whole industry at almost the same pace as purchase origination. So, could you just talk about the prospects of the first-time homebuyer coming back and what that could mean to growth?

J. Franklin Hall
Chief Financial Officer & Executive Vice President, Radian Group, Inc.

A

Sure. So, at the beginning of the presentation, we touched on some of the environmental issues facing the housing market, and I think most people in the space that people are coming back into housing, into homeownership, and the first-time homebuyer will be led in the next few years by some of the demographic

Copyright © 2001-2016 FactSet CallStreet, LLC

groups that I talked about earlier. And so, those people still crave the American dream on homeownership, and we think the landscape with low interest rates, et cetera, is certainly well suited to support that desire.

Q

Okay. Can you please describe the evolution of pricing and what the major drivers have been, what you expect to see over the coming period?

J. Franklin Hall
Chief Financial Officer & Executive Vice President, Radian Group, Inc.

A

Sure. I'll talk about this in a post-PMIERs world. So, what we've seen as far as the evolution of pricing is more granular risk-based pricing. And I think as you see that and as we understand where the volume is coming from and what to target, the term flattening of the rate card has been [ph] used in essence (39:24) which just means pricing to a more level return across the different FICO and LTV buckets. And as you think about the risk-based pricing, that's what risk-based pricing is. We've seen I think some good stabilization, and I think PMIERs, as I mentioned earlier, is a good reason for that stability because there is uniformity and consistency across the industry as it relates to the capital upon which you're calculating your returns. So, yeah, most recent trends have been stable.

Unverified Participant

Okay. Great. I think we need to end on that note. But for those of you who still have any questions remaining, they'll be hosting a breakout session in Liberty 3. Please join me in thanking them for their time.

J. Franklin Hall

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

Thank you all very much.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2016 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.