Radian 2017 Investor Day

November 6, 2017 | New York Stock Exchange | NYC

Presented by Rick Thornberry

Chief Executive Officer
Radian Group Inc.

RADIAN

Rick Thornberry, CEO

BS, Business Administration
(Accounting)
St. Louis University

1981
CPA at Deloitte

1987
Residential Services Corporation of America/Prudential Home Mortgage Company

1996
President, COO
Citicorp Mortgage Inc.

1999
President, CEO, Co-Founder
Nexstar Financial Corporation

2006
Chairman, CEO, Co-Founder
NexSpring Group

2007-2009
Senior Advisor
Financial Institution Investment Team for Leading Private Equity Firm

2017, March
CEO
Radian Group

2017, October
Elected to Board of Directors of the Mortgage Bankers Association

Why I joined Radian

RADIAN

- Market Position
- Financial Strength
- **Diversified Products and Services**
- Strategic Opportunities

What I have learned since joining

Our Team,

Our Relationships,

Our Strengths,

Our Financial Flexibility and

Our Opportunities.

We are a uniquely diversified mortgage risk management business

Credit

Mortgage Insurance

Reinsurance

Structured Mortgage Solutions

Loans

Securities

Transactions

Originations

Acquisitions

Securitizations

Servicing

Real Estate

Valuation

Title

Brokerage

Asset management

Our mortgage insurance business provides the foundation to build from.

Our broad capabilities provide strong building blocks for the future.

Radian has a long history of success

RADIAN

CELEBRATING 40 years of ensuring the AMERICAN DREAM

Over the past 40 years, Radian has insured nearly **7 million** loans.

Over the last **5 years**, Radian has written **$228 billion** in new insurance covering approximately **940,000 loans** and paid more than **$4 billion** in claims.

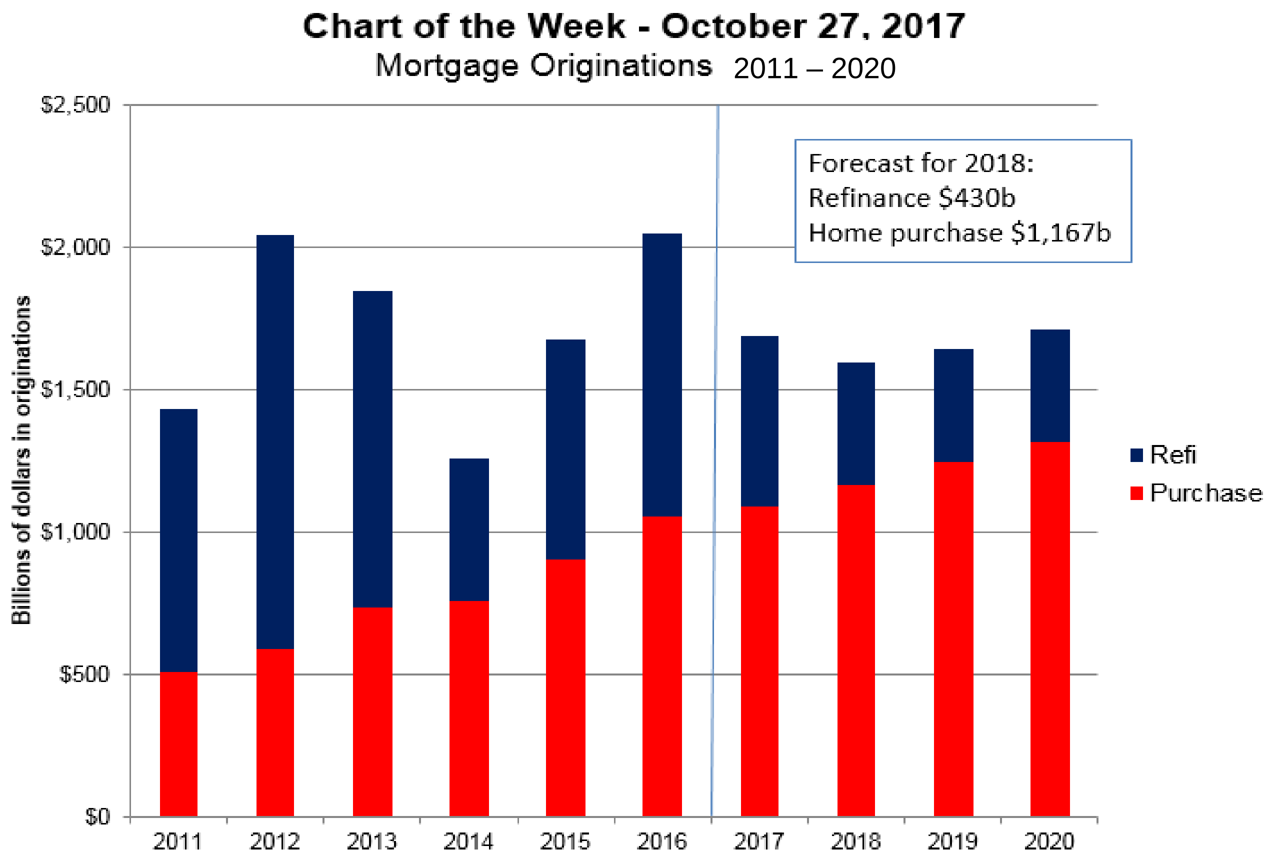
Clayton has reviewed more than **12 million** loans and maintains a database of mortgage loans with more than **$2 trillion** in original loan balance.

Red Bell maintains more than **58 million** properties in its proprietary database.

Today's topics

1. Growing our **high quality, high value mortgage insurance portfolio** to drive future earnings
2. Executing our strategy to further **diversify our business**
3. Leveraging our **capital and financial flexibility** to optimize shareholder returns
4. Driving a **one company market view** through our enterprise sales and marketing platform
5. Achieving **operational excellence** to drive further competitive differentiation and enhance operating leverage
6. How we are building **competitive differentiation** through our business model
7. Our positioning relative to the **mortgage market transformation**
8. Our **progress to date and roadmap** going forward

The projected mortgage market looks favorable for the MI industry



A sustainable growing purchase loan market.

Source: MBA Mortgage Finance Forecast

Growing our MI portfolio through the next cycle

As the market evolves towards the new cycle, we are well positioned.

Market Leader

- ✓ Market leader, delivering great service and competitively priced products

New MI Market Cycle

- ✓ Origination market pivots from refinances to a purchase loan market
- ✓ First-time homebuyers are an increasing % of purchase loans

Disciplined Management

- ✓ Disciplined risk management
- ✓ Risk and return analytics
- ✓ Customer analytics
- ✓ Economic value driven

Grow Portfolio Value

- ✓ We expect to continue to drive organic, high quality, high value growth in our nearly **$200 billion insurance in force portfolio**

We continually monitor the risk/return profile of NIW.

Diversifying our business through structured mortgage solutions

We are leveraging our credit risk capabilities to address expanded market opportunities.

Core Competency

- ✓ Leverage our experience, market insights, risk analytics, tools and transaction management platforms

Market Need

- ✓ Epic shift of credit risk from government and taxpayers to private capital
- ✓ Re-emergence of non-agency securities market

Innovative Structures

- ✓ Insurance
- ✓ Reinsurance
- ✓ Securities
- ✓ Managed structures / vehicles
- ✓ Sponsorship through co-investment

Grow Earnings

- ✓ Increased portfolio and fee-based revenues
- ✓ Increased operating leverage

Our capabilities match up very well with the market need for credit risk transfer.

Diversifying our business through our mortgage and real estate services

We have a diversified set of market leading, highly relevant products and services.

Current Products and Services

- ✓ Mortgage and real estate transaction management, due diligence, and portfolio and securities surveillance
- ✓ Real estate brokerage and valuation
- ✓ Title and settlement services
- ✓ REO asset management

Market Need

- ✓ Integrated products across mortgage value chain
- ✓ Digitally enabled products and services
- ✓ Transaction quality and transparency

Enhancing Our Products

- ✓ Product expansion
- ✓ Bundled offerings
- ✓ Technology enabled, data driven
- ✓ Opportunistic, highly accretive M&A

Grow Earnings

- ✓ Increased fee-based, capital light revenues
- ✓ Strong operating margins
- ✓ Increased operating leverage

The restructuring of our Services business is focused on strategically repositioning our core products to align with the market opportunities.

Leveraging our capital and financial flexibility

We continually evaluate market opportunities to improve earnings and returns.

Strong Capital Base

- ✓ Focus on optimizing the use of our capital

Market Opportunities

- ✓ Leverage third party capital to improve our returns
- ✓ Expand business opportunities beyond our capital structure

Leverage Market Tools

- ✓ Reinsurance
- ✓ FHLB financing
- ✓ Off balance sheet financing
- ✓ Proprietary capital vehicles
- ✓ Capital partners

Improve Returns

- ✓ Optimize use of our capital
- ✓ Grow earnings by leveraging third-party capital
- ✓ Increased fee-based revenues
- ✓ Increased operating leverage

We plan to strategically and opportunistically leverage capital partners to drive our business growth and value for shareholders.

Achieving operational excellence

We are implementing a disciplined approach to driving sustainable improvement.

Key Metrics

- ✓ Customer service
- ✓ Operating quality
- ✓ Productivity
- ✓ Costs
- ✓ Employee satisfaction

Develop Roadmaps

- ✓ Targets
- ✓ KPIs
- ✓ Improvement plans

Improve Performance

- ✓ Make investments
- ✓ Measure results
- ✓ Align accountability
- ✓ Celebrate successes

Grow Earnings

- ✓ Grow revenues through enhanced competitive differentiation
- ✓ Improve operating performance
- ✓ Increase operating leverage

Operational excellence is a strategic imperative.

Leveraging our enterprise sales and marketing model

Our diversified product set uniquely positions us to become increasingly relevant to our customers.

Team Structure

- ✓ Product specific teams
- ✓ Enterprise level relationship managers
- ✓ Inside sales team
- ✓ Integrated marketing and communication

Diversified Products

- ✓ Mortgage insurance
- ✓ Structured mortgage solutions
- ✓ Mortgage and real estate products and services

Customers

- ✓ We have a strong starting point with over 1,500 high value customers

Grow Earnings

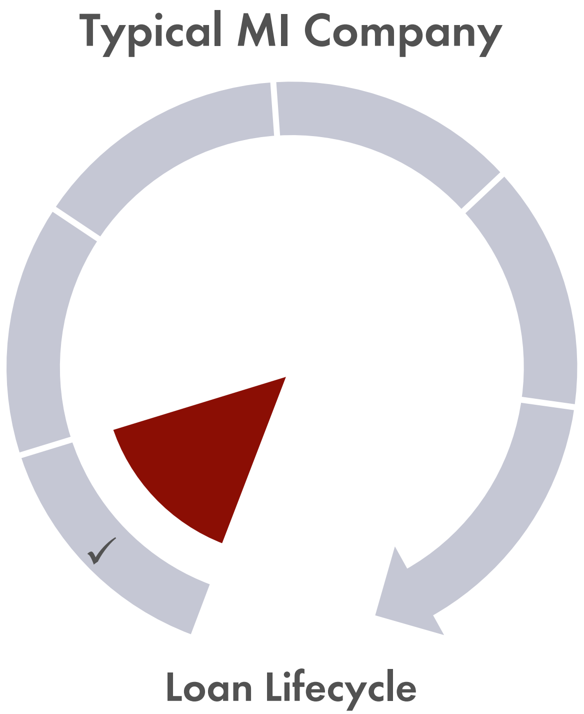
- ✓ Grow revenues through greater penetration of our customer relationships

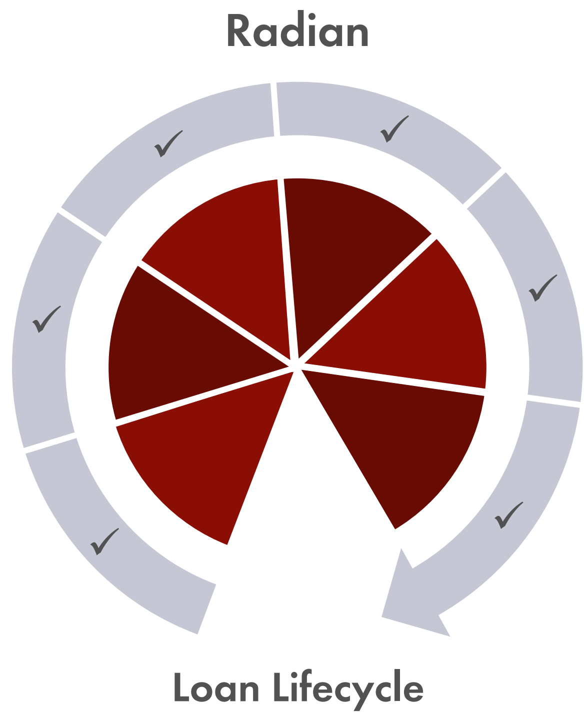
Our customers are confirming their desire to have a broader relationship.

Radian has an unparalleled portfolio of product and service offerings

Our diversified product set positions us to be increasingly relevant

For a typical Mortgage Insurance company,
the relationship opportunity is limited.





For us, it's just the beginning of the opportunity to work with a customer.

Our customers are beginning to realize they can rely on us for more than just MI

	MI	Underwriting	Training	Online Tools	Risk Solutions	Valuation Services	Real Estate Services	Title/Closing Services	Loan Review Solutions	REO Management	Servicing Surveillance	Securitization Review	Rental Property Services	Component Services
Radian	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Other MI Companies	✓	✓	✓	✓	✓									

$\underbrace{\text{Valuation Services} \ldots \text{Component Services}}_{\text{Competitive Differentiation}}$

Competitive Differentiation

Why is our strategic plan important

We are well positioned as the mortgage and real estate markets enter a **transformative period.**

Our **credit risk management expertise** aligns well as the industry transitions to the epic shift from government to private capital.

Diversification drives competitive differentiation and sustainable value for shareholders.

Repositioning the business

We have been busy…

Evolving the organization and team

Integrating to One Company

Restructuring Services business

Launching Enterprise Sales platform

Strengthening our Capital and Debt Structure

Refining focus on core strengths

We are positioning the business for the future

A **disciplined value driven approach** to building our mortgage insurance portfolio

An expansion of our **credit risk management platform**

Growth of our **mortgage and real estate services**

Innovative use of lower-cost capital structures and/or capital partners to **improve returns and expand our capabilities**

Driving operational improvements through our **disciplined focus on operational excellence**

Key takeaways from today

- ✓ Market leading mortgage insurance franchise
- ✓ Growing, high quality mortgage insurance portfolio
- ✓ Disciplined approach to credit risk management
- ✓ Growing a diversified set of high quality products and services
- ✓ Growth driven through a unique enterprise sales platform
- ✓ Significant financial flexibility
- ✓ Highly focused on improving operating performance
- ✓ Experienced and talented team

Q & A

Frank Hall

Chief Financial Officer
Radian Group Inc.

RADIAN

Agenda

Key Mortgage Insurance Financial Trends

Regulatory Capital and Liquidity Considerations

- Statutory Requirements – State Insurance Departments, NAIC
- PMIERs – FHFA, Fannie Mae, Freddie Mac

Holding Company Liquidity, Flexibility, and Ratings Actions

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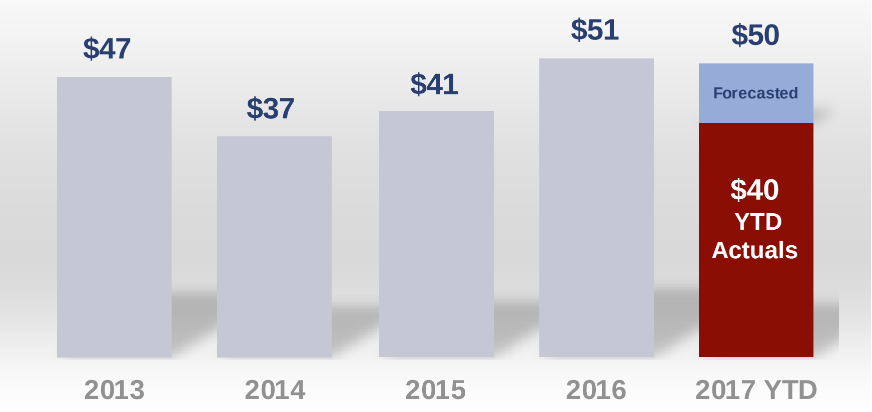
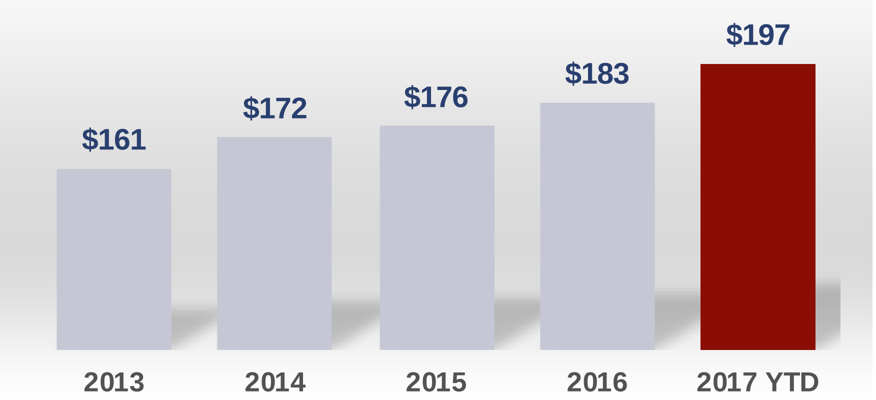
Strong Growth in High Quality NIW and IIF…

New Insurance Written ($ in billions)



Insurance in Force ($ in billions)



Key Points

Full Year 2017 NIW expected to be approximately **$50 billion**

Projected Returns on required capital for new business have **remained relatively consistent** at approximately 13-14% on an unlevered basis (i.e., after-tax underwriting returns plus projected investment income), and approximately 17% to 18% on a levered basis (i.e., after-tax returns taking into consideration a targeted corporate debt to capital ratio of less than 25%)

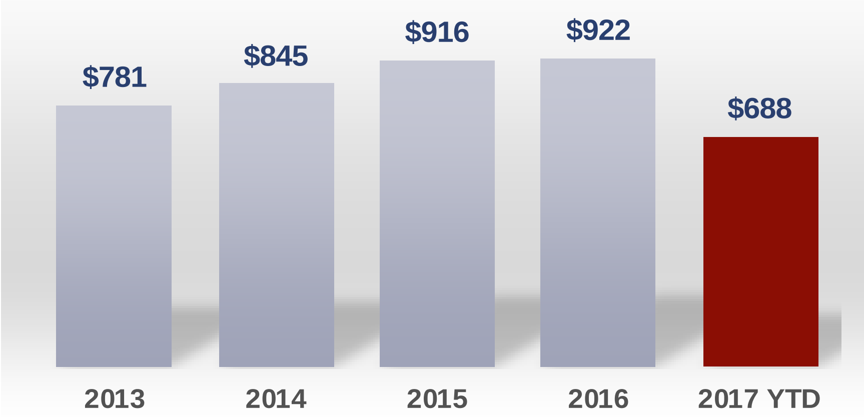
Single Premium % of NIW (before considering reinsurance) has trended down from **27%** in Q3 2016 to **23%** in Q3 2017

Estimated year-over-year **Insurance in Force growth** expected to be approximately **10%**

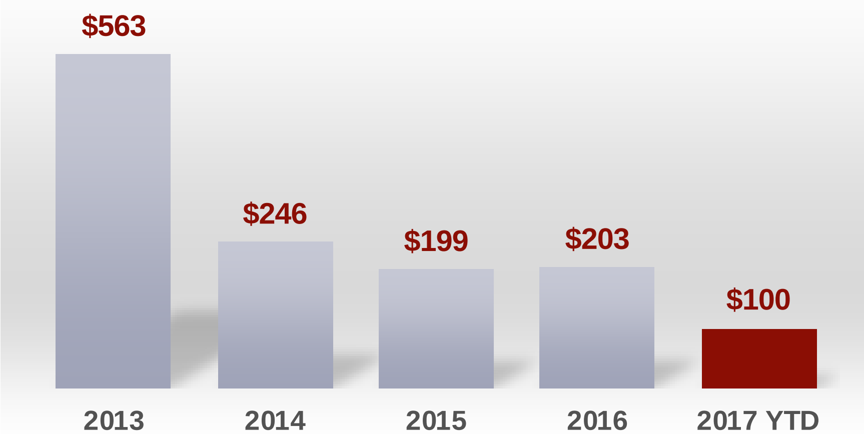
By year-end 2017, **47%** of Radian's IIF portfolio will have been written over **last two years** (2016 and 2017); approx. **60%** will have been written over the **last 3 years** (2015 – 2017)

…Has Led to Positive Financial Trends

Net Premiums Earned ($ in millions)



Provision for Losses ($ in millions)



Key Points

Full Year 2017 **Net Premiums Earned** on track to **exceed** 2016 results, with a higher quality mix from monthly premium policies

2017 Net Premiums Earned from **monthly premium policies** expected to be **4% above** 2016 due to strong origination volume and higher persistency, while 2017 Net Premiums Earned from **single premium policies** are projected to be **18% below** 2016 due to lower cancellation activity

New default notices on primary loans **declined** by **6%** YTD through Q3 2017, versus comparable prior year period

2017 YTD **Provision for Losses** has been **favorably impacted** by **$45 million** due to positive development on prior year defaults

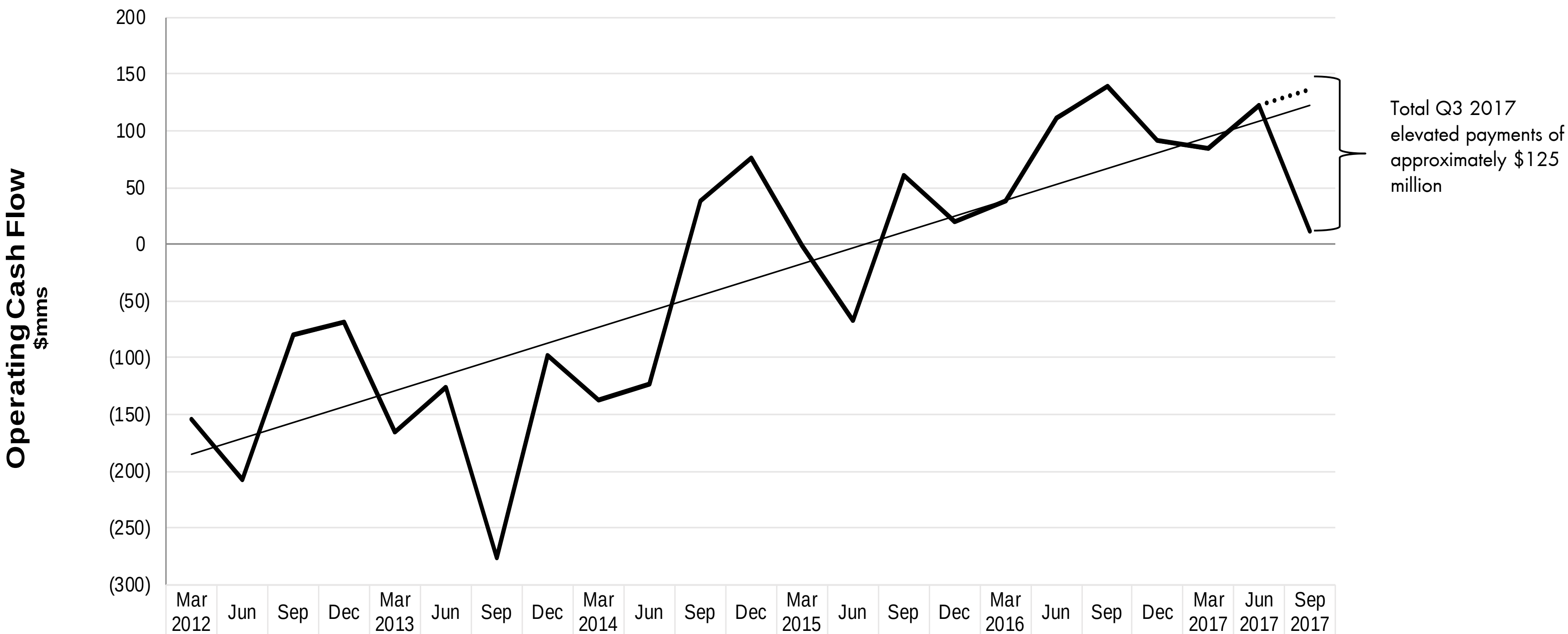
Loss Ratio has **declined** from **72%** in 2013 to **15%** YTD through Q3 2017; **MI Expense Ratio** has **declined** from **37%** in 2013 to **25**% YTD through Q3 2017

Improved Results Are Creating Positive Operating Cash Flows

Key Points

Significant **reductions in claims paid** and **increases in net premiums written** over the past five years have contributed to the turnaround in operating cash flows.

Q3 2017 operating cash flows were reduced as a result of a $55 million payment related to the termination of a 2013 Freddie Mac commutation agreement and a $70 million estimated tax payment.



	Mar 2012	Jun	Sep	Dec	Mar 2013	Jun	Sep	Dec	Mar 2014	Jun	Sep	Dec	Mar 2015	Jun	Sep	Dec	Mar 2016	Jun	Sep	Dec	Mar 2017	Jun 2017	Sep 2017
Quarterly	(154)	(207)	(80)	(69)	(166)	(126)	(276)	(97)	(137)	(123)	38	76	(1)	(67)	61	19	39	112	139	92	84	122	12

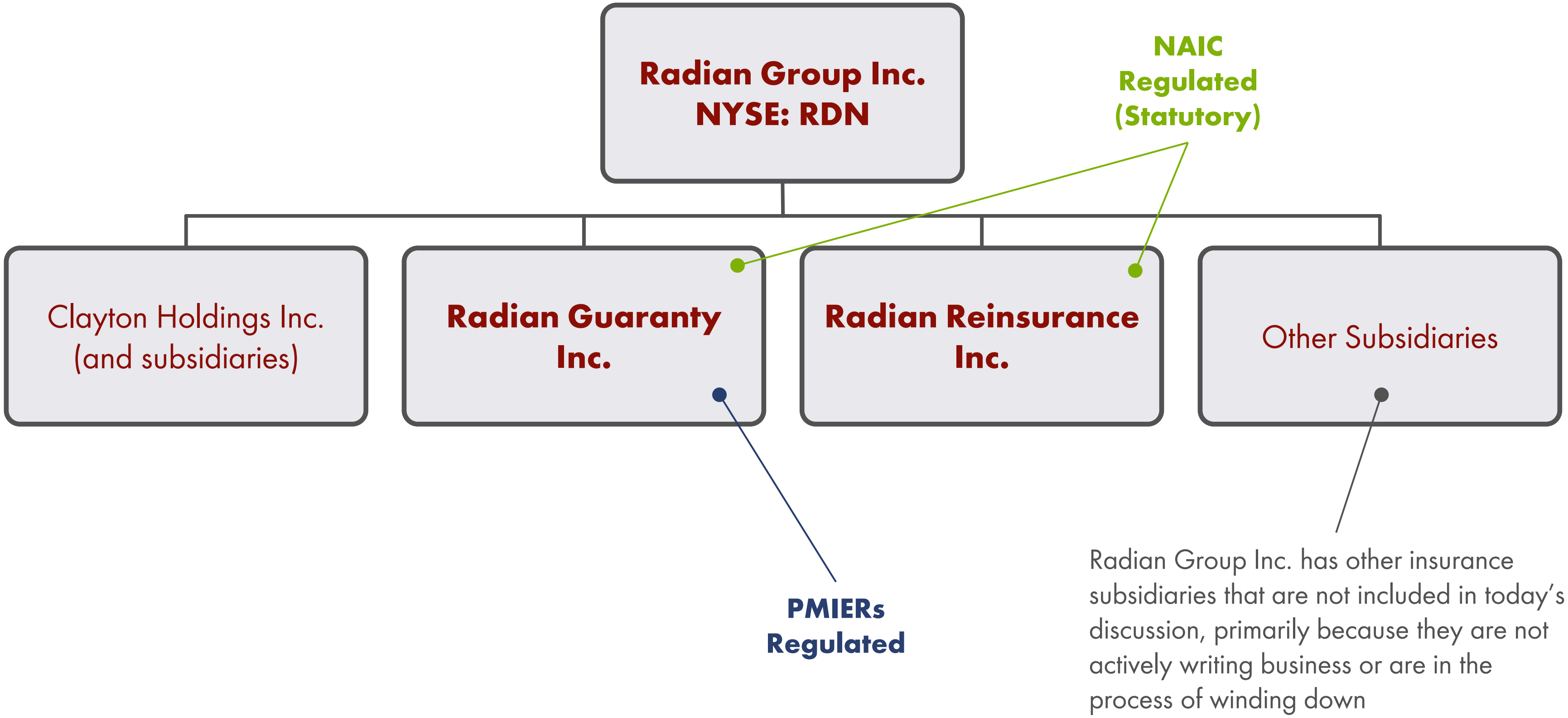
Overview

1. Illustrate the dimensions of capital and liquidity considerations for the relevant legal entities and regulatory landscape in which Radian operates

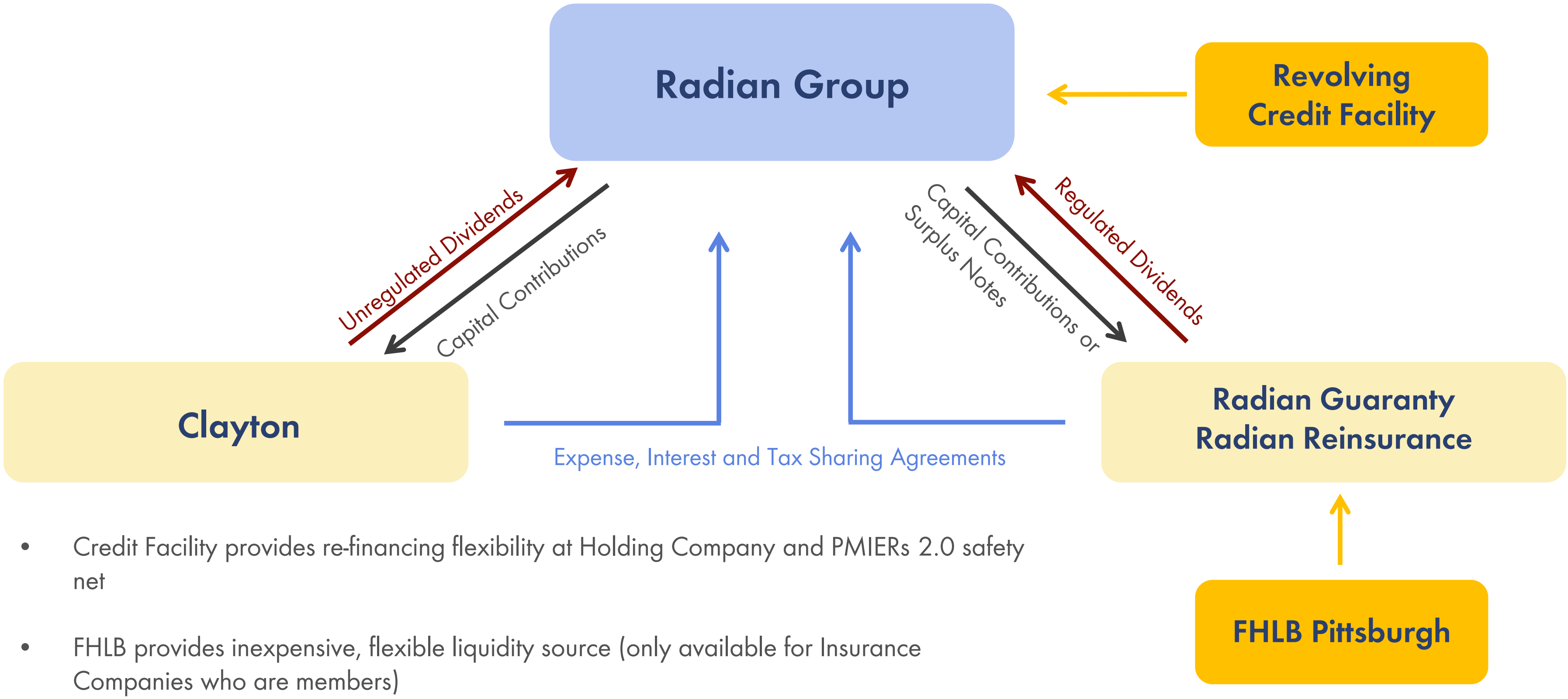
2. Illustrate the financial flexibility of Radian

3. Illustrate the positive momentum of the financial strength of Radian

Regulated Insurance Subsidiaries



Potential Flow of Funds between Radian Group and its Subsidiaries



- Credit Facility provides re-financing flexibility at Holding Company and PMIERs 2.0 safety net
- FHLB provides inexpensive, flexible liquidity source (only available for Insurance Companies who are members)
- Potential for ordinary dividends from Radian Guaranty and Radian Reinsurance limited for now and foreseeable future
- To date, Clayton cash flow has been inadequate to cover allocated expenses and pay dividends

Our Insurers Operate Under Two Distinct Regulatory Frameworks…

Statutory

- All Radian insurance subsidiaries are domiciled in Pennsylvania and regulated by the State Insurance Department.
- In addition, the National Association of Insurance Commissioners (NAIC) maintains a Model Act for Mortgage Guaranty Insurers to follow.
- Certain states impose a Statutory Risk-Based Capital Requirement, such that a mortgage insurer's Risk-to-capital may not exceed 25 to 1.
- Under Pennsylvania's insurance laws, dividends and other distributions may only be paid out of an insurer's positive unassigned surplus. At December 31, 2016, Radian Guaranty had negative unassigned surplus of $691 million.
- Due to Radian's negative unassigned surplus at the end of 2016, no dividends or other distributions can be paid from Radian Guaranty in 2017 without approval from the Pennsylvania Insurance Commissioner.

PMIERs

- The Private Mortgage Insurer Eligibility Requirements ("PMIERs") are comprehensive, covering virtually all aspects of a private mortgage insurer's business and operations.
- The PMIERs Financial Requirements require that a mortgage insurer's Available Assets (as defined, these primarily include liquid assets and exclude premiums received but not yet earned) meet or exceed its Minimum Required Assets (a risk-based minimum required asset amount calculated based on net RIF, and which is intended to approximate the maximum loss exposure based on a variety of criteria which are indicative of credit quality).

…Which Include Requirement to Build Contingency Reserves

Key Points

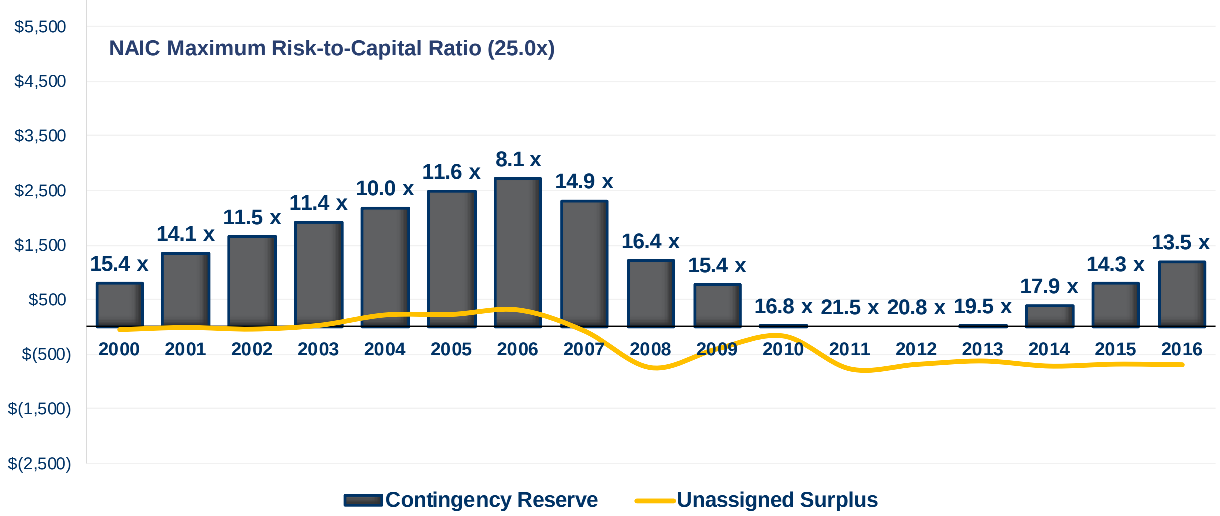
For statutory purposes, a contingency reserve is set up to protect against catastrophic losses. Mortgage insurers are required to set aside **50%** of each year's **earned premiums** for a period of **ten years**, although earlier releases are permitted in years when the losses and LAE incurred are more than 35% of premiums earned. Changes in the contingency reserve shall be recorded directly to unassigned funds (surplus).

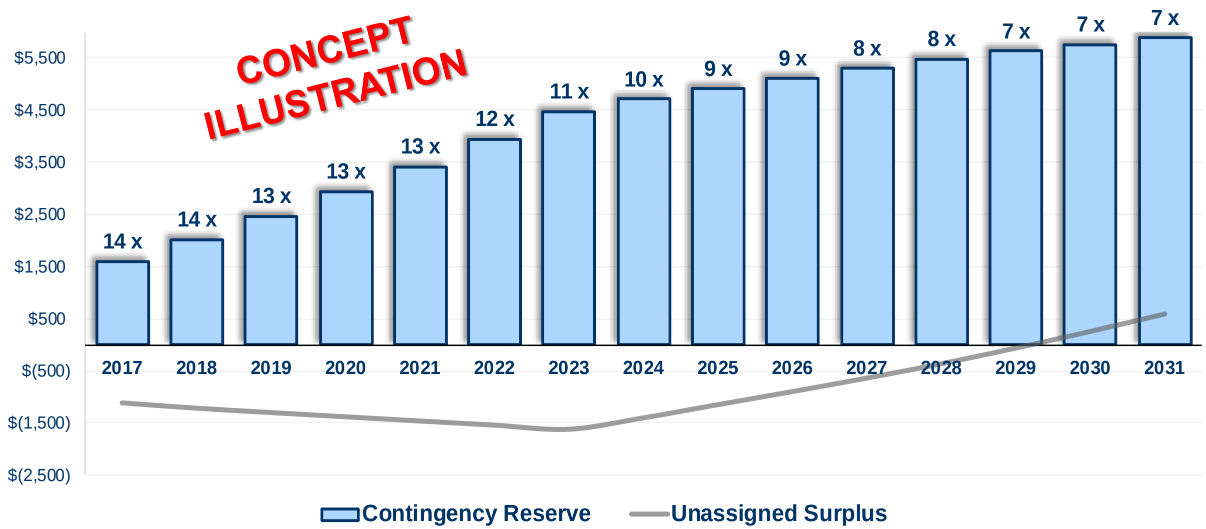
CONCEPT ILLUSTRATION

	Year 1	Total 10 Years	Year 11	Year 12	Year 13
Premiums Earned	1,000	10,000	1,000	1,000	1,000
(+) Investment Income	100	1,146	117	118	118
(-) Losses	(200)	(2,000)	(200)	(200)	(200)
(-) Operating Expenses	(250)	(2,500)	(250)	(250)	(250)
(-) Taxes (35%)	(228)	(2,326)	(233)	(234)	(234)
Net Income	422	4,320	434	434	434
Beginning Unassigned Surplus	-	-	(680)	(246)	188
Net Income	422	4,320	434	434	434
(+) Contingency Reserve Addition	(500)	(5,000)	(500)	(500)	(500)
(-) Contingency Reserve Release	-	-	500	500	500
Ending Unassigned Surplus	(78)	(680)	(246)	188	622

Concept Illustrations – hypothetical situations provided for illustrative purposes only and do not represent the Company's actual or expected results or financial position

Review of Radian Guaranty Contingency Reserve & Unassigned Surplus





Key Points

Before the beginning of the financial crisis in 2007, Radian Guaranty had built a sizable **contingency reserve** of approximately **$2.7B** and had a Risk-to-Capital ratio of approximately 10 to 1.

In the midst of the financial crisis, we utilized all our contingency reserves to cover significant losses. Radian Guaranty's **Risk-to-Capital ratio** has gone as high as **21.5x** in 2011.

Post financial crisis, we began rebuilding our **contingency reserve** in 2013 to approximately **$1.6B** as of Q3 2017; our **Risk-to-Capital ratio** has declined to approximately **14x**.

As a result of rebuilding our contingency reserve over the mandatory ten year period, we are unable to pay ordinary dividends due to the negative unassigned surplus expected to persist for the foreseeable future. However, we can request extraordinary dividends.

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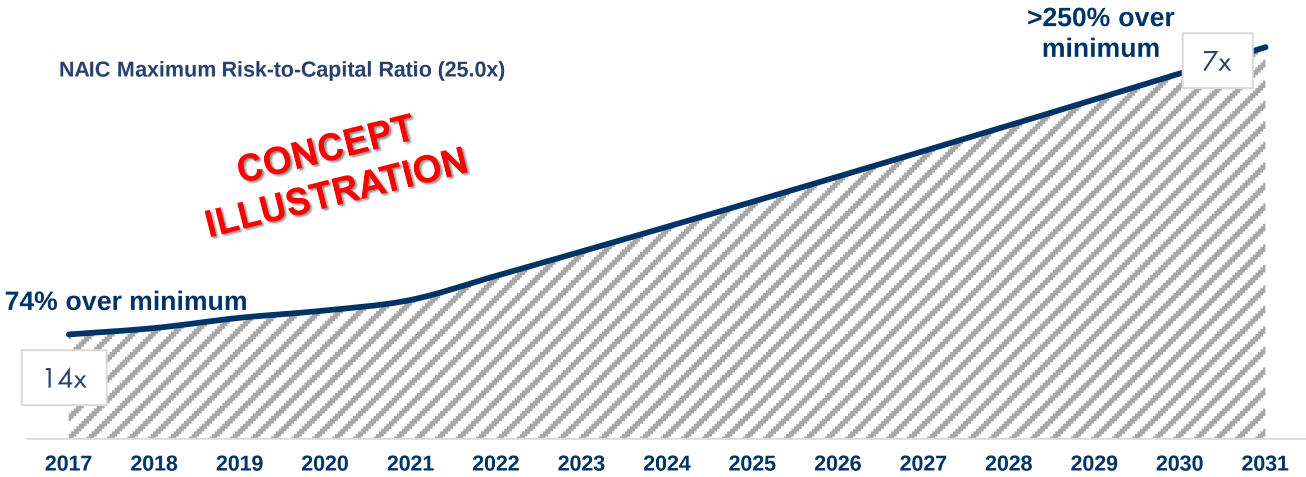
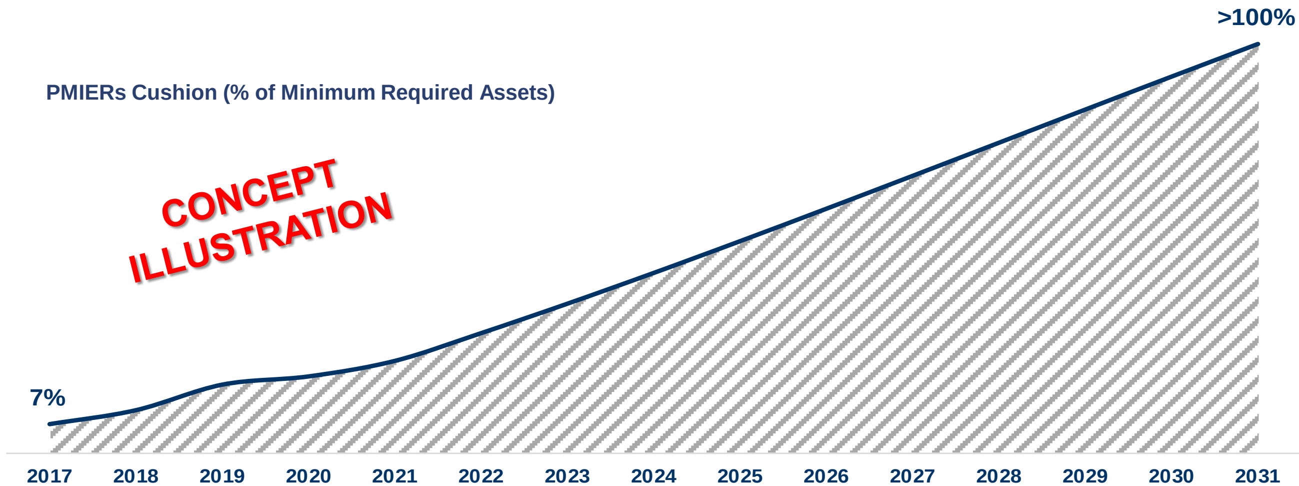
Potential for Organic Growth in Capital Cushion…





Key Points

Despite having a negative unassigned surplus, we may potentially request an **extraordinary dividend** due to the expected organic growth in our PMIERs and Statutory Risk-to-Capital Cushions.

Over time, the Company's Risk-to-Capital ratio is expected to trend below lowest historical levels if current operating environment persists, including annual NIW volumes of approximately $50B and persistency rates in low 80%'s.

Currently, Radian Guaranty has a **cushion** of approximately **$1.1 billion**, or **74%**, compared to the **Statutory Risk-to-Capital** minimum requirement.

Currently, Radian Guaranty has a **cushion** of approximately **$237 million**, or **7%**, compared to the current **PMIERs** minimum required assets.

Concept Illustrations – hypothetical situations provided for illustrative purposes only and do not represent the Company's actual or expected results or financial position

...However, Projections for Excess Capital are Subject to Uncertainties

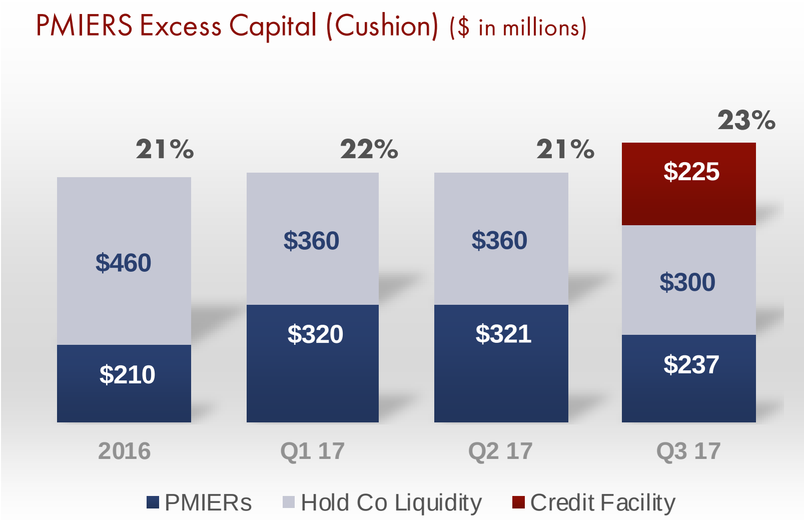
- A shift in **loan characteristics** can positively or negatively impact our PMIERs cushion, as lower FICO and/or higher LTV originations result in increased Minimum Required Assets. For example, a loan with a greater than 95% LTV to a borrower with a FICO score of 690 requires more than twice as many supporting assets compared to a loan with a 90% LTV to a borrower with a FICO score of 730.

- A more robust mortgage market can also apply short-term pressure to our PMIERs cushion, through an increase in Minimum Required Assets related to **higher NIW**. Each $1 billion in NIW requires roughly $20 million in additional required assets, depending on the underlying loan characteristics.

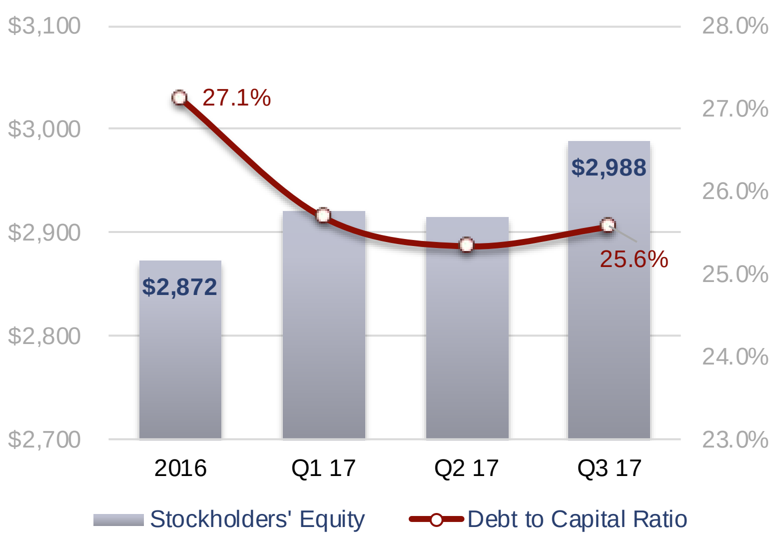
- A worsening credit environment can negatively impact our PMIERs cushion, through higher capital factors on **defaulted loans** and lower Available Assets due to claim payments.

- In addition, the implementation of **PMIERs 2.0** could increase the required levels of capital. Based on guidance from the GSEs, we anticipate changes being effective in **late 2018**.

Radian Maintains Financial Flexibility to Mitigate this Uncertainty…



% represents total available cushion/reported minimum required assets



Key Points

Under stressful conditions, we can support our insurance subsidiaries and improve our PMIERs and Statutory cushions from a variety of sources, including additional reinsurance at attractive costs of capital.

Currently, we have reinsured only approximately 10% of our consolidated risk in force. To increase our PMIERs cushion by 1%, we would need to reinsure approximately $400 million in additional risk in force (or 1% of Radian Guaranty's current non-reinsured RIF of approximately $40 billion), which would cost less than a penny in annual EPS based on current reinsurance markets.

In Q4 2017, Radian Group closed on a **$225** million revolving credit facility to provide additional financial flexibility.

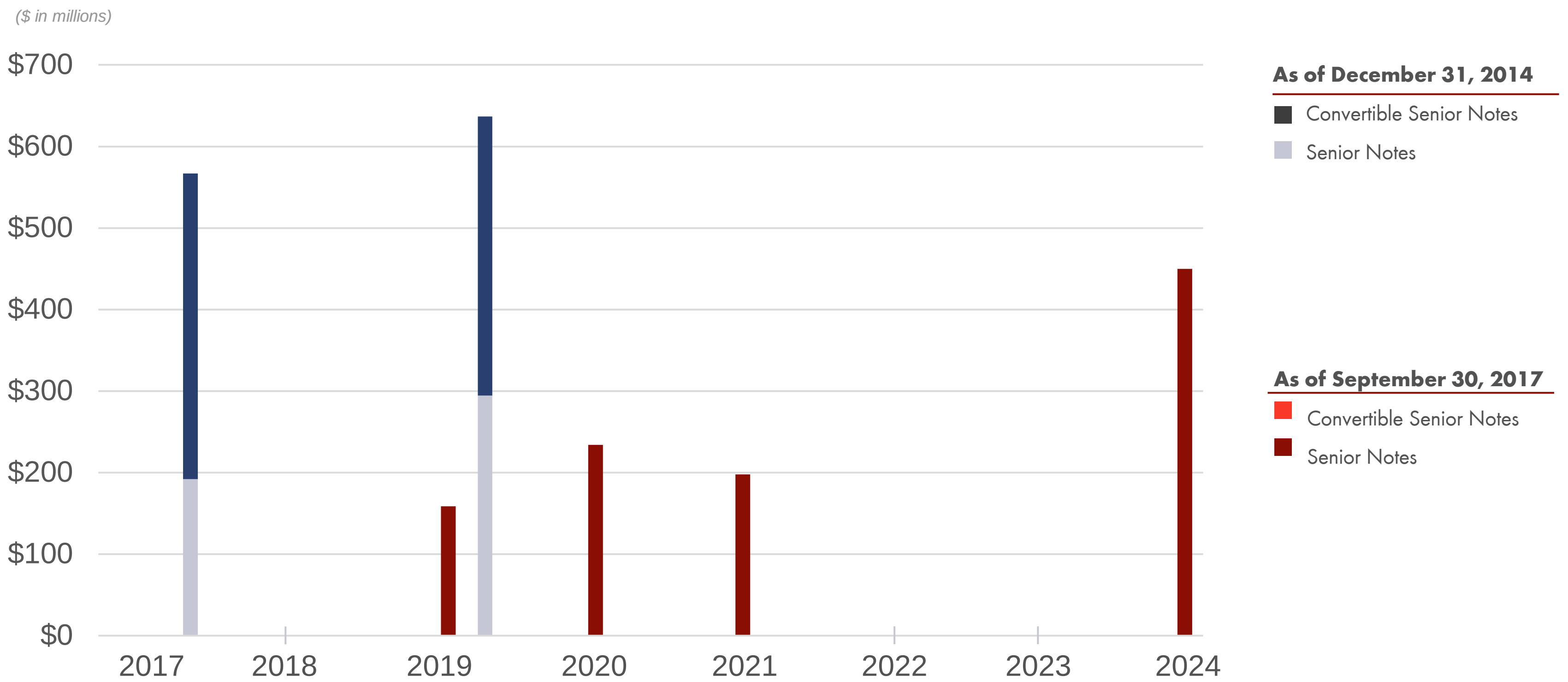
Our Holding Company liquidity is available to support our insurance subsidiaries. If the available cash and investments and credit facility were used to support Radian Guaranty, our **PMIERs cushion** would total **$762M**, an increase relative to Minimum Required Assets from 7% to **23%**.

Radian Group's **debt to capital ratio** has improved from 27.1% as of December 31, 2016, to **25.6%** as of September 30, 2017.

… and Has Significantly Improved Radian Group's Debt Maturity Profile

Key Points

Over the past several years and as of this month, Radian will have retired all outstanding convertible senior notes. In addition, Radian has refinanced all debt that was due in 2017 and substantially all debt due in 2019, creating a more manageable and dispersed debt maturity profile.



These Steps have Resulted in Positive Rating Agency Actions...

During September 2017, **S&P upgraded** Radian Guaranty and Radian Reinsurance to BBB+ and Radian Group to BB+. In taking these actions, S&P cited the following developments:

- "Strengthening of Radian's capital adequacy to moderately strong."
- "The company's adequate competitive position as one of the leading mortgage insurers in the U.S., relatively diverse base of customers, improved operating performance, and national footprint – partially offset by the monoline nature of the business."
- An update of their "assessment of Radian's liquidity score to exceptional from strong. The change in the metric is due to lower expectation of claims as a result of the general improvement of the quality of risk insured."

Based on their latest review in August 2017, **Moody's** affirmed Radian Guaranty's at Baa3 and Radian Group at Ba3, with a **positive outlook**. Moody's cited the following as potential factors for future upgrades:

- "Better alignment of the parent's debt maturity profile to Radian Guaranty's expected future dividend capacity."
- "Adjusted financial leverage in the 20% range."
- "Sustained PMIERs compliance with an increasing capital adequacy buffer."

…And have Helped Position Radian Well for the Future.

- Following the financial crisis, Radian focused on writing significant volumes of **high credit quality NIW**;
- The growing **insured portfolio** of nearly **$200 billion** provides a reliable stream of earned premiums, offset by historically low losses;
- The resulting **positive cash flows** are expected to continue to build the capital cushions at our insurance subsidiaries;
- While the requirement to rebuild contingency reserves over a ten year period restricts the ability of our insurance subsidiaries to pay ordinary dividends, the expected **organic growth** in our capital cushion under the current requirements should help facilitate approvals of **extraordinary dividends** in the future;
- To the extent that capital requirements increase, we believe the actions we have taken to date to improve Radian Group's **financial flexibility**, and the availability of additional reinsurance options, has positioned Radian well for the future from a financial perspective.

Q & A

Presented by Derek Brummer

Chief Risk Officer
Radian Group Inc.

RADIAN

Agenda

- Risk Management Overview
- Today’s U.S. Housing Market
- MI Portfolio Composition and Trends
- Stress Scenario Sensitivity
- Risk Distribution

Risk Management Overview

Risk Management Vision and Goals

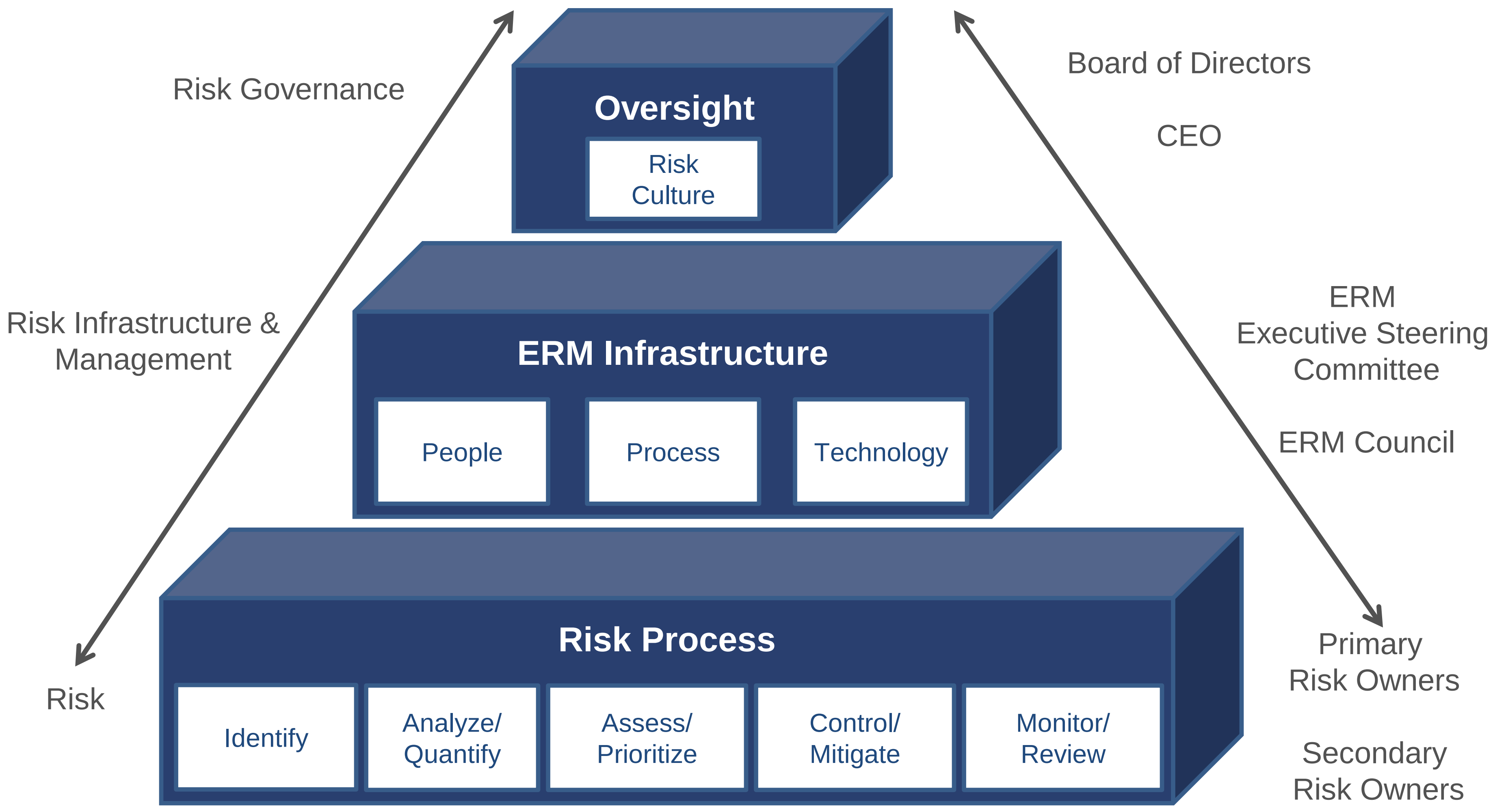
Vision

- To be the housing **industry's leading risk management organization and solutions provider** that effectively identifies, assesses and profitably manages risks across the entire mortgage life-cycle

Goals

- Embed and continually reinforce a corporate-wide **risk culture** that utilizes an understanding of risk-reward tradeoffs to drive quality decisions and has the discipline to ensure the **long-term, through-the-cycle profitability** of the enterprise
- Maintain **credit, underwriting and risk/return discipline** based on sound data and analytics and a continuous feedback loop across the organization
- Proactively surveil origination, portfolio and market trends to **ensure emerging risks are identified and appropriately mitigated**
- **Continually refine analytical and technological capabilities**, processes and systems to effectively identify, assess and manage risks
- **Develop and leverage analytical tools and capabilities to inform and optimize capital allocation** and ensure organizational awareness of the trade-off between risks and returns resulting from corporate strategy and business decisions

Enterprise Risk Management (ERM) Framework



Risk Management Tools and Solutions

Radian's objective is to be the housing industry's first choice for risk management solutions across the entire mortgage life-cycle.

Mortgage Risk Navigator™
The Mortgage Risk Navigator is Radian's cloud-based mortgage analytics suite and business intelligence platform developed by Radian to address the growing market need for a common platform to analyze mortgage risk across the entire mortgage life-cycle.

RaDaR™
RaDaR is Radian's proprietary credit modeling tool, which provides projections of credit losses over time at a loan, cohort and portfolio level. Considers the effect of prepayment, as well as the trajectory of interest rates, house prices and unemployment over time through deterministic and stochastic (Monte Carlo) paths.

Lender Segmentation Framework
Radian's Lender Segmentation Framework leverages a variety of risk, return and performance metrics to rank order lenders on a monthly basis.

Mortgage Risk Barometer™
The Mortgage Risk Barometer will provide a view of home prices based on a specific geographic location's long-term trends and fundamentals.

Red Bell Real Estate™
Red Bell Real Estate delivers advanced Automated Valuation Models, Broker Price Opinions, Valuation Risk Reviews and technology solutions to monitor loan portfolio performance, acquire and track non-performing loans, and value and sell residential real estate.

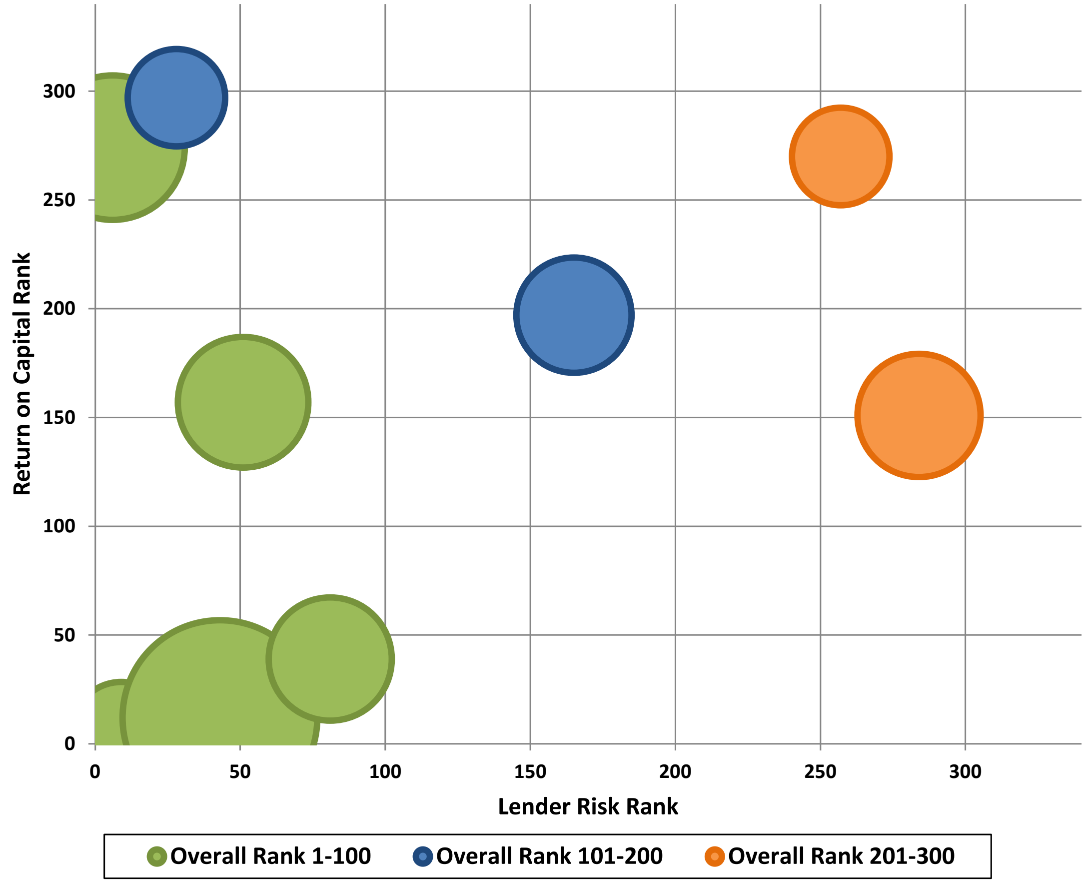
Green River Capital™
Green River Capital offers customized REO asset management and single-family rental services.

Lender Segmentation Framework

	Rankings			Mix of Business			Performance			Return on Capital			Lender Expenses			Qualitative / Other		
Lender	Overall	Lender Risk	Return on Capital	Metric 1	Metric 2	Metric 3	Metric 1	Metric 2	Metric 3	Metric 1	Metric 2	Metric 3	Metric 1	Metric 2	Metric 3	Metric 1	Metric 2	Metric 3
Lender A	1	9	6	🟢	🟡	🟢	🟢	🟢	🟢	🟢	🟡	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Lender B	5	43	12	🟢	🟢	🟢	🟢	🟡	🟢	🟢	🟢	🟡	🟢	🟡	🟢	🟡	🟡	🟢
Lender C	25	81	39	🟢	🟡	🟢	🟢	🟢	🟢	🟢	🟡	🟢	🟢	🟡	🔴	🟡	🟢	🟢
Lender D	50	51	157	🟢	🟢	🔴	🟢	🟡	🔴	🟢	🟡	🔴	🟡	🟢	🟢	🟡	🟢	🟢
Lender E	75	6	274	🟢	🟡	🟢	🟢	🟡	🟢	🟡	🔴	🟡	🟢	🟡	🟡	🟡	🔴	🟡
Lender F	125	28	297	🟢	🔴	🔴	🟢	🟡	🔴	🟢	🟡	🔴	🟢	🟡	🔴	🟡	🟡	🟢
Lender G	200	106	285	🟢	🟡	🟡	🟢	🟡	🟡	🟢	🔴	🟡	🟡	🟡	🔴	🟡	🔴	🟢
Lender H	275	284	151	🟡	🟢	🔴	🟡	🟡	🔴	🟡	🟢	🔴	🟢	🟡	🔴	🟡	🔴	🟡

- In addition to utilizing lender-specific dashboards, lenders are rank ordered utilizing a variety of metrics including mix of business, performance, economic value added and Radian's projected return on capital
- Lender dashboards and rankings are utilized in all lender-level decisions and as a key input in portfolio management and strategic decisions

Visualizing Lender Rankings



Note: Bubble size is based on recent volume with larger bubbles indicating more volume

- The Lender Risk Rank and Return on Capital Rank are weighted and combined to derive the Overall Rank
- Strategy is focused on shifting volume from the upper right toward the lower left of the graph (i.e., from lower to higher ranked lenders)

Today's U.S. Housing Market

Current U.S. macroeconomic factors support strong housing market

- Overall, home prices are in line with standard valuation and affordability metrics
- Housing market supply and demand fundamentals continue to support strong housing market
- Personal income continues to grow while debt burden has moderated
- Unemployment has been declining since 2010 and is at its lowest in over 10 years

Strong credit standards, which remain conservative by historical standards

- Current credit standards are significantly tighter than those observed throughout the 2000s prior to the financial crisis according to multiple sources (e.g., Urban Institute, Goldman Sachs, MBA, Radian)
- FICO scores for borrowers utilizing private MI have increased, with current average borrower scores at 740+
- Qualified Mortgage (QM) and PMIERs requirements have significantly reduced loans with certain risky features
  - Full documentation is standard with very limited acceptance of alternative documentation loans, such as stated income loans
  - Adjustable Rate Mortgages are now qualified at the fully-indexed rate, reducing the risk of default from rate resets
  - Interest only and loans with negative amortization features are not considered Qualified Mortgages
- Significant reduction in amount and types of risk layering (i.e., combining multiple higher-risk attributes within the same loan)
- Conservative appraisal regulations have strengthened appraiser independence from lenders

Stringent regulatory environment and improved servicing standards

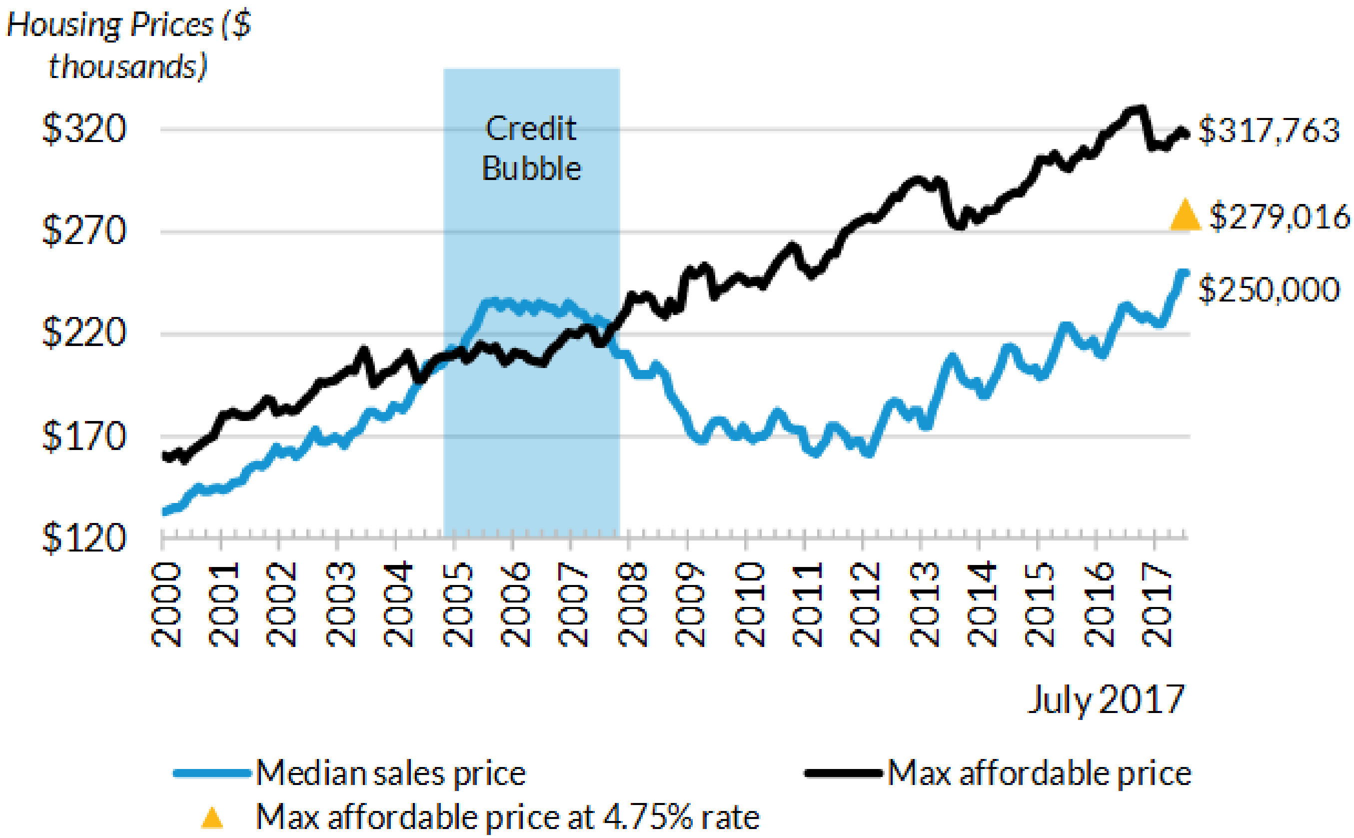
- Stringent regulatory environment with a focus on the ability of a borrower to pay and improved underwriting quality
- Improved servicing standards with an industry focus on avoiding foreclosures

Today's U.S. Housing Market

PMIERs provides a strong risk-based capital foundation

- Provides a robust and transparent risk-based capital framework that requires significantly more capital than was historically required
  - Ensures mortgage insurers maintain adequate liquidity and claims-paying resources to withstand significant stress scenarios
  - Provides a level capital playing field for the mortgage insurance industry, which ensures risk-focused discipline and prevents a "race to the bottom"
- Radian's pricing provides for relatively consistent expected returns (i.e., risk-neutral pricing) across the credit spectrum, which is intended to insulate our returns and loss ratios from volatility as credit characteristics change through time
  - In addition to adjusting capital by FICO, LTV, performance status, and seasoning, PMIERs requires capital multipliers for certain riskier loan features (e.g., 3.0x for non-full doc, 1.75x for investment properties, 2.0x for non-fully amortizing, 1.75x for >50 DTI)
- Contains a substantial number of operational requirements in addition to the financial requirements (e.g., underwriting, quality control, lender approval/monitoring, etc.)
- Generally does not give any credit for future earnings
  - For example, up front premium that Radian has received, but not yet earned from an accounting perspective, is given no credit even though it serves as a significant source of claims-paying resources
- As a result of PMIERs, mortgage insurers are significantly stronger counterparties today, which helps to solidify a central place for mortgage insurers in the U.S. housing market

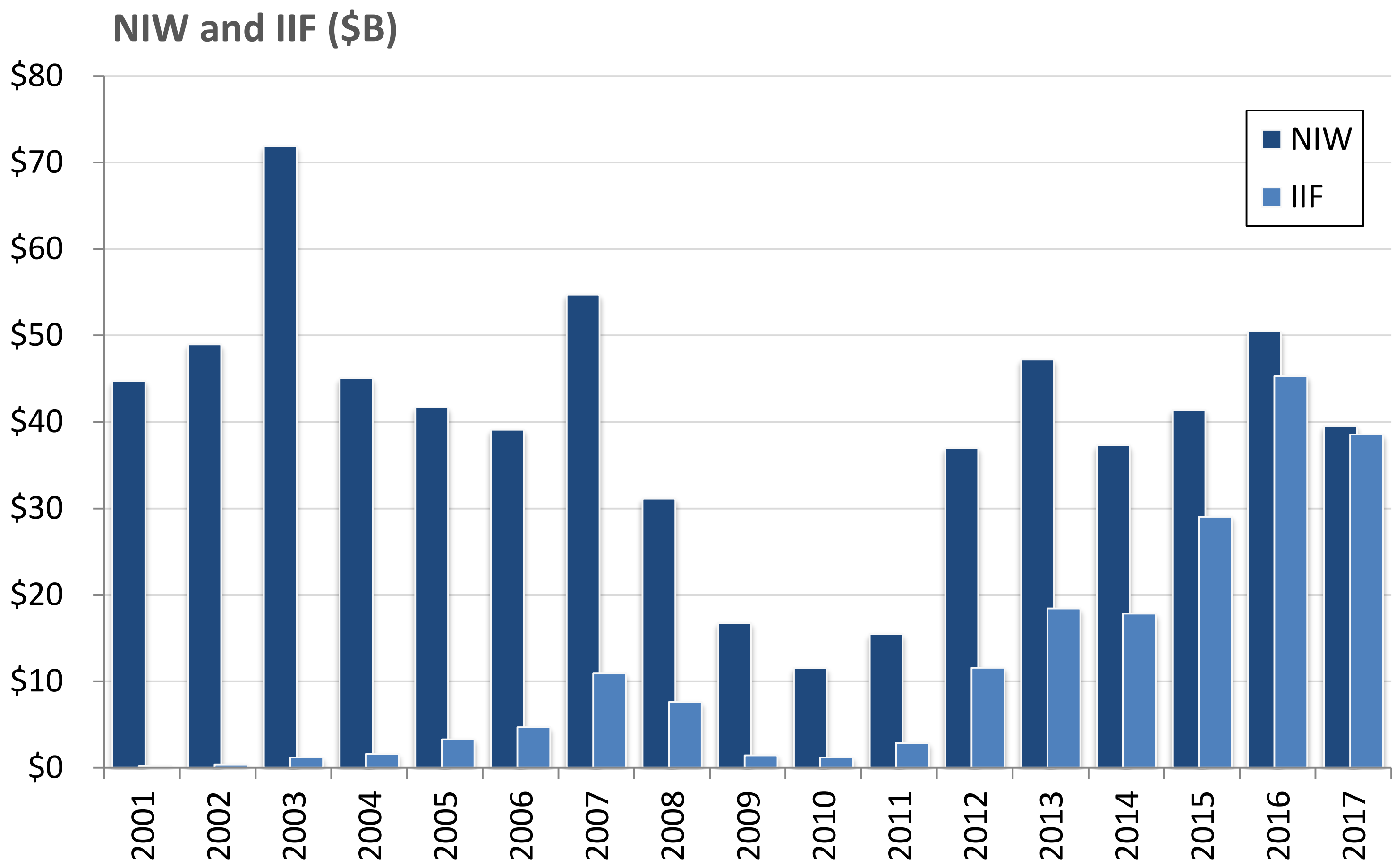
Home Price Affordability



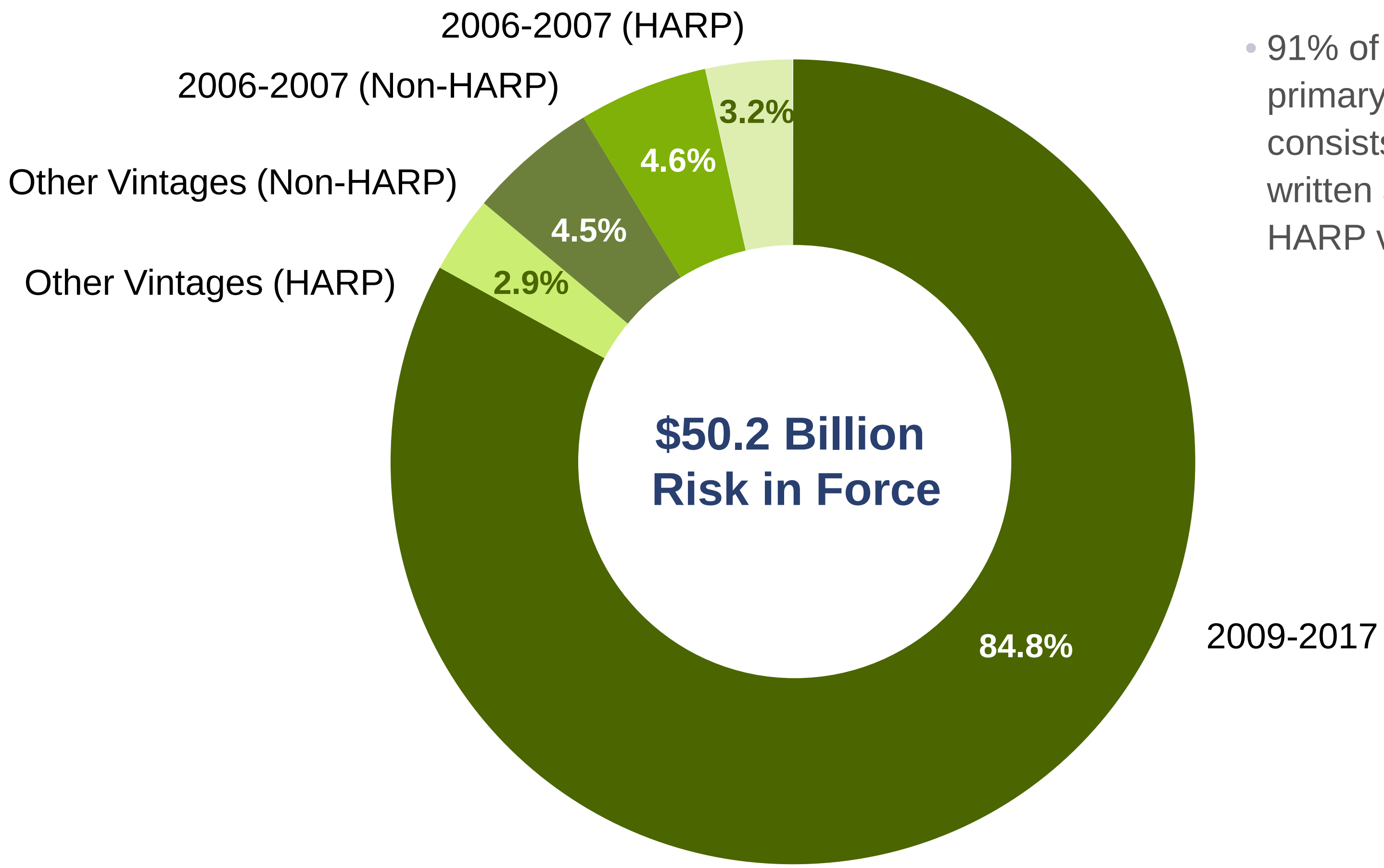
- Despite recent increases, house prices remain affordable by historical standards, suggesting that home prices are tracking the broader economic expansion

Source: Urban Institute

What we've written and what's left

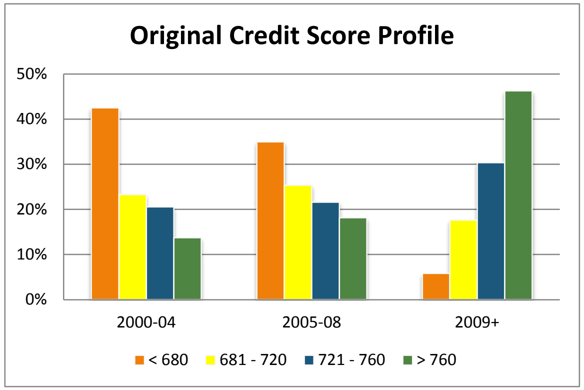


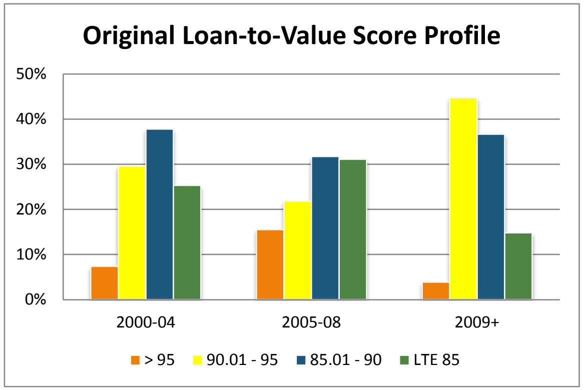
Improved MI Portfolio Composition

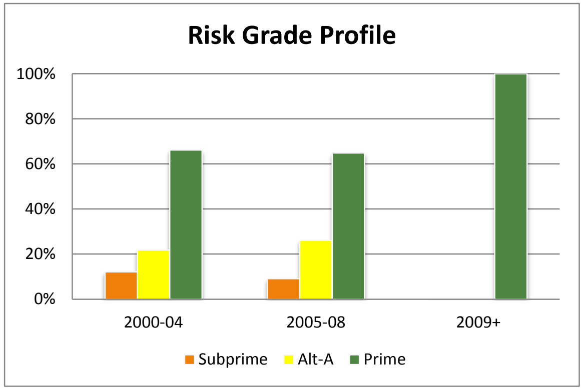


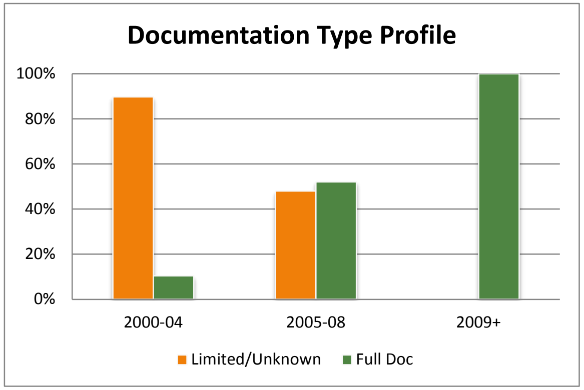
- 91% of mortgage insurance primary risk in force consists of new business written after 2008, including HARP volume

Significantly Improved Origination Credit Quality





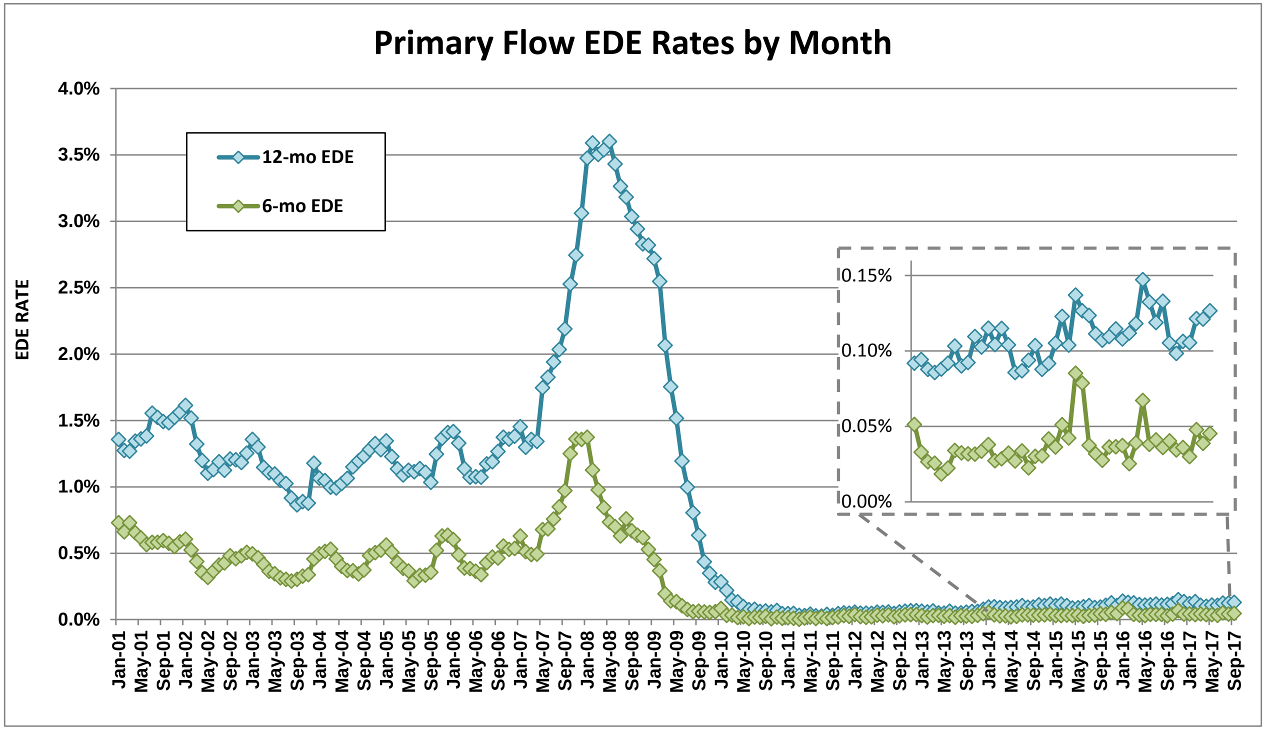




Layered Risk (NIW)	2005-08	2009+
FICO < 680 AND Cash-out refinance	11.2%	<0.1%
Investment AND FICO <= 720	2.7%	<0.1%
FICO < 680 AND Original LTV > 95	7.0%	<0.9%

- Strong risk profile of NIW from 2009+ vintages:
  - 100% Prime risk grade, 100% Full documentation, 94% with FICO >680
  - Share of cash-out refinances has declined from 23% in 2005-2008 to <0.1% in 2017
  - Share of hybrid ARMs has declined from 12% in 2005-2008 to <3% in 2017
  - Share of investment properties has declined from 5% in 2005-2008 to 0.4% in 2017
- In addition to single dimensional risk, layered risk has also declined significantly

Exceptional Underwriting Quality

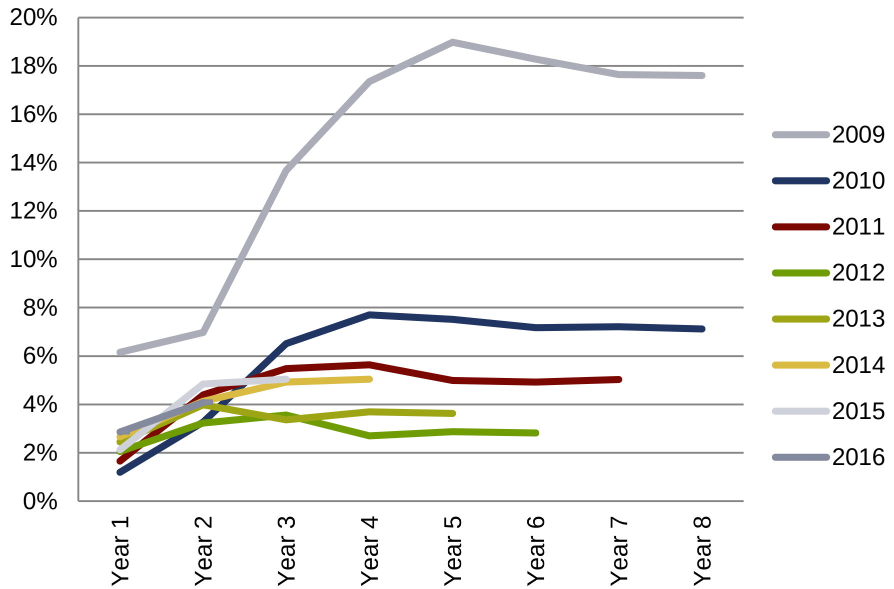


- Early default experience (EDE) has declined dramatically as underwriting quality improved in 2009, significantly outperforming even pre-crisis underwriting performance
- Quality control (QC) review has expanded and improved, including a significant increase in percentage of files audited
  - Statistically significant random samples are reviewed on a quarterly basis as well as all 12 month defaults
  - Targeted samples are selected (e.g., particular lenders, risk attributes, etc.)
  - Results continue to show historically low material defect rates

Note: EDE rates are calculated by dividing the portion of Radian volume in default at a specific time period from origination (e.g., 6 months) by the total Radian volume from the same period.

Historically Low Loss Ratios

CUMULATIVE INCURRED LOSS RATIO [1]									
Vintage	**Dec-09**	**Dec-10**	**Dec-11**	**Dec-12**	**Dec-13**	**Dec-14**	**Dec-15**	**Dec-16**	**Sep-17**
2009	6.1%	7.0%	13.7%	17.4%	19.0%	18.3%	17.6%	17.6%	17.5%
2010		1.2%	3.3%	6.5%	7.7%	7.5%	7.2%	7.2%	7.1%
2011			1.7%	4.4%	5.5%	5.6%	5.0%	4.9%	5.0%
2012				2.0%	3.2%	3.6%	2.7%	2.9%	2.8%
2013					2.5%	4.0%	3.4%	3.7%	3.6%
2014						2.7%	4.1%	4.9%	5.0%
2015							2.1%	4.8%	5.1%
2016								2.9%	4.1%

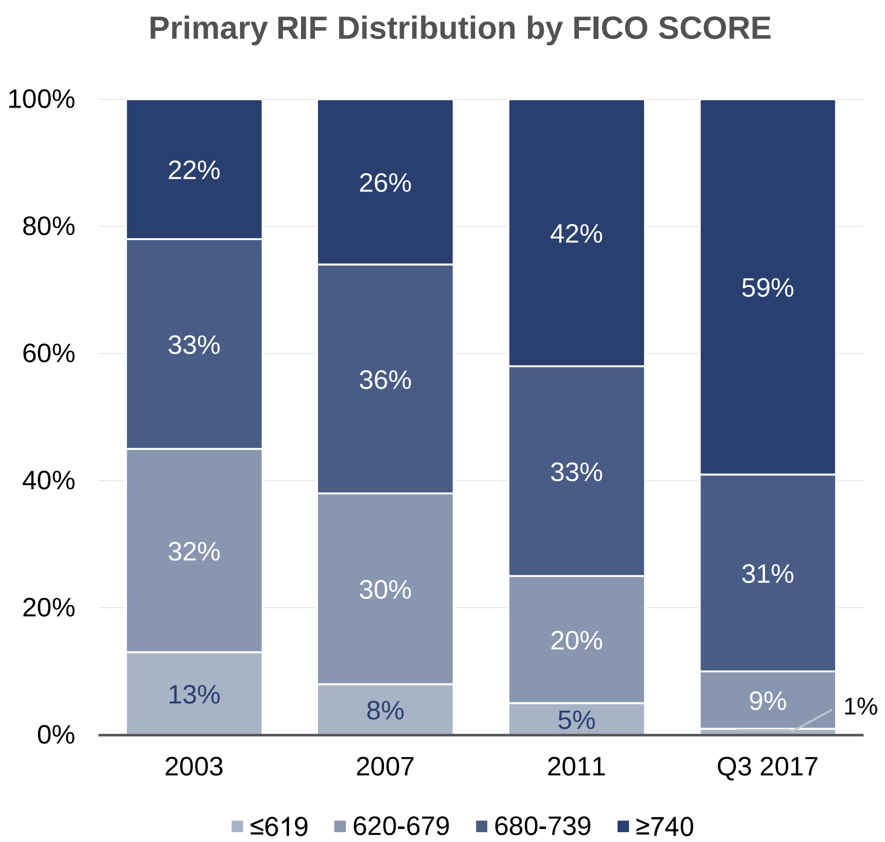


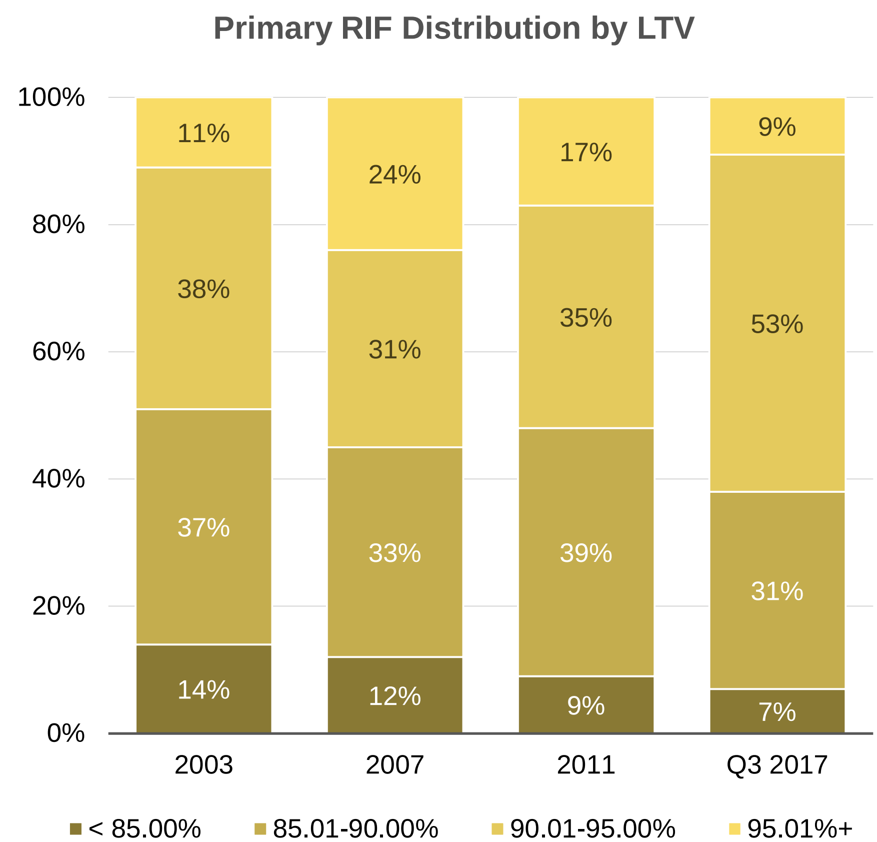
(1) Represents inception-to-date losses incurred as a percentage of net premiums earned.

Radian's stochastic modeling indicates an approximate 20% through-the-cycle loss ratio on newly originated MI business.

- Strong default performance has translated into historically low loss ratios for Radian's MI business
- Incurred loss ratios continue to trend down as legacy vintages move beyond their peak loss period and newer vintages exhibit historically strong performance

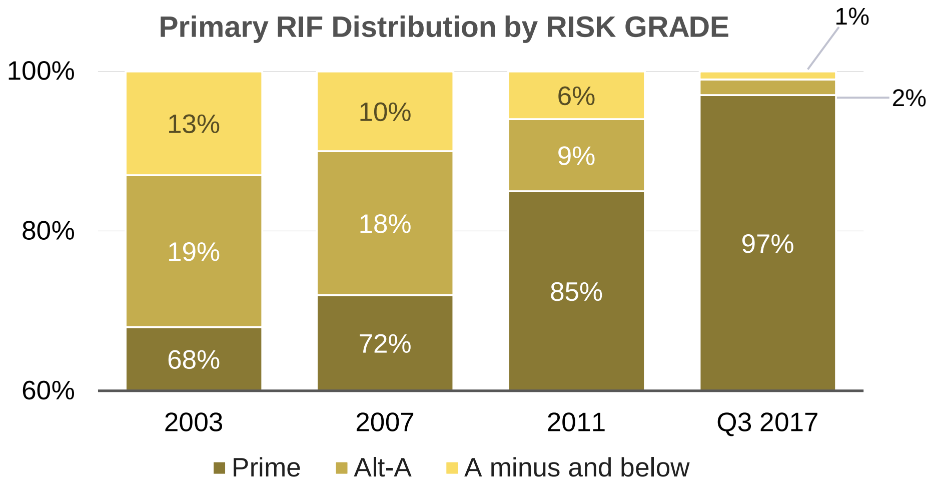
Improved MI Portfolio Composition

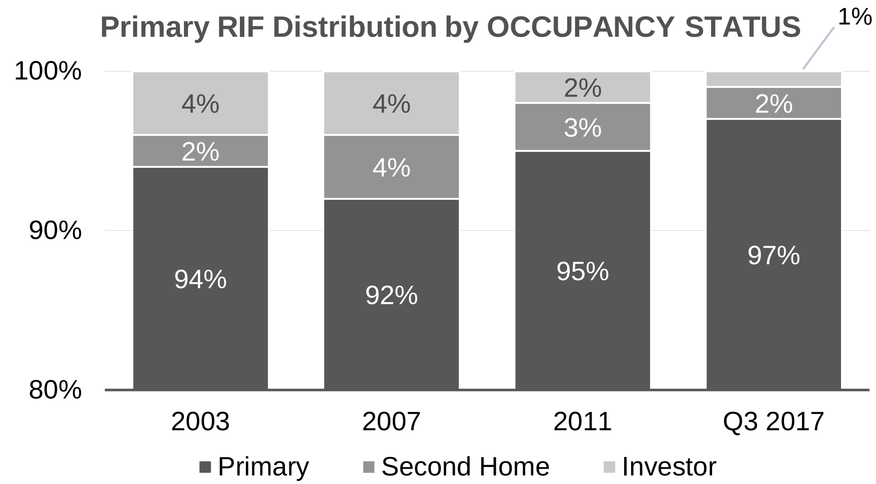


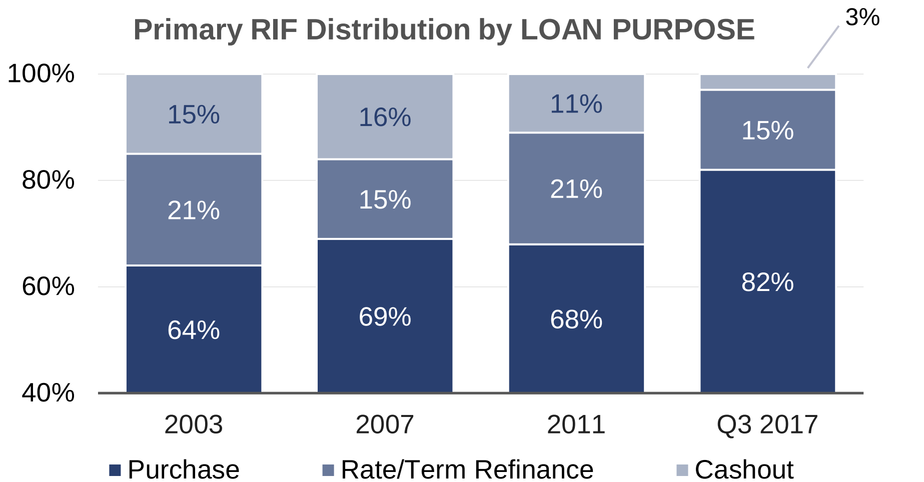


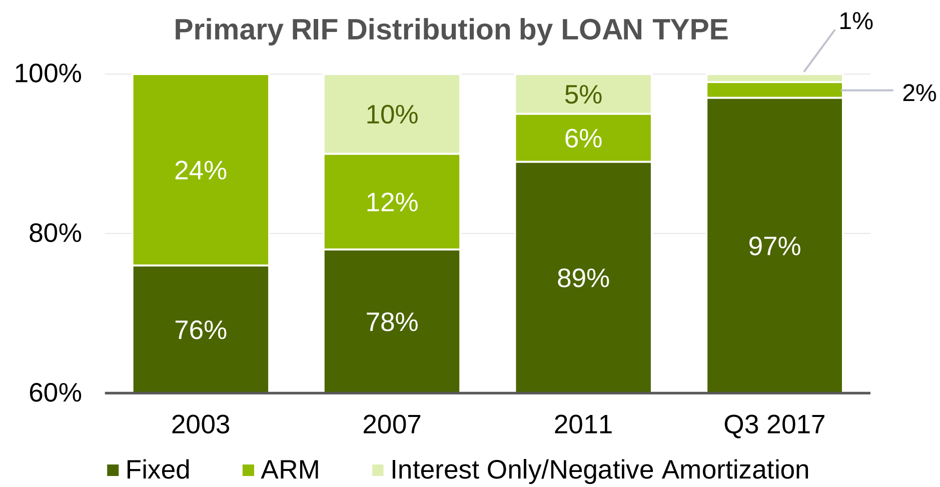
Data provided for 2003-2011 is as of year end.

Improved MI Portfolio Composition









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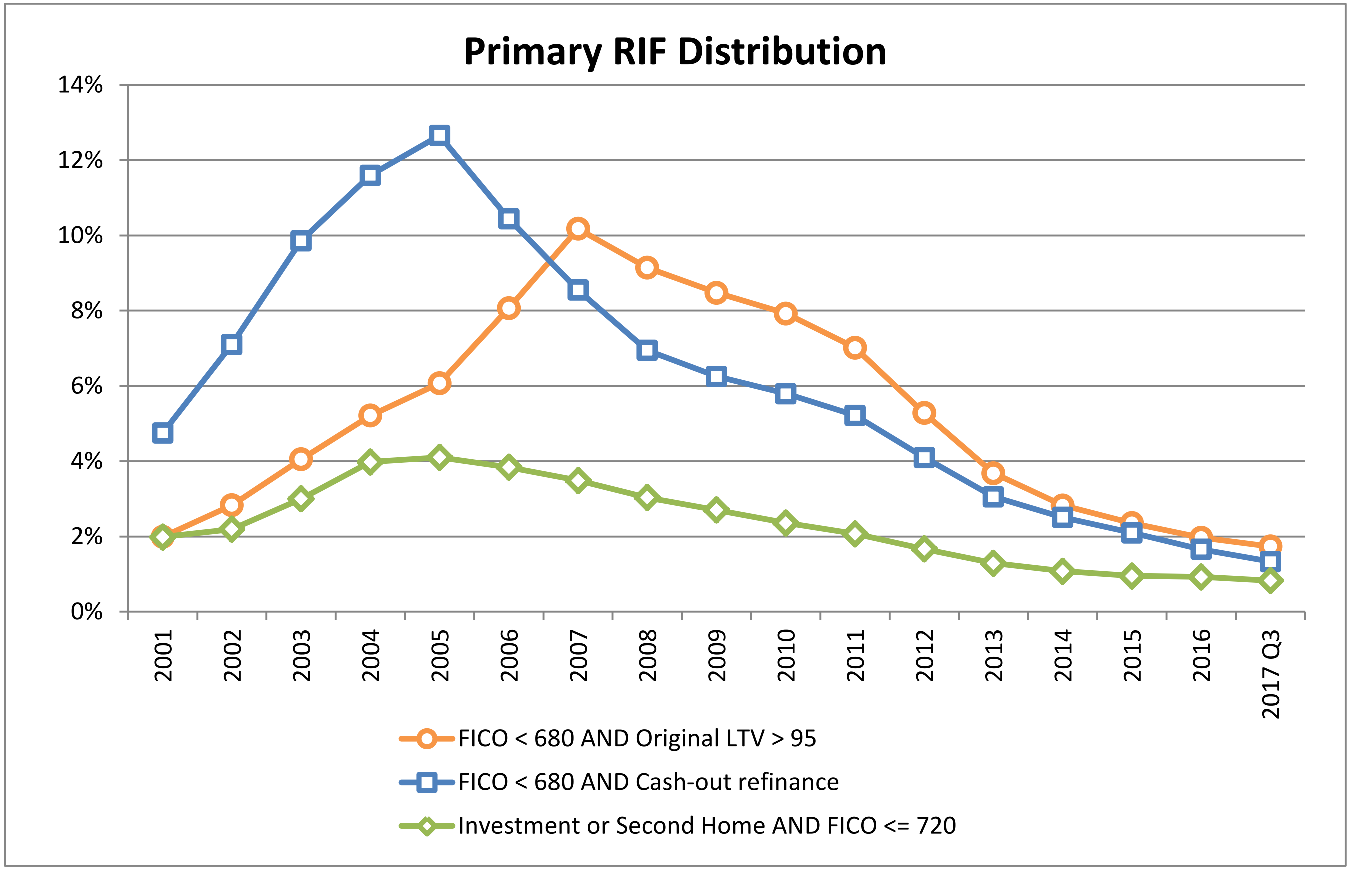
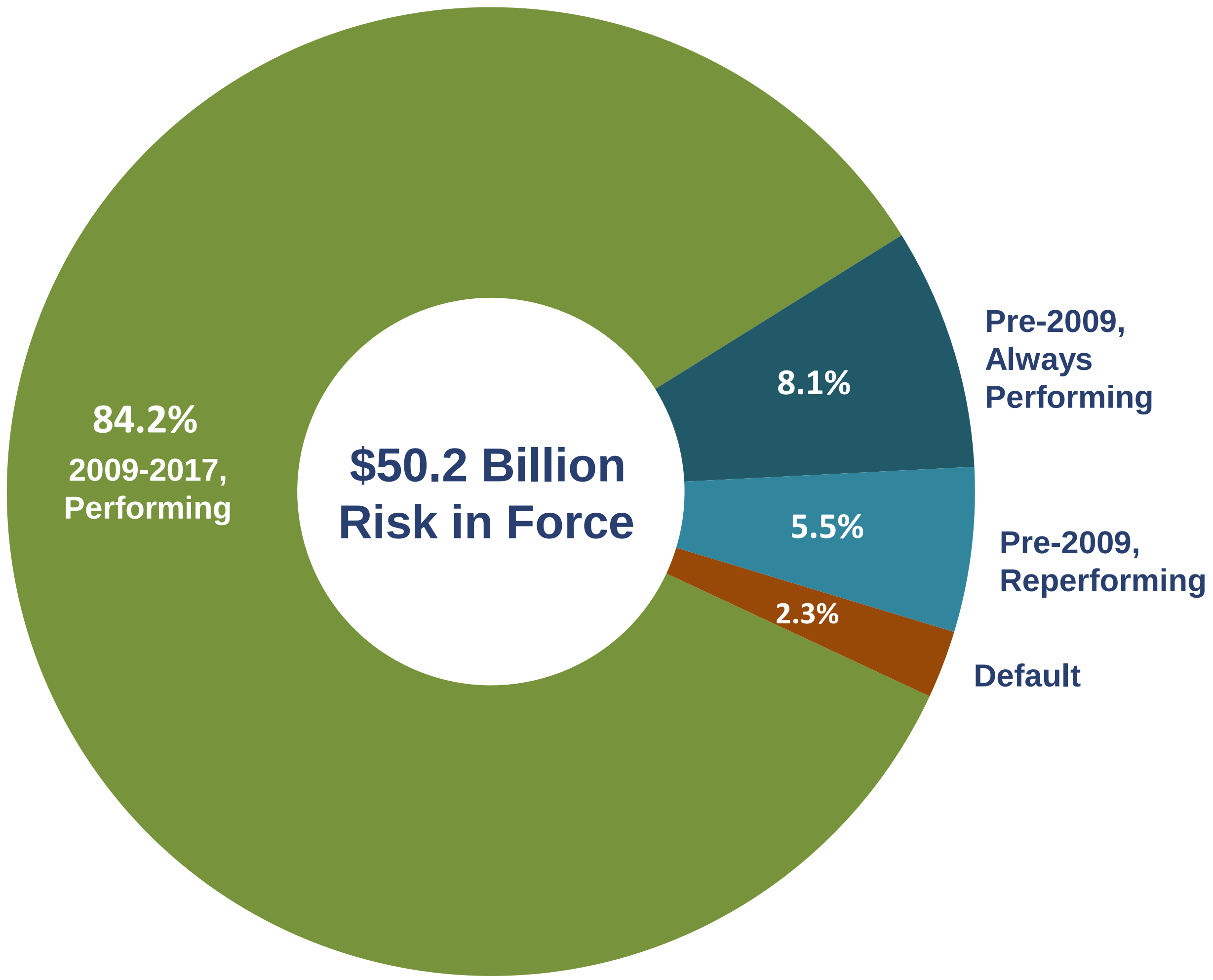
Improved MI Portfolio Composition



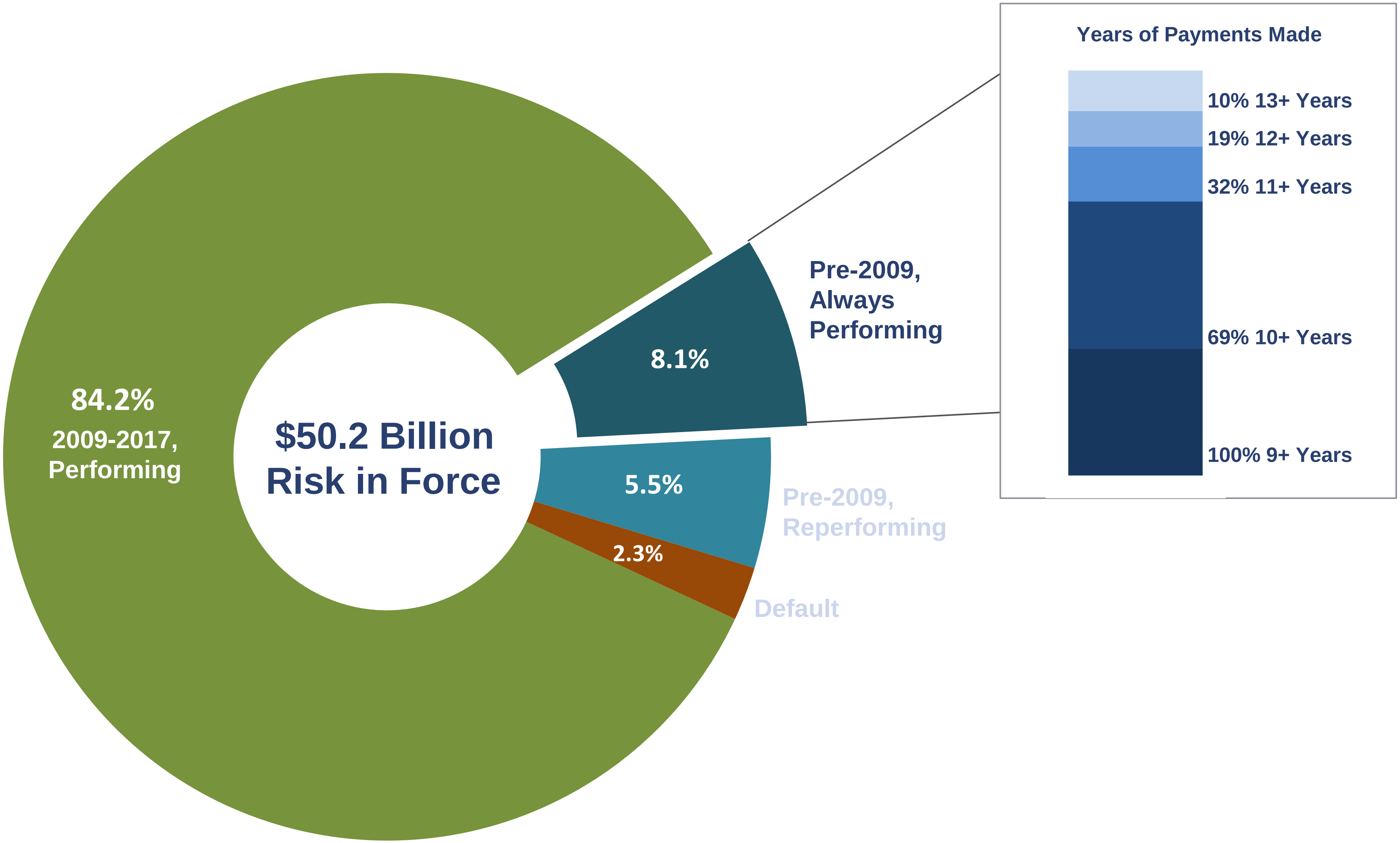
- The amount of layered risk in the MI portfolio has declined significantly from 2005-2007 highs.

MI Portfolio benefits from strong payment history

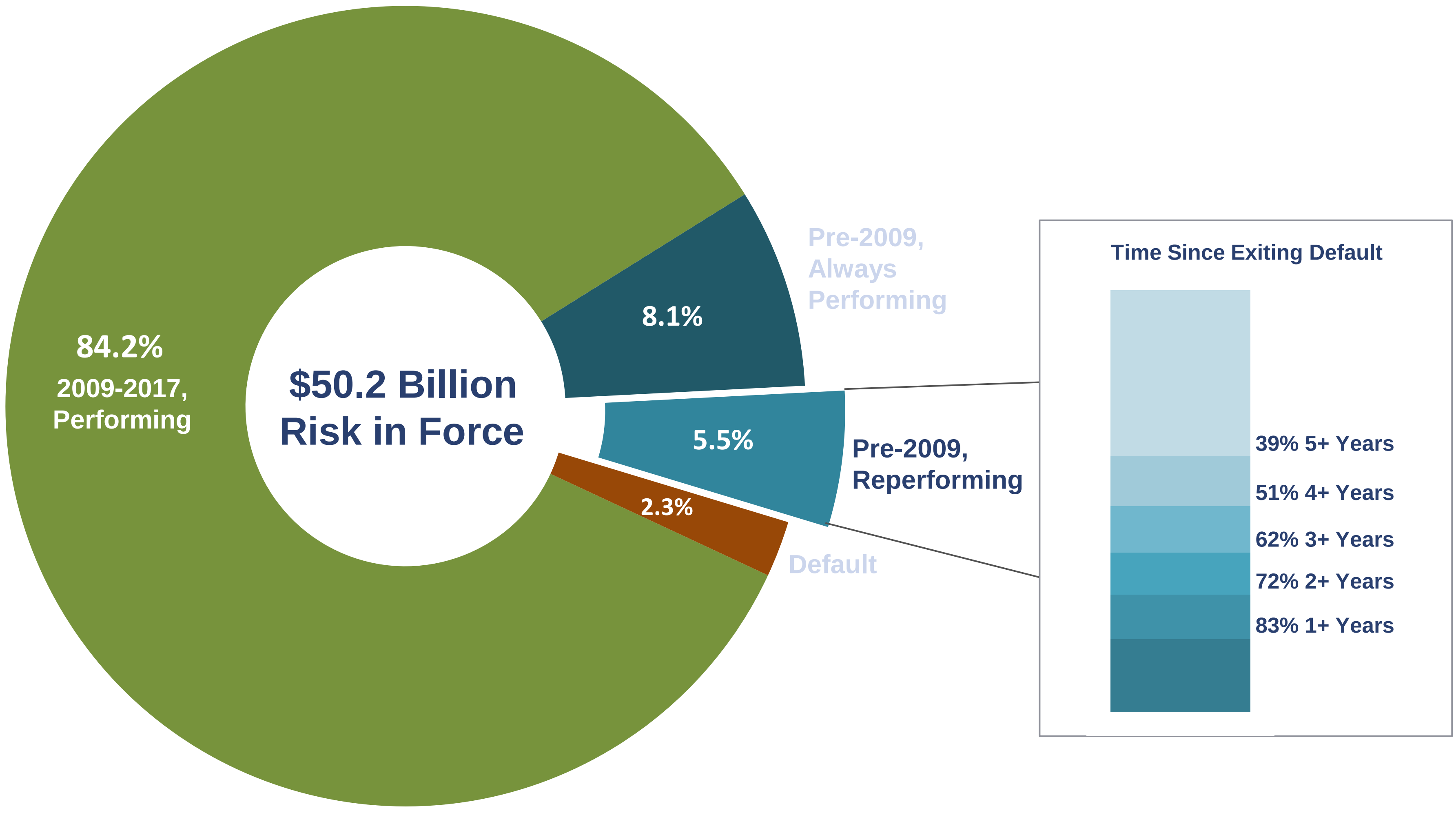


- 98% of mortgage insurance primary risk in force is currently performing and 91% has never been in default (i.e., Always Performing)
- Pre-2009 portfolio benefits from continuing "credit burnout"

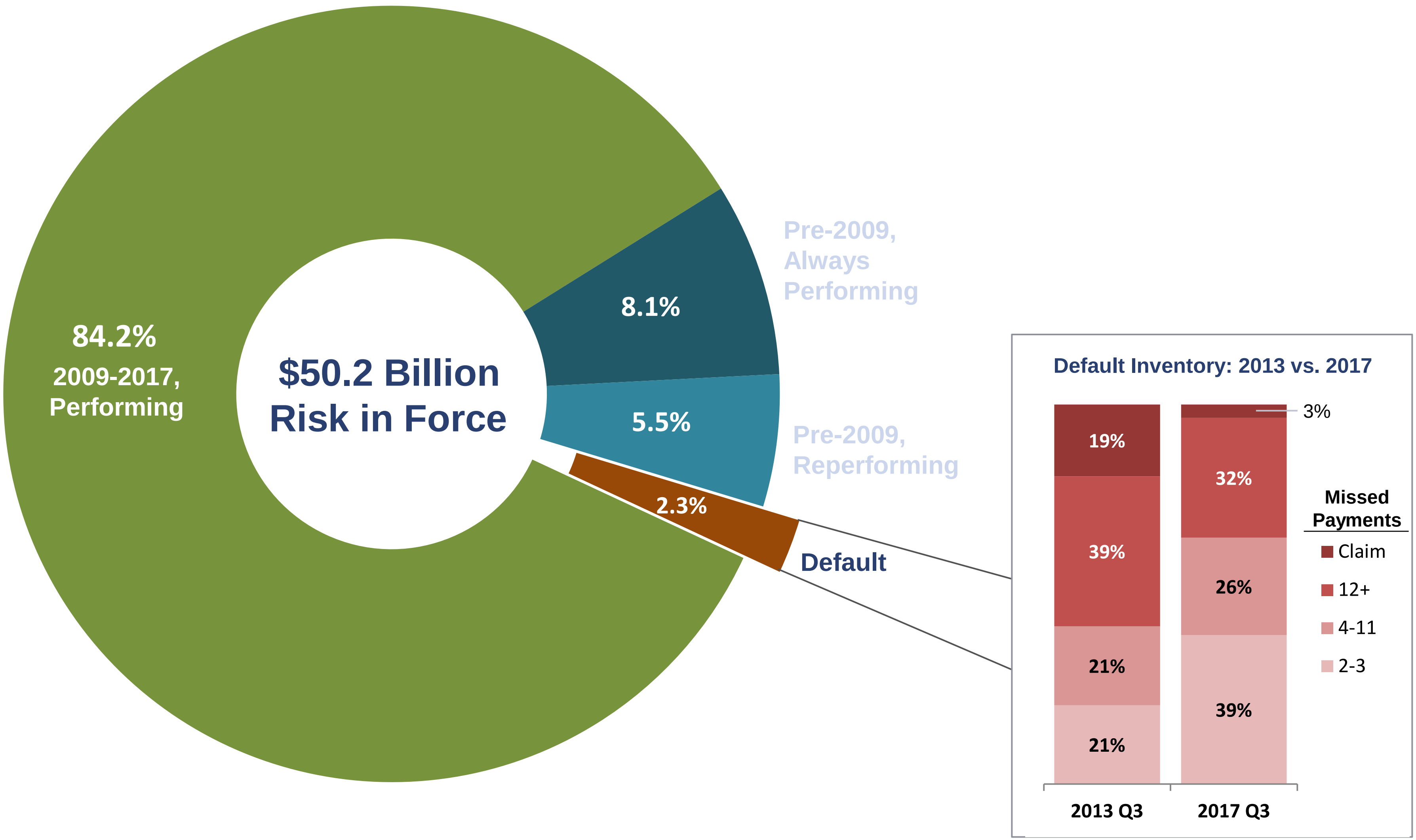
60% of Pre-2009 portfolio has never been in default



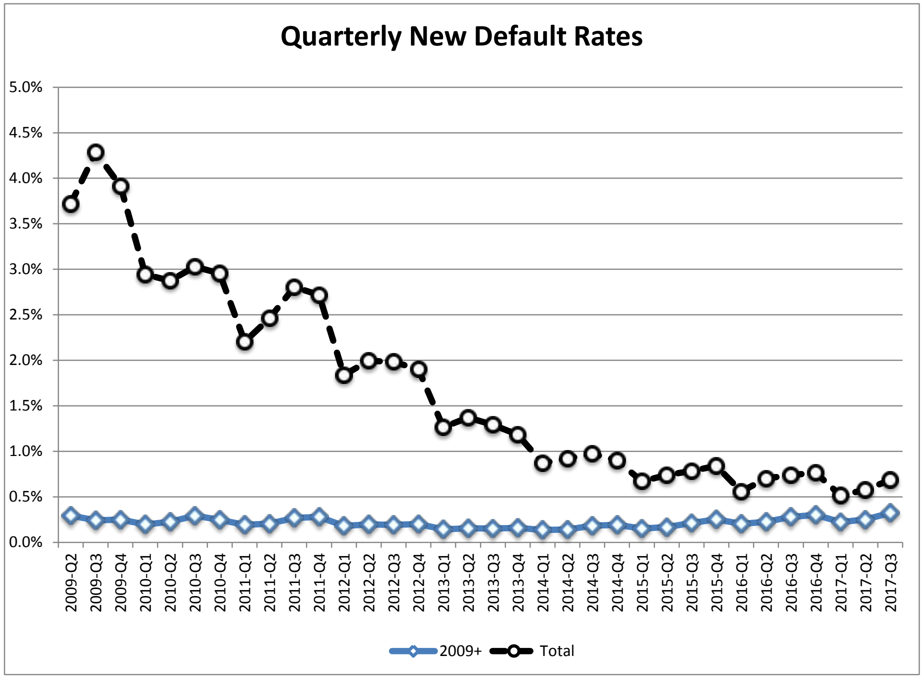
More than 50% of Pre-2009 Reperforming Loans have not been in default in 4+ years



Default Inventory continues to decrease together with improving cure rates



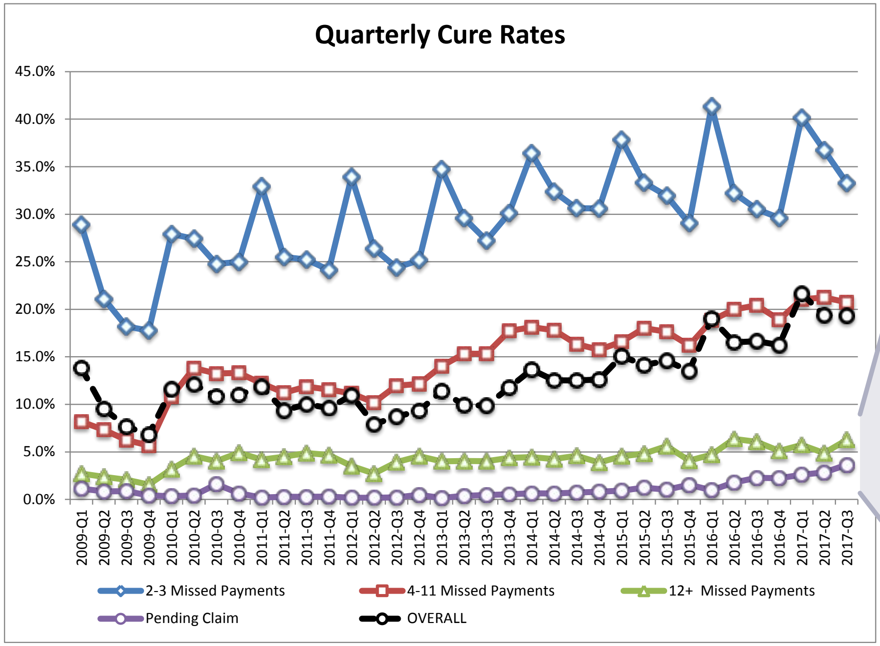
Improving Default Trends

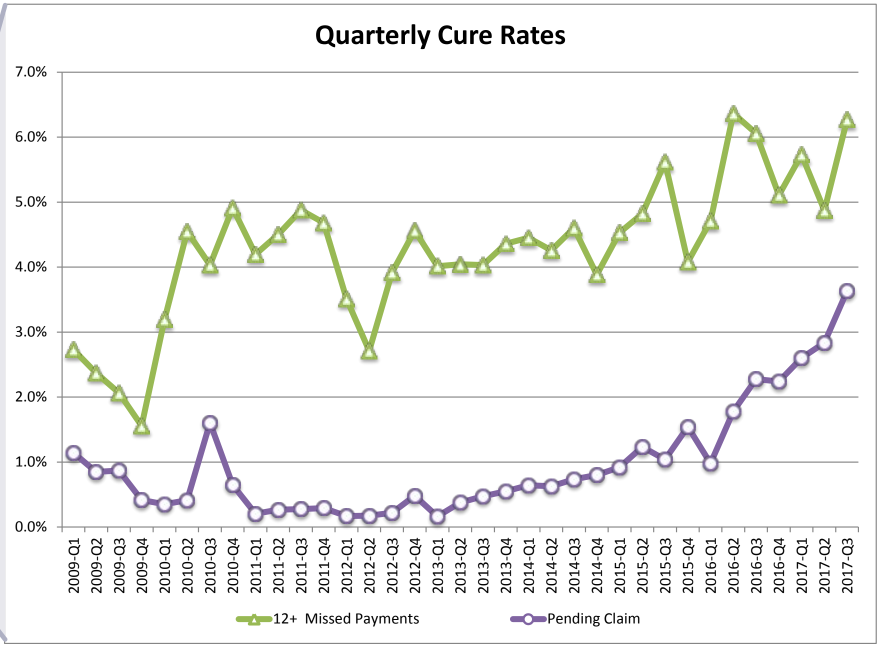


	4Q 2013	4Q 2014	4Q 2015	4Q 2016	3Q 2017
Primary Default Count	60,909	45,319	35,303	29,105	23,826
Primary Default Rate	7.3%	5.2%	4.0%	3.2%	2.5%
New Defaults: 2009+ %	7%	13%	21%	31%	37%
Pre-2009 New Defaults: Repeat Default %	82%	83%	88%	90%	91%

- Default inventory continues to significantly decrease and was down 19% in 3Q 2017 on a year-over-year basis.
- New defaults continue to decrease on a year-over-basis, driven by “credit burnout” in the pre-2009 portfolio, which experienced a 17% decrease in new defaults in 3Q 2017 as compared to 3Q 2016.
- New defaults continue to gradually shift from the pre-2009 (63%) to the 2009+ (37%) portfolio, which has demonstrated higher cures rates.
- In 3Q 2017, 91% of pre-2009 new defaults were repeat defaults, which historically have demonstrated a greater probability of curing as compared to first-time defaults.

Improving Cure Rates

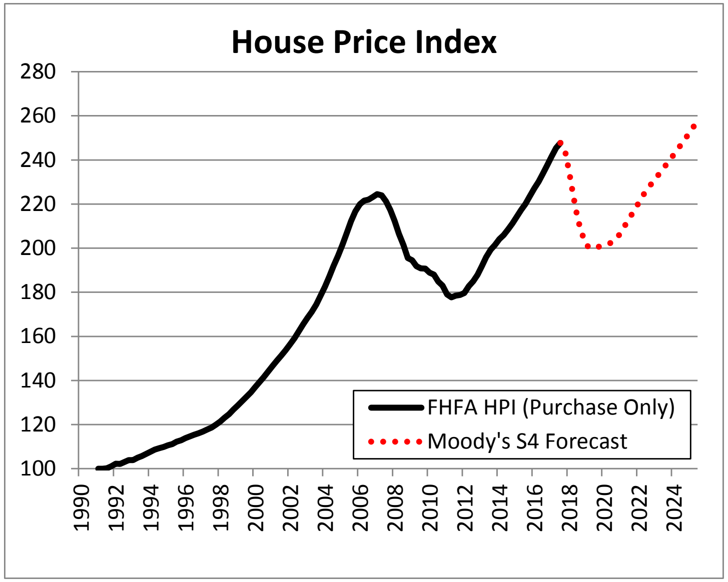


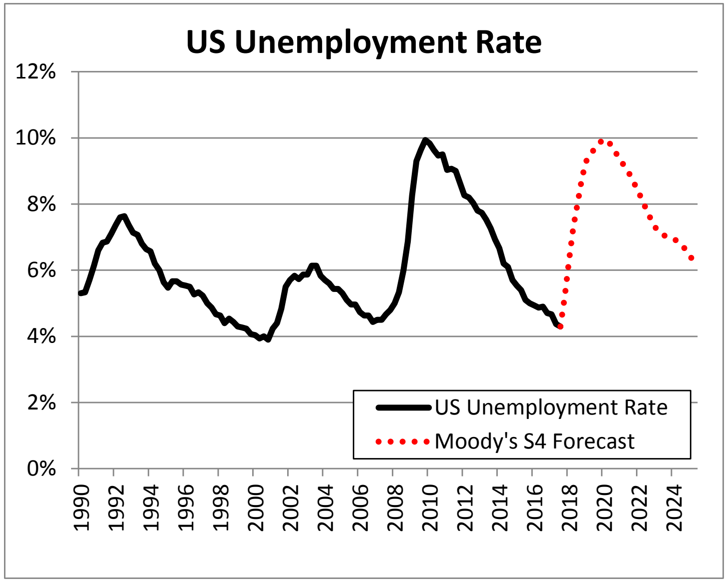


- Year-over-year improvement in primary cure activity to 19.3% in 3Q 2017 as compared to 16.7% in 3Q 2016 and 14.6% in 3Q 2015.
- Seasonal variation still exists, but cure rates have been gradually increasing over the last 5+ years.
- The 6.3% cure rate observed for 12+ missed payment defaults in 3Q 2017 is one of the highest rates observed since the financial crisis.
- The cure rate on Pending Claims continues to increase and the 3.6% rate in 3Q 2017 is at a post-crisis high.

Stress Scenario Sensitivity

- Radian regularly leverages our proprietary credit model (RaDaR™) to evaluate the impact of varying severe stress scenarios on the business we are writing as well as our entire insured portfolio
- The charts at right show a Moody's S4 stress scenario which assumes, among other things, an immediate decline in house prices that reaches a maximum of 21% down along with an increase in the unemployment rate to 10.2% over a 2-year period
- Moody's forecasts a 96% probability that the economy will perform better than an S4 scenario
- Under a Moody's S4 scenario, Radian projects:
    - A loss ratio of 60% on 2017 volume and a 98% loss ratio for our Primary MI portfolio
    - Unlevered returns on new business, including investment yield, would decline to 6.5% to 7.5% as compared to our through-the-cycle view of 13% to 14%
- We currently estimate that house prices would need to decline by 30%+ for our new business to not generate positive earnings





Risk Distribution

- We continue to pursue opportunities to effectively manage our capital position, improve our return on capital and proactively manage our mix of mortgage insurance business.

- Factors considered when evaluating risk distribution opportunities:
  - Cost of capital
  - Certainty of capital credit through time
  - Insured portfolio impact
  - Ease of execution and administration
  - Flexibility of terms
  - Counterparty strength
  - Benefits of reduced capital (e.g., PMIERs impact, return on capital enhancement, etc.)

- To date, the most efficient execution has been on the Single Premium portfolio

- 83%+ of Radian's Single Premium exposure is subject to reinsurance

- $300M+ of PMIERs Minimum Required Assets benefit provided by current reinsurance arrangements at a very favorable cost of capital

- We plan to evaluate opportunities after PMIERs 2.0 is released

Recent Single Premium Reinsurance Agreement

- In October 2017, Radian agreed to terms for a new quota share reinsurance arrangement for Single Premium MI business
- Panel of 8 third-party reinsurers
- Basic terms:
  - Coverage: 2018-2019 single premium volume
  - Term: 12 years (2 year fill-up period followed by a 10-year term)
  - Cession percentage: 65% of Single Premium NIW
  - Ceding commission: 25% of written premium
  - Reinsurer Margin: 19% of earned premium
  - Profit commission paid annually based on the performance of the loans covered under the agreement, provided that the loss ratio on the subject loans is below 56%
- The estimated after-tax implied cost of capital over the term of the transaction is expected to be less than 2%, thereby enhancing Radian's return on capital
- The agreement will significantly reduce Radian's retained share of Single Premium exposure in a potentially rising interest rate environment
  - For example, assuming a 20% gross share of Single Premium business, Radian's retained share would be 7%
- The new Single Premium reinsurance agreement and Radian's related PMIERs credit under the program remain subject to GSE approval

Q & A

Q&A Panel

Rick Thornberry, Chief Executive Officer

Frank Hall, Chief Financial Officer

Derek Brummer, Chief Risk Officer

Ted Hoffman, General Counsel

Cathy Jackson, Corporate Controller

Brien McMahon, Chief Franchise Officer

RADIAN

RADIAN

Safe Harbor Statements

Safe Harbor Statements

All statements in this presentation that address events, developments or results that we expect or anticipate may occur in the future are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Exchange Act and the U.S. Private Securities Litigation Reform Act of 1995. In most cases, forward-looking statements may be identified by words such as "anticipate," "may," "will," "could," "should," "would," "expect," "intend," "plan," "goal," "contemplate," "believe," "estimate," "predict," "project," "potential," "continue," "seek," "strategy," "future," "likely" or the negative or other variations on these words and other similar expressions. These statements, which may include, without limitation, projections regarding our future performance and financial condition, are made on the basis of management's current views and assumptions with respect to future events. Any forward-looking statement is not a guarantee of future performance and actual results could differ materially from those contained in the forward-looking statement. These statements speak only as of the date they were made, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We operate in a changing environment where new risks emerge from time to time and it is not possible for us to predict all risks that may affect us. The forward-looking statements, as well as our prospects as a whole, are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in the forward-looking statements. These risks and uncertainties include, without limitation:

- changes in general economic and political conditions, including in particular unemployment rates, interest rates and changes in housing and mortgage credit markets, that impact the size of the insurable market, the credit performance of our insured portfolio, and the business opportunities in our Services segment;
- changes in the way customers, investors, ratings agencies, regulators or legislators perceive our performance, financial strength and future prospects;
- Radian Guaranty Inc.'s ("Radian Guaranty") ability to remain eligible under the Private Mortgage Insurer Eligibility Requirements (the "PMIERs") and other applicable requirements imposed by the Federal Housing Finance Agency and by Fannie Mae and Freddie Mac (collectively, the "GSEs") to insure loans purchased by the GSEs;
- our ability to successfully execute and implement our capital plans and to maintain sufficient holding company liquidity to meet our short- and long-term liquidity needs, including temporary reductions in liquidity resulting from federal alternative minimum tax ("AMT") payments that we are currently required to make and future federal income tax payments that we expect to make once our NOLs are fully utilized, which we anticipate occurring within the next 12 months;
- our ability to successfully execute and implement our business plans and strategies, including plans and strategies to reposition our Services segment as well as plans and strategies that require GSE and/or regulatory approvals and licenses;
- our ability to maintain an adequate level of capital in our insurance subsidiaries to satisfy existing and future state regulatory requirements;
- changes in the charters or business practices of, or rules or regulations imposed by or applicable to, the GSEs, including the GSEs' interpretation and application of the PMIERs to our mortgage insurance business;
- changes in the current housing finance system in the U.S., including the role of the Federal Housing Administration (the "FHA"), the GSEs and private mortgage insurers in this system;
- any disruption in the servicing of mortgages covered by our insurance policies, as well as poor servicer performance;
- a significant decrease in the "Persistency Rates" (the percentage of insurance in force that remains in force over a period of time) of our mortgage insurance policies;

Continues on next slide

Safe Harbor Statements (Continued)

- competition in our mortgage insurance business, including price competition and competition from the FHA, U.S. Department of Veterans Affairs and other forms of credit enhancement;
- the effect of the Dodd-Frank Wall Street Reform and Consumer Protection Act on the financial services industry in general, and on our businesses in particular;
- legislative and regulatory activity (or inactivity), including the adoption of (or failure to adopt) new laws and regulations, or changes in existing laws and regulations, or the way they are interpreted or applied;
- any disruption in the servicing of mortgages covered by our insurance policies, as well as poor servicer performance;
- a significant decrease in the “Persistency Rates” (the percentage of insurance in force that remains in force over a period of time) of our mortgage insurance policies;
- competition in our mortgage insurance business, including price competition and competition from the FHA, U.S. Department of Veterans Affairs and other forms of credit enhancement;
- the effect of the Dodd-Frank Wall Street Reform and Consumer Protection Act on the financial services industry in general, and on our businesses in particular;
- legislative and regulatory activity (or inactivity), including the adoption of (or failure to adopt) new laws and regulations, or changes in existing laws and regulations, or the way they are interpreted or applied;
- legal and regulatory claims, assertions, actions, reviews, audits, inquiries and investigations that could result in adverse judgments, settlements, fines, injunctions, restitutions or other relief that could require significant expenditures or have other effects on our business;
- the amount and timing of potential payments or adjustments associated with federal or other tax examinations, including deficiencies assessed by the Internal Revenue Service resulting from its examination of our 2000 through 2007 tax years, which we are currently contesting;
- the possibility that we may fail to estimate accurately the likelihood, magnitude and timing of losses in connection with establishing loss reserves for our mortgage insurance business;
- volatility in our results of operations caused by changes in the fair value of our assets and liabilities, including a significant portion of our investment portfolio;
- potential future impairment charges related to our goodwill and other intangible assets, and uncertainties regarding our ability to execute our restructuring plans within expected costs;
- changes in “GAAP” (accounting principles generally accepted in the U.S.) or “SAP” (statutory accounting practices including those required or permitted, if applicable, by the insurance departments of the respective states of domicile of our insurance subsidiaries) rules and guidance, or their interpretation;
- our ability to attract and retain key employees; and
- legal and other limitations on dividends and other amounts we may receive from our subsidiaries.

For more information regarding these risks and uncertainties as well as certain additional risks that we face, you should refer to the Risk Factors detailed in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2016, and subsequent reports filed from time to time with the U.S. Securities and Exchange Commission. We caution you not to place undue reliance on these forward-looking statements, which are current only as of the date on which we issued this presentation. We do not intend to, and we disclaim any duty or obligation to, update or revise any forward-looking statements to reflect new information or future events or for any other reason.

Consolidated Non-GAAP Financial Measures Reconciliations

Use of Non-GAAP Financial Measures

In addition to the traditional GAAP financial measures, we have presented "adjusted pretax operating income" and "adjusted diluted net operating income per share," non-GAAP financial measures for the consolidated company, among our key performance indicators to evaluate our fundamental financial performance. These non-GAAP financial measures align with the way the Company's business performance is evaluated by both management and the board of directors. These measures have been established in order to increase transparency for the purposes of evaluating our operating trends and enabling more meaningful comparisons with our peers. Although on a consolidated basis "adjusted pretax operating income" and "adjusted diluted net operating income per share" are non-GAAP financial measures, we believe these measures aid in understanding the underlying performance of our operations. Our senior management, including our Chief Executive Officer (Radian's chief operating decision maker), uses adjusted pretax operating income (loss) as our primary measure to evaluate the fundamental financial performance of the Company's business segments and to allocate resources to the segments.

Adjusted pretax operating income is defined as GAAP pretax income (loss) excluding the effects of: (i) net gains (losses) on investments and other financial instruments; (ii) loss on induced conversion and debt extinguishment; (iii) acquisition-related expenses; (iv) amortization or impairment of goodwill and other intangible assets; and (v) net impairment losses recognized in earnings. Adjusted diluted net operating income per share is calculated by dividing (i) adjusted pretax operating income attributable to common shareholders, net of taxes computed using the company's statutory tax rate, by (ii) the sum of the weighted average number of common shares outstanding and all dilutive potential common shares outstanding. Interest expense on convertible debt, share dilution from convertible debt and the impact of share-based compensation arrangements have been reflected in the per share calculations consistent with the accounting standard regarding earnings per share, whenever the impact is dilutive.

Although adjusted pretax operating income excludes certain items that have occurred in the past and are expected to occur in the future, the excluded items represent those that are: (i) not viewed as part of the operating performance of our primary activities or (ii) not expected to result in an economic impact equal to the amount reflected in pretax income (loss). These adjustments, along with the reasons for their treatment, are described below.

1. *Net gains (losses) on investments and other financial instruments.* The recognition of realized investment gains or losses can vary significantly across periods as the activity is highly discretionary based on the timing of individual securities sales due to such factors as market opportunities, our tax and capital profile and overall market cycles. Unrealized investment gains and losses arise primarily from changes in the market value of our investments that are classified as trading securities. These valuation adjustments may not necessarily result in realized economic gains or losses.

   Trends in the profitability of our fundamental operating activities can be more clearly identified without the fluctuations of these realized and unrealized gains or losses. We do not view them to be indicative of our fundamental operating activities. Therefore, these items are excluded from our calculation of adjusted pretax operating income (loss).

2. *Loss on induced conversion and debt extinguishment.* Gains or losses on early extinguishment of debt and losses incurred to purchase our convertible debt prior to maturity are discretionary activities that are undertaken in order to take advantage of market opportunities to strengthen our financial and capital positions; therefore, we do not view these activities as part of our operating performance. Such transactions do not reflect expected future operations and do not provide meaningful insight regarding our current or past operating trends. Therefore, these items are excluded from our calculation of adjusted pretax operating income (loss).

3. *Acquisition-related expenses.* Acquisition-related expenses represent the costs incurred to effect an acquisition of a business (i.e., a business combination). Because we pursue acquisitions on a strategic and selective basis and not in the ordinary course of our business, we do not view acquisition-related expenses as a consequence of a primary business activity. Therefore, we do not consider these expenses to be part of our operating performance and they are excluded from our calculation of adjusted pretax operating income (loss).

4. *Amortization or impairment of goodwill and other intangible assets.* Amortization of intangible assets represents the periodic expense required to amortize the cost of intangible assets over their estimated useful lives. Intangible assets with an indefinite useful life are also periodically reviewed for potential impairment, and impairment adjustments are made whenever appropriate. These charges are not viewed as part of the operating performance of our primary activities and therefore are excluded from our calculation of adjusted pretax operating income (loss).

5. *Net impairment losses recognized in earnings.* The recognition of net impairment losses on investments and the impairment of other long-lived assets does not result in a cash payment and can vary significantly in both amount and frequency, depending on market credit cycles and other factors. We do not view these impairment losses to be indicative of our fundamental operating activities. Therefore, whenever these losses occur, we exclude them from our calculation of adjusted pretax operating income (loss).

Use of Non-GAAP Financial Measures (Continued)

We have also presented a non-GAAP measure for tangible book value per share, which represents book value per share less the per-share impact of goodwill and other intangible assets, net. We use this measure to assess the quality and growth of our capital. Because tangible book value per share is a widely-used financial measure which focuses on the underlying fundamentals of our financial position and operating trends without the impact of goodwill and other intangible assets, we believe that current and prospective investors may find it useful in their analysis of the Company.

In addition to the above non-GAAP measures for the consolidated company, we also have presented as supplemental information a non-GAAP measure for our Services segment, representing a measure of earnings before interest, income tax provision (benefit), depreciation and amortization ("EBITDA"). We calculate Services adjusted EBITDA by using adjusted pretax operating income as described above, further adjusted to remove the impact of depreciation and corporate allocations for interest and operating expenses. We have presented Services adjusted EBITDA to facilitate comparisons with other services companies, since it is a widely accepted measure of performance in the services industry.

See Slides 27 through 30 for the reconciliation of the most comparable GAAP measures, consolidated pretax income (loss), diluted net income (loss) per share and book value per share, to our non-GAAP financial measures for the consolidated company, adjusted pretax operating income, adjusted diluted net operating income per share and tangible book value per share, respectively. Slides 27 through 30 also contain the reconciliation of the most comparable GAAP measure, net income (loss), to Services adjusted EBITDA.

Total adjusted pretax operating income, adjusted diluted net operating income per share, tangible book value per share and Services adjusted EBITDA should not be considered in isolation or viewed as substitutes for GAAP pretax income (loss), diluted net income (loss) per share, book value per share or net income (loss). Our definitions of adjusted pretax operating income, adjusted diluted net operating income per share, tangible book value per share or Services adjusted EBITDA may not be comparable to similarly-named measures reported by other companies.

Reconciliation of Consolidated Pretax Income (Loss) to Adjusted Pretax Operating Income

($ in thousands)	2017			2016	
	Q3	Q2	Q1	Q4	Q3
Consolidated pretax income (loss)	**$102,814**	$(35,474)	$114,670	$97,796	$126,941
Less income (expense) items:					
Net gains (losses) on investments and other financial instruments	**2,480**	5,331	(2,851)	(38,773)	7,711
Loss on induced conversion and debt extinguishment	**(45,766)**	(1,247)	(4,456)	–	(17,397)
Acquisition-related expenses (1)	**(54)**	(64)	(8)	(358)	(10)
Impairment of goodwill	**–**	(184,374)	–	–	–
Amortization and impairment of other intangible assets	**(2,890)**	(18,856)	(3,296)	(3,290)	(3,292)
Impairment of other long-lived assets (2)	**(6,575)**	–	–	–	–
Total adjusted pretax operating income (3)	**$155,619**	$163,736	$125,281	$140,217	$139,929
1) Please see Slide 26 for the definition of this line item.					
2) This item is included within restructuring and other exit costs.					
3) Adjusted pretax operating income (loss):					
Mortgage Insurance	$168,508	$170,361	$134,633	$142,795	$141,814
Services	(12,889)	(6,625)	(9,352)	(2,578)	(1,885)
Total adjusted pretax operating income	$155,619	$163,736	$125,281	$140,217	$139,929

Reconciliation of Diluted Net Income (Loss) Per Share to Adjusted Diluted Net Operating Income Per Share

	2017			2016	
	Q3	Q2	Q1	Q4	Q3
Diluted net income (loss) per share	**$0.30**	$(0.13)	$0.34	$0.27	$0.37
Less per-share impact of debt Items:					
Loss on induced conversion and debt extinguishment	**(0.21)**	(0.01)	(0.02)	–	(0.08)
Income tax provision (benefit) (1)	**(0.07)**	–	(0.01)	–	(0.03)
Per-share impact of debt items	**(0.14)**	(0.01)	(0.01)	–	(0.05)
Less per-share impact of other income (expense) items:					
Net gains (losses) on investments and other financial instruments	**0.01**	0.02	(0.01)	(0.17)	0.03
Acquisition-related expenses	**–**	–	–	–	–
Impairment of goodwill	**–**	(0.86)	–	–	–
Amortization and impairment of other intangible assets	**(0.01)**	(0.09)	(0.01)	(0.02)	(0.01)
Impairment of other long-lived assets	**(0.03)**	–	–	–	–
Income tax provision (benefit) on other income (expense) items (2)	**(0.01)**	(0.32)	(0.01)	(0.07)	0.01
Difference between statutory and effective tax rates	**–**	–	(0.01)	(0.02)	–
Per-share impact of other income (expense) items	**(0.02)**	(0.61)	(0.02)	(0.14)	0.01
Add per-share impact of share dilution	**–**	(0.01)	–	–	–
Adjusted diluted net operating income per share (2)	**$0.46**	$0.48	$0.37	$0.41	$0.41

1) A portion of the loss on induced conversion and debt extinguishment is non-deductible for tax purposes. The income tax benefit is based on the tax deductible loss using the company's federal statutory tax rate.
2) Calculated using the company's federal statutory tax rate of 35%. Any permanent tax adjustments and state income taxes on these items have been deemed immaterial and are not included.

Reconciliation of Book Value Per Share to Tangible Book Value Per Share[1]

	2017			2016	
	Q3	Q2	Q1	Q4	Q3
Book value per share	**$13.88**	$13.54	$13.58	$13.39	$13.47
Less: Goodwill and other intangible assets, net per share	**0.31**	0.32	1.27	1.29	1.30
Tangible book value per share	**$13.57**	$13.22	$12.31	$12.10	$12.17

	2015
	Q3
Book value per share	$11.77
Less: Goodwill and other intangible assets, net per share	1.39
Tangible book value per share	$10.38

1) All book value per share items are calculated based on the number of shares outstanding at the end of each respective period.

Reconciliation of Net Income (Loss) to Services Adjusted EBITDA

	2017			2016	
($ in thousands)	Q3	Q2	Q1	Q4	Q3
Net income (loss)	**$65,142**	$(27,342)	$76,472	$61,089	$82,803
Less income (expense) items:					
Net gains (losses) on investments and other financial instruments	**2,480**	5,331	(2,851)	(38,773)	7,711
Loss on induced conversion and debt extinguishment	**(45,766)**	(1,247)	(4,456)	–	(17,397)
Acquisition-related expenses	**(54)**	(64)	(8)	(358)	(10)
Impairment of goodwill	–	(184,374)	–	–	–
Amortization and impairment of other intangible assets	**(2,890)**	(18,856)	(3,296)	(3,290)	(3,292)
Impairment of other long-lived assets	**(6,575)**	–	–	–	–
Income tax provision (benefit)	**37,672**	(8,132)	38,198	36,707	44,138
Mortgage Insurance adjusted pretax operating income	**168,508**	170,361	134,633	142,795	141,814
Services adjusted pretax operating income (loss)	**(12,889)**	(6,625)	(9,352)	(2,578)	(1,885)
Less income (expense) items:					
Allocation of corporate operating expenses to Services	**(3,730)**	(3,404)	(3,718)	(1,738)	(2,265)
Allocation of corporate interest expense to Services	**(4,433)**	(4,431)	(4,429)	(4,426)	(4,423)
Services depreciation and amortization	**(1,172)**	(835)	(858)	(829)	(884)
Services adjusted EBITDA	**($3,554)**	$2,045	$(347)	$4,415	$5,687

On a consolidated basis, “adjusted pretax operating income,” “adjusted diluted net operating income per share” and “tangible book value per share” are measures not determined in accordance with GAAP. “Services adjusted EBITDA” is also a non-GAAP measure. These measures should not be considered in isolation or viewed as substitutes for GAAP pretax income (loss), diluted net income (loss) per share, book value per share or net income (loss). Our definitions of adjusted pretax operating income, adjusted diluted net operating income per share, tangible book value per share or Services adjusted EBITDA may not be comparable to similarly-named measures reported by other companies. See Slide 26 for additional information on our consolidated non-GAAP financial measures.

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