



## Radian Announces Third Quarter 2020 Financial Results

- GAAP net income of \$135.1 million, or \$0.70 per diluted share --
- New Insurance Written of \$33.3 billion, setting company record for quarterly flow mortgage insurance --
- Primary new defaults decrease 67.5% quarter-over-quarter to 20,508, default rate declines to 5.9% --
- PMIERS Available Assets of \$4.5 billion, or \$970.3 million (or 28% ) in excess of Minimum Required Assets --
- Total Holding Company Liquidity of \$1.4 billion --
- Book value per share grows 11% year-over-year to \$21.52 --
- In October 2020, enhanced risk profile and improved capital position with closing of \$390.3 million ILN transaction --

**PHILADELPHIA, November 04, 2020** - Radian Group Inc. (NYSE: RDN) today reported net income for the quarter ended September 30, 2020, of \$135.1 million, or \$0.70 per diluted share. This compares to net income for the quarter ended September 30, 2019, of \$173.4 million, or \$0.83 per diluted share.

### Key Financial Highlights (dollars in millions, except per-share data)

|   | Quarter Ended<br>September 30, 2020 | Quarter Ended<br>June 30, 2020 | Quarter Ended<br>September 30, 2019 |
|---|-------------------------------------|--------------------------------|-------------------------------------|
| Net income (loss) <sup>(1)</sup>                                      | \$135.1                             | \$(30.0)                       | \$173.4                             |
| Diluted net income (loss) per share                                   | \$0.70                              | \$(0.15)                       | \$0.83                              |
| Consolidated pretax income (loss)                                     | \$161.2                             | \$(42.2)                       | \$217.7                             |
| Adjusted pretax operating income (loss) <sup>(2)</sup>                | \$145.0                             | \$(88.5)                       | \$212.7                             |
| Adjusted diluted net operating income (loss) per share <sup>(2)</sup> | \$0.59                              | \$(0.36)                       | \$0.81                              |
| Return on equity <sup>(1)(3)</sup>                                    | 13.3 %                              | (3.1)%                         | 18.0 %                              |
| Adjusted net operating return on equity <sup>(2)</sup>                | 11.3 %                              | (7.1)%                         | 17.4 %                              |
| Book value per share <sup>(4)</sup>                                   | \$21.52                             | \$20.82                        | \$19.40                             |
| PMIERS Available Assets <sup>(5)</sup>                                | \$4,468.5                           | \$4,228.9                      | \$3,371.0                           |
| PMIERS excess Available Assets <sup>(6)</sup>                         | \$970.3                             | \$1,002.4                      | \$652.0                             |
| Total Holding Company Liquidity <sup>(7)</sup>                        | \$1,375.6                           | \$1,403.1                      | \$998.2                             |
| Excess Available Resources to Support PMIERS <sup>(8)</sup>           | \$2,310.9                           | \$2,370.5                      | \$1,616.0                           |
| Total investments   | \$6,584.6                           | \$6,431.4                      | \$5,533.7                           |
| New Insurance Written (NIW) - mortgage insurance                      | \$33,320                            | \$25,459                       | \$22,037                            |
| Primary mortgage insurance in force                                   | \$245,467                           | \$241,306                      | \$237,158                           |
| Net premiums earned - mortgage insurance                              | \$283.4                             | \$247.6                        | \$277.6                             |
| New defaults <sup>(9)</sup>   | 20,508                              | 63,005                         | 10,562                              |
| Percentage of primary loans in default <sup>(10)</sup>                | 5.9 %                               | 6.5 %                          | 1.9 %                               |
| Provision for losses - mortgage insurance                             | \$87.8                              | \$304.0                        | \$29.1                              |
| Mortgage insurance loss reserves                                      | \$821.7                             | \$735.0                        | \$394.1                             |

- (1) *Net income for the third quarter of 2020 includes a \$17.7 million pretax net gain on investments and other financial instruments. Net loss for the second quarter of 2020 includes a \$47.3 million pretax net gain on investments and other financial instruments. Net income for the third quarter of 2019 includes: (i) a \$5.9 million loss on extinguishment of debt and (ii) a \$13.0 million pretax net gain on investments and other financial instruments.*
- (2) *Adjusted results, including adjusted pretax operating income (loss), adjusted diluted net operating income (loss) per share and adjusted net operating return on equity, are non-GAAP financial measures. For definitions and a reconciliation of these measures to the comparable GAAP measures, see Exhibits F and G.*
- (3) *Calculated by dividing annualized net income (loss) by average stockholder's equity, based on the average of the beginning and ending balances for each period presented.*
- (4) *Accumulated other comprehensive income (loss) impacted book value per share by \$1.21 per share as of September 30, 2020, \$1.11 per share as of June 30, 2020 and \$0.62 per share as of September 30, 2019.*
- (5) *Represents Radian Guaranty's Available Assets, calculated in accordance with the Private Mortgage Insurer Eligibility Requirements (PMIERs) financial requirements in effect for each date shown.*
- (6) *Represents Radian Guaranty's excess or "cushion" of Available Assets over its Minimum Required Assets, calculated in accordance with the PMIERs financial requirements in effect for each date shown.*
- (7) *Represents Radian Group's total liquidity, including the \$35 million minimum liquidity requirement and available capacity under its unsecured revolving credit facility.*
- (8) *Represents the sum of: (1) PMIERs excess Available Assets and (2) Total Holding Company Liquidity, net of the \$35 million minimum liquidity requirement under the unsecured revolving credit facility.*
- (9) *Represents new defaults in the number of loans reported during the period on loans related to primary mortgage insurance policies.*
- (10) *Represents the number of primary loans in default as a percentage of the total number of insured primary loans.*

Adjusted pretax operating income for the quarter ended September 30, 2020, was \$145.0 million, compared to \$212.7 million adjusted pretax operating income for the quarter ended September 30, 2019. Adjusted diluted net operating income per share for the quarter ended September 30, 2020, was \$0.59, compared to adjusted diluted net operating income per share of \$0.81 for the quarter ended September 30, 2019.

Book value as of September 30, 2020, was \$4.1 billion, an increase of 5 percent compared to \$3.9 billion as of September 30, 2019. Book value per share as of September 30, 2020 was \$21.52, an increase of 11 percent compared to \$19.40 as of September 30, 2019.

"Our results for the third quarter were again impacted by the challenging COVID-19 pandemic environment, however we are encouraged by signs of improvement in the economy, the strength of the overall housing market and continued positive default trends within our mortgage insurance portfolio," said Radian's Chief Executive Officer Rick Thornberry. "We reported net income of \$135 million, wrote record volume of new primary mortgage insurance business of \$33 billion and grew book value per share by 11% year-over-year, which reflects the strength and momentum of our businesses as well as the commitment of our team during this unprecedented time."

Thornberry added, "While we expect the timeline for the ultimate resolution of pandemic-related defaults to span multiple years, we believe that our current capital resources combined with the continued future financial contribution from our valuable insurance portfolio positions us well both today and in the future. At Radian we are proud of being able to support the real estate and mortgage markets as the pandemic has not eased the need for affordable mortgage options or the desire for many Americans to realize the dream of homeownership."

### **THIRD QUARTER HIGHLIGHTS**

- NIW was \$33.3 billion for the quarter, representing an increase of 31 percent compared to \$25.5 billion in the second quarter of 2020 and an increase of 51 percent compared to \$22.0 billion in the third quarter of 2019.
  - Of the \$33.3 billion in NIW in the third quarter of 2020, 90 percent was written with monthly and other recurring premiums, compared to 85 percent in the second quarter of 2020, and 85 percent in the third quarter of 2019.
  - Refinances accounted for 30 percent of total NIW in the third quarter of 2020, compared to 44 percent in the second quarter of 2020 and 19 percent in the third quarter of 2019.

- Primary mortgage insurance in force increased 1.7 percent to \$245.5 billion as of September 30, 2020, compared to \$241.3 billion as of June 30, 2020, and increased 3.5 percent compared to \$237.2 billion as of September 30, 2019. The year over year increase included a 10.0 percent increase in monthly premium insurance in force and a 12.7 percent decline in single premium insurance in force.
  - Persistency, which is the percentage of mortgage insurance that remains in force after a 12-month period, was 65.6 percent as of September 30, 2020, compared to 70.2 percent as of June 30, 2020, and 81.5 percent as of September 30, 2019.
  - Annualized persistency for the three months ended September 30, 2020 was 60.0 percent, compared to 63.8 percent for the three months ended June 30, 2020, and 75.5 percent for the three months ended September 30, 2019.
  
- Net mortgage insurance premiums earned were \$283.4 million for the quarter ended September 30, 2020, compared to \$247.6 million for the quarter ended June 30, 2020, and \$277.6 million for the quarter ended September 30, 2019. Net mortgage insurance premiums earned for the third quarter of 2020 increased as compared to the second quarter primarily due to a decrease in ceded premiums, net of profit commissions, of \$23.9 million. This decrease in ceded premiums was primarily related to an adjustment to accrued profit commissions due to increased losses in the second quarter of 2020, as well as an increase in single premium policy cancellations of \$15.6 million.
  - Mortgage insurance in force premium yield was 43.2 basis points in the third quarter of 2020, compared to 44.3 basis points in the second quarter of 2020 and 47.4 basis points in the third quarter of 2019.
  - The impact of single premium cancellations on premium yield before consideration of reinsurance represented 10.7 basis points in the third quarter of 2020, compared to 8.2 basis points in the second quarter of 2020, and 4.6 basis points in the third quarter of 2019.
  - Total net mortgage insurance premium yield, which includes the impact of ceded premiums and accrued profit commission, was 46.6 basis points in the third quarter of 2020. This compares to 41.0 basis points in the second quarter of 2020, and 47.5 basis points in the third quarter of 2019.
  - Additional details regarding premiums earned may be found in Exhibit D.
  
- Mortgage insurance provision for losses was \$87.8 million in the third quarter of 2020, compared to \$304.0 million in the second quarter of 2020 and \$29.1 million in the third quarter of 2019. The increase in the third quarter of 2020, compared to the third quarter of 2019, was primarily related to the increase in the number of new defaults, which include defaults of loans subject to forbearance programs implemented in response to the COVID-19 pandemic. The number of new defaults increased significantly during the second quarter of 2020, and while the new defaults during the third quarter remained elevated compared to levels before the pandemic, they decreased 67.5 percent from the prior quarter.
  - The number of primary delinquent loans was 62,737 as of September 30, 2020, compared to 69,742 as of June 30, 2020 and 20,184 as of September 30, 2019.
  - The primary default rate was 5.9 percent in the third quarter of 2020, compared to 6.5 percent in the second quarter of 2020, and 1.9 percent in the third quarter of 2019.
  - The gross default to claim rate assumption for new primary defaults was 8.5 percent at September 30, 2020, compared to 8.5 percent in the second quarter of 2020, and 7.5 percent in the third quarter of 2019.
  - The loss ratio in the third quarter of 2020 was 31.0 percent, compared to 122.8 percent in the second quarter of 2020, and 10.5 percent in the third quarter of 2019.
  - Mortgage insurance loss reserves were \$821.7 million as of September 30, 2020, compared to \$735.0 million as of June 30, 2020, and \$394.1 million as of September 30, 2019.
  - Total mortgage insurance claims paid were \$10.8 million in the third quarter of 2020, compared to \$22.8 million in the second quarter of 2020, and \$36.7 million in the third quarter of 2019.

- Radian's Real Estate segment offers a broad array of title, valuation, asset management and other real estate services to market participants across the real estate value chain.
  - Total Real Estate segment revenues for the third quarter of 2020 were \$33.3 million, compared to \$26.1 million for the second quarter of 2020, and \$30.1 million for the third quarter of 2019.
  - Adjusted earnings before interest, income taxes, depreciation and amortization and corporate allocations (Real Estate adjusted EBITDA) for the quarter ended September 30, 2020 was a loss of \$1.4 million, compared to a loss of \$0.7 million for the quarter ended June 30, 2020, and income of \$0.9 million for the quarter ended September 30, 2019. Additional details regarding the non-GAAP measure Real Estate adjusted EBITDA may be found in Exhibits F and G.
- Other operating expenses were \$69.4 million in the third quarter of 2020, compared to \$60.6 million in the second quarter of 2020, and \$76.4 million in the third quarter of 2019.
  - The increase in operating expenses in the third quarter of 2020, compared to the second quarter of 2020, was driven primarily by an adjustment in the second quarter which reduced share-based incentive compensation expense for that period. The decrease in operating expenses in the third quarter of 2020, compared to the third quarter of 2019, was driven primarily by an increase in ceding commissions as well as lower incentive compensation expense.

## **CAPITAL AND LIQUIDITY UPDATE**

- At September 30, 2020, Excess Available Resources to Support PMIERS were \$2.3 billion, or 67 percent above Radian Guaranty's Minimum Required Assets of approximately \$3.5 billion.

### *Radian Group*

- As of September 30, 2020, Radian Group maintained \$1.1 billion of available liquidity. Total liquidity, which includes the company's existing \$267.5 million unsecured revolving credit facility, was \$1.4 billion as of September 30, 2020. Both available liquidity and total liquidity include the minimum liquidity requirement under the Company's unsecured revolving credit facility of \$35 million.
- On August 12, 2020, Radian Group's board of directors authorized a regular quarterly dividend on its common stock in the amount of \$0.125 per share and the dividend was paid on September 4, 2020.

### *Radian Guaranty*

- At September 30, 2020, Radian Guaranty's Available Assets under the Private Mortgage Insurer Eligibility Requirements (PMIERS) totaled approximately \$4.5 billion, resulting in an excess or "cushion" of approximately \$970.3 million, or 28 percent above its Minimum Required Assets of approximately \$3.5 billion.
- As of September 30, 2020, 53 percent of Radian Guaranty's primary mortgage insurance risk in force is subject to some form of risk distribution, providing a \$1.3 billion reduction of Minimum Required Assets under PMIERS.

## RECENT EVENTS

### Insurance-Linked-Note

As previously announced, in October 2020, Radian Guaranty entered into its fourth fully collateralized mortgage insurance-linked-note (ILN) reinsurance transaction, in which the company obtained \$390.3 million of credit risk protection from Eagle Re 2020-2 Ltd. (Eagle Re) through the issuance by Eagle Re of ILNs to eligible third-party capital markets investors in an unregistered private offering. Eagle Re is a special purpose insurer domiciled in Bermuda and is not a subsidiary or affiliate of Radian Guaranty. Radian Guaranty's related PMIERS credit under this ILN transaction remains subject to GSE approval. As of September 30, 2020, after consideration of the October ILN transaction described above:

- Radian Guaranty's Minimum Required Assets would have decreased to approximately \$3.1 billion, which would have resulted in an increase in PMIERS excess Available Assets or "cushion" to \$1.3 billion, or 42 percent.
- Radian Guaranty's primary mortgage insurance risk in force that is subject to some form of risk distribution would have increased to 74 percent providing a \$1.7 billion reduction of Minimum Required Assets under PMIERS.

### Radian Guaranty Operating Statistics for October 2020

The information below includes total new primary defaults, which include defaults under forbearance programs in response to the COVID-19 pandemic, as well as cures, claims paid and rescissions/denials. The information regarding new defaults and cures is reported to Radian Guaranty from loan servicers. We consider a loan to be in default for financial statement and internal tracking purposes upon receipt of notification by servicers that a borrower has missed two monthly payments. Default reporting, particularly on a monthly basis, may be affected by several factors, including the date on which the loan servicer's report is generated and transmitted to Radian Guaranty, the impact of updated information submitted by servicers and the timing of servicing transfers.

|   | October<br>2020 | September<br>2020 | August<br>2020 | July<br>2020  |
|---|-----------------|-------------------|----------------|---------------|
| <b>Beginning primary default inventory (# of loans)</b> | <b>62,737</b>   | <b>64,888</b>     | <b>67,433</b>  | <b>69,742</b> |
| New defaults  | 5,086           | 5,858             | 6,173          | 8,477         |
| Cures   | (8,140)         | (7,935)           | (8,670)        | (10,678)      |
| Claims paid (1)   | (78)            | (85)              | (63)           | (92)          |
| Rescissions and Claim Denials, net (2)                  | (1)             | 11                | 15             | (16)          |
| <b>Ending primary default inventory</b>                 | <b>59,604</b>   | <b>62,737</b>     | <b>64,888</b>  | <b>67,433</b> |

(1) Includes those charged to a deductible under pool insurance arrangements, as well as commutations.

(2) Net of any previous Rescissions and Claim Denials that were reinstated during the period. Such reinstated Rescissions and Claim Denials may ultimately result in a paid claim.

## CONFERENCE CALL

Radian will discuss third quarter financial results in a conference call on Thursday, November 5, 2020, at 1:00 p.m. Eastern time. The conference call will be broadcast live over the Internet at <https://radian.com/who-we-are/for-investors/webcasts> or at [www.radian.com](http://www.radian.com). The call may also be accessed by dialing 800.447.0521 inside the U.S., or 847.413.3238 for international callers, using passcode 49984800.

A digital replay of the webcast will be available on Radian's website approximately two hours after the live broadcast ends for a period of two weeks at <https://radian.com/who-we-are/for-investors/webcasts>, using passcode 49984800.

In addition to the information provided in the company's earnings news release, other statistical and financial information, which is expected to be referred to during the conference call, will be available on Radian's website at [www.radian.com](http://www.radian.com), under Investors.

## NON-GAAP FINANCIAL MEASURES

Radian believes that adjusted pretax operating income, adjusted diluted net operating income per share and adjusted net operating return on equity (non-GAAP measures) facilitate evaluation of the company's fundamental financial performance and provide relevant and meaningful information to investors about the ongoing operating results of the company. On a consolidated basis, these measures are not recognized in accordance with accounting principles generally accepted in the United States of America (GAAP) and should not be considered in isolation or viewed as substitutes for GAAP measures of performance. The measures described below have been established in order to increase transparency for the purpose of evaluating the company's operating trends and enabling more meaningful comparisons with Radian's competitors.

Adjusted pretax operating income (loss) is defined as GAAP consolidated pretax income (loss) excluding the effects of: (i) net gains (losses) on investments and other financial instruments; (ii) loss on extinguishment of debt; (iii) amortization and impairment of goodwill and other acquired intangible assets; and (iv) impairment of other long-lived assets and other non-operating items, such as gains (losses) from the sale of lines of business and acquisition-related income and expenses. Adjusted diluted net operating income (loss) per share is calculated by dividing (i) adjusted pretax operating income (loss) attributable to common stockholders, 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. Adjusted net operating return on equity is calculated by dividing annualized adjusted pretax operating income (loss), net of taxes computed using the Company's statutory tax rate, by average stockholders' equity, based on the average of the beginning and ending balances for each period presented.

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 Real Estate segment, representing a measure of earnings before interest, income tax provision (benefit), depreciation and amortization ("EBITDA"). We calculate Real Estate 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. In addition, Real Estate adjusted EBITDA margin is calculated by dividing Real Estate adjusted EBITDA by GAAP total revenue for the Real Estate segment. Real Estate adjusted EBITDA and Real Estate adjusted EBITDA margin are used to facilitate comparisons with other services companies, since they are widely accepted measures of performance in the services industry and are used internally as supplemental measures to evaluate the performance of our Real Estate segment.

See Exhibit F or Radian's website for a description of these items, as well as Exhibit G for reconciliations to the most comparable consolidated GAAP measures.

## **ABOUT RADIAN**

Radian Group Inc. (NYSE: RDN) is ensuring the American dream of homeownership responsibly and sustainably through products and services that include industry-leading mortgage insurance and a comprehensive suite of mortgage, risk, title, valuation, asset management and other real estate services. We are powered by technology, informed by data and driven to deliver new and better ways to transact and manage risk. Visit [www.radian.com](http://www.radian.com) to learn more about how Radian is shaping the future of mortgage and real estate services.

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**Radian Group Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Operations Trend Schedule**  
**Exhibit A**

| (In thousands, except per-share amounts)                          | 2020              |                    |                   | 2019              |                   |
|---|-------------------|--------------------|-------------------|-------------------|-------------------|
|   | Qtr 3             | Qtr 2              | Qtr 1             | Qtr 4             | Qtr 3             |
| <b>Revenues:</b>  |                   |                    |                   |                   |                   |
| Net premiums earned   | \$ 286,471        | \$ 249,295         | \$ 277,415        | \$ 301,486        | \$ 281,185        |
| Services revenue  | 33,943            | 28,075             | 31,927            | 40,031            | 42,509            |
| Net investment income   | 36,255            | 38,723             | 40,944            | 41,432            | 42,756            |
| Net gains (losses) on investments and other financial instruments | 17,652            | 47,276             | (22,027)          | 4,257             | 13,009            |
| Other income  | 913               | 1,072              | 822               | 818               | 879               |
| <b>Total revenues</b>   | <b>375,234</b>    | <b>364,441</b>     | <b>329,081</b>    | <b>388,024</b>    | <b>380,338</b>    |
| <b>Expenses:</b>  |                   |                    |                   |                   |                   |
| Provision for losses  | 88,084            | 304,418            | 35,951            | 34,619            | 29,231            |
| Policy acquisition costs  | 10,166            | 6,015              | 7,413             | 6,783             | 6,435             |
| Cost of services  | 24,353            | 17,972             | 22,141            | 27,278            | 29,044            |
| Other operating expenses  | 69,377            | 60,582             | 69,110            | 80,894            | 76,384            |
| Interest expense  | 21,088            | 16,699             | 12,194            | 12,160            | 13,492            |
| Loss on extinguishment of debt                                    | —                 | —                  | —                 | —                 | 5,940             |
| Impairment of goodwill  | —                 | —                  | —                 | 4,828             | —                 |
| Amortization and impairment of other acquired intangible assets   | 961               | 979                | 979               | 15,823            | 2,139             |
| <b>Total expenses</b>   | <b>214,029</b>    | <b>406,665</b>     | <b>147,788</b>    | <b>182,385</b>    | <b>162,665</b>    |
| Pretax income (loss)  | 161,205           | (42,224)           | 181,293           | 205,639           | 217,673           |
| Income tax provision (benefit)                                    | 26,102            | (12,273)           | 40,832            | 44,455            | 44,235            |
| <b>Net income (loss)</b>  | <b>\$ 135,103</b> | <b>\$ (29,951)</b> | <b>\$ 140,461</b> | <b>\$ 161,184</b> | <b>\$ 173,438</b> |
| <b>Diluted net income (loss) per share</b>                        | <b>\$ 0.70</b>    | <b>\$ (0.15)</b>   | <b>\$ 0.70</b>    | <b>\$ 0.79</b>    | <b>\$ 0.83</b>    |



**Radian Group Inc. and Subsidiaries**  
**Net Income (Loss) Per Share Trend Schedule**  
**Exhibit B**

The calculation of basic and diluted net income (loss) per share was as follows:

| (In thousands, except per-share amounts)                                       | 2020              |                    |                   | 2019              |                   |
|--|-------------------|--------------------|-------------------|-------------------|-------------------|
|  | Qtr 3             | Qtr 2              | Qtr 1             | Qtr 4             | Qtr 3             |
| <b>Net income (loss)—basic and diluted</b>                                     | <b>\$ 135,103</b> | <b>\$ (29,951)</b> | <b>\$ 140,461</b> | <b>\$ 161,184</b> | <b>\$ 173,438</b> |
| <b>Average common shares outstanding—basic <sup>(1)</sup></b>                  | <b>193,176</b>    | 193,299            | 200,161           | 203,431           | 203,107           |
| <b>Dilutive effect of share-based compensation arrangements <sup>(2)</sup></b> | <b>980</b>        | —                  | 1,658             | 1,734             | 5,584             |
| <b>Adjusted average common shares outstanding—diluted</b>                      | <b>194,156</b>    | 193,299            | 201,819           | 205,165           | 208,691           |
| <b>Basic net income (loss) per share</b>                                       | <b>\$ 0.70</b>    | \$ (0.15)          | \$ 0.70           | \$ 0.79           | \$ 0.85           |
| <b>Diluted net income (loss) per share</b>                                     | <b>\$ 0.70</b>    | \$ (0.15)          | \$ 0.70           | \$ 0.79           | \$ 0.83           |

(1) Includes the impact of fully vested shares under our share-based compensation programs.

(2) There were no dilutive shares for the three months ended June 30, 2020, as a result of our net loss for the period. The following number of shares of our common stock equivalents issued under our share-based compensation arrangements were not included in the calculation of diluted net income (loss) per share because they were anti-dilutive:

| (In thousands)                     | 2020  |       |       | 2019  |       |
|------------------------------------|-------|-------|-------|-------|-------|
|                                    | Qtr 3 | Qtr 2 | Qtr 1 | Qtr 4 | Qtr 3 |
| Shares of common stock equivalents | 710   | 2,295 | 132   | —     | —     |

**Radian Group Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
**Exhibit C**

| (In thousands, except per-share amounts)           | <b>September 30,<br/>2020</b> | June 30,<br>2020    | March 31,<br>2020   | December 31,<br>2019 | September 30,<br>2019 |
|--|-------------------------------|---------------------|---------------------|----------------------|-----------------------|
| <b>Assets:</b>                                     |                               |                     |                     |                      |                       |
| Investments  | <b>\$ 6,584,577</b>           | \$ 6,431,350        | \$ 5,608,627        | \$ 5,658,747         | \$ 5,533,724          |
| Cash   | <b>82,020</b>                 | 68,387              | 54,108              | 92,729               | 49,393                |
| Restricted cash                                    | <b>4,424</b>                  | 16,279              | 7,817               | 3,545                | 2,853                 |
| Accounts and notes receivable                      | <b>145,164</b>                | 110,722             | 123,381             | 93,630               | 144,113               |
| Goodwill and other acquired intangible assets, net | <b>25,268</b>                 | 26,229              | 27,208              | 28,187               | 52,533                |
| Prepaid reinsurance premium                        | <b>295,062</b>                | 330,476             | 356,104             | 363,856              | 374,339               |
| Other assets                                       | <b>640,830</b>                | 585,866             | 513,187             | 567,619              | 513,647               |
| <b>Total assets</b>                                | <b><u>\$ 7,777,345</u></b>    | <u>\$ 7,569,309</u> | <u>\$ 6,690,432</u> | <u>\$ 6,808,313</u>  | <u>\$ 6,670,602</u>   |
| <b>Liabilities and stockholders' equity:</b>       |                               |                     |                     |                      |                       |
| Unearned premiums                                  | <b>\$ 501,787</b>             | \$ 561,280          | \$ 605,045          | \$ 626,822           | \$ 647,856            |
| Reserve for losses and loss adjustment expense     | <b>825,792</b>                | 738,885             | 418,202             | 404,765              | 398,141               |
| Senior notes                                       | <b>1,404,759</b>              | 1,403,857           | 887,584             | 887,110              | 886,643               |
| FHLB advances                                      | <b>141,058</b>                | 175,122             | 173,760             | 134,875              | 104,492               |
| Reinsurance funds withheld                         | <b>318,773</b>                | 312,350             | 302,551             | 291,829              | 352,532               |
| Other liabilities                                  | <b>462,797</b>                | 391,810             | 438,782             | 414,189              | 358,431               |
| <b>Total liabilities</b>                           | <b><u>3,654,966</u></b>       | <u>3,583,304</u>    | <u>2,825,924</u>    | <u>2,759,590</u>     | <u>2,748,095</u>      |
| Common stock                                       | <b>210</b>                    | 210                 | 208                 | 219                  | 220                   |
| Treasury stock                                     | <b>(909,745)</b>              | (909,738)           | (902,024)           | (901,657)            | (901,556)             |
| Additional paid-in capital                         | <b>2,238,869</b>              | 2,232,949           | 2,231,670           | 2,449,884            | 2,469,097             |
| Retained earnings                                  | <b>2,561,076</b>              | 2,450,423           | 2,504,853           | 2,389,789            | 2,229,107             |
| Accumulated other comprehensive income             | <b>231,969</b>                | 212,161             | 29,801              | 110,488              | 125,639               |
| <b>Total stockholders' equity</b>                  | <b><u>4,122,379</u></b>       | <u>3,986,005</u>    | <u>3,864,508</u>    | <u>4,048,723</u>     | <u>3,922,507</u>      |
| <b>Total liabilities and stockholders' equity</b>  | <b><u>\$ 7,777,345</u></b>    | <u>\$ 7,569,309</u> | <u>\$ 6,690,432</u> | <u>\$ 6,808,313</u>  | <u>\$ 6,670,602</u>   |
| Shares outstanding                                 | <b>191,556</b>                | 191,492             | 190,387             | 201,164              | 202,219               |
| Book value per share                               | <b>\$ 21.52</b>               | \$ 20.82            | \$ 20.30            | \$ 20.13             | \$ 19.40              |
| Debt to capital ratio <sup>(1)</sup>               | <b>25.4 %</b>                 | 26.0 %              | 18.7 %              | 18.0 %               | 18.4 %                |
| Risk to capital ratio-Radian Guaranty only         | <b>13.2:1</b>                 | 13.3:1              | 13.8:1              | 13.6:1               | 14.2:1                |

(1) Calculated as senior notes divided by senior notes and stockholders' equity.

**Radian Group Inc. and Subsidiaries**  
**Net Premiums Earned**  
**Exhibit D**

| (In thousands)  | 2020              |                   |                   | 2019                             |                   |
|---|-------------------|-------------------|-------------------|----------------------------------|-------------------|
|   | Qtr 3             | Qtr 2             | Qtr 1             | Qtr 4                            | Qtr 3             |
| <b>Premiums earned:</b>   |                   |                   |                   |                                  |                   |
| <b>Direct - Mortgage:</b>   |                   |                   |                   |                                  |                   |
| Premiums earned, excluding revenue from cancellations                           | \$ 259,889        | \$ 263,468        | \$ 274,647        | \$ 295,845 <sup>(1)</sup>        | \$ 274,595        |
| Single Premium Policy cancellations   | 65,667            | 50,023            | 24,133            | 26,479                           | 27,254            |
| <b>Total direct - Mortgage</b>  | <b>325,556</b>    | <b>313,491</b>    | <b>298,780</b>    | <b>322,324 <sup>(1)</sup></b>    | <b>301,849</b>    |
| <b>Assumed - Mortgage: <sup>(2)</sup></b>                                       | <b>2,946</b>      | <b>3,197</b>      | <b>3,456</b>      | <b>2,837</b>                     | <b>2,614</b>      |
| <b>Ceded - Mortgage:</b>  |                   |                   |                   |                                  |                   |
| Premiums earned, excluding revenue from cancellations                           | (25,120)          | (26,493)          | (28,609)          | (28,055)                         | (28,457)          |
| Single Premium Policy cancellations <sup>(3)</sup>                              | (18,679)          | (14,424)          | (7,183)           | (7,843)                          | (8,137)           |
| Profit commission - other <sup>(4)</sup>  | (1,347)           | (28,175)          | 8,555             | 9,241                            | 9,729             |
| <b>Total ceded premiums, net of profit commission - Mortgage <sup>(5)</sup></b> | <b>(45,146)</b>   | <b>(69,092)</b>   | <b>(27,237)</b>   | <b>(26,657)</b>                  | <b>(26,865)</b>   |
| <b>Net premiums earned - Mortgage</b>   | <b>283,356</b>    | <b>247,596</b>    | <b>274,999</b>    | <b>298,504 <sup>(1)</sup></b>    | <b>277,598</b>    |
| <b>Net premiums earned - Real Estate</b>  | <b>3,115</b>      | <b>1,699</b>      | <b>2,416</b>      | <b>2,982</b>                     | <b>3,587</b>      |
| <b>Net premiums earned</b>  | <b>\$ 286,471</b> | <b>\$ 249,295</b> | <b>\$ 277,415</b> | <b>\$ 301,486 <sup>(1)</sup></b> | <b>\$ 281,185</b> |

(1) Includes a cumulative impact related to the recognition of deferred initial premiums on monthly policies.

(2) Includes premiums earned from our participation in certain credit risk transfer programs.

(3) Includes the impact of related profit commissions.

(4) The amounts represent the profit commission on the Single Premium QSR Program, excluding the impact of Single Premium Policy cancellations.

(5) See Exhibit L for additional information on ceded premiums for our various reinsurance programs.

**Radian Group Inc. and Subsidiaries**  
**Segment Information**  
**Exhibit E (page 1 of 3)**

Summarized financial information concerning our reportable operating segments and all other activities as of and for the periods indicated is as follows. For a definition of adjusted pretax operating income (loss) and Real Estate adjusted EBITDA, along with reconciliations to consolidated GAAP measures, see Exhibits F and G.

|  | <b>Mortgage</b>    |              |              |                           |              |
|--|--------------------|--------------|--------------|---------------------------|--------------|
|  | <b>2020</b>        |              |              | <b>2019</b>               |              |
| (In thousands)   | <b>Qtr 3</b>       | <b>Qtr 2</b> | <b>Qtr 1</b> | <b>Qtr 4</b>              | <b>Qtr 3</b> |
| <b>Net premiums written</b> <sup>(1)</sup>   | <b>\$ 259,278</b>  | \$ 229,458   | \$ 260,974   | \$ 287,952 <sup>(2)</sup> | \$ 270,567   |
| <b>(Increase) decrease in unearned premiums</b>  | <b>24,078</b>      | 18,138       | 14,025       | 10,552                    | 7,031        |
| <b>Net premiums earned</b>   | <b>283,356</b>     | 247,596      | 274,999      | 298,504                   | 277,598      |
| <b>Services revenue</b> <sup>(3)</sup>   | <b>3,914</b>       | 3,918        | 3,216        | 2,936                     | 2,375        |
| <b>Net investment income</b> <sup>(3)</sup>  | <b>32,054</b>      | 34,708       | 36,198       | 37,818                    | 37,032       |
| <b>Other income</b> <sup>(3)</sup>   | <b>689</b>         | 721          | 671          | 719                       | 641          |
| <b>Total</b> <sup>(3)</sup>  | <b>320,013</b>     | 286,943      | 315,084      | 339,977                   | 317,646      |
| <b>Provision for losses</b>  | <b>87,753</b>      | 304,021      | 35,246       | 34,411                    | 29,053       |
| <b>Policy acquisition costs</b>  | <b>10,166</b>      | 6,015        | 7,413        | 6,783                     | 6,435        |
| <b>Cost of services</b> <sup>(3)</sup>   | <b>2,908</b>       | 2,133        | 1,757        | 1,713                     | 1,621        |
| <b>Other operating expenses before corporate allocations</b> <sup>(3) (4)</sup>                | <b>21,327</b>      | 18,705       | 23,733       | 32,604                    | 30,773       |
| <b>Interest expense before corporate allocations</b> <sup>(5)</sup>                            | <b>1,983</b>       | 3,064        | 680          | 688                       | 682          |
| <b>Total</b> <sup>(3) (6)</sup>  | <b>124,137</b>     | 333,938      | 68,829       | 76,199                    | 68,564       |
| <b>Adjusted pretax operating income (loss) before corporate allocations</b> <sup>(3)</sup>     | <b>195,876</b>     | (46,995)     | 246,255      | 263,778                   | 249,082      |
| <b>Allocation of corporate operating expenses</b>  | <b>29,435</b>      | 25,191       | 29,074       | 27,394                    | 26,671       |
| <b>Allocation of corporate interest expense</b>  | <b>20,605</b>      | 16,135       | 11,514       | 11,472                    | 12,810       |
| <b>Adjusted pretax operating income (loss)</b> <sup>(3)</sup>                                  | <b>\$ 145,836</b>  | \$ (88,321)  | \$ 205,667   | \$ 224,912                | \$ 209,601   |
|  | <b>Real Estate</b> |              |              |                           |              |
|  | <b>2020</b>        |              |              | <b>2019</b>               |              |
| (In thousands)   | <b>Qtr 3</b>       | <b>Qtr 2</b> | <b>Qtr 1</b> | <b>Qtr 4</b>              | <b>Qtr 3</b> |
| <b>Net premiums earned</b>   | <b>\$ 3,115</b>    | \$ 1,699     | \$ 2,416     | \$ 2,982                  | \$ 3,587     |
| <b>Services revenue</b> <sup>(3) (6)</sup>   | <b>30,146</b>      | 24,267       | 26,042       | 23,826                    | 26,375       |
| <b>Net investment income</b>   | <b>67</b>          | 126          | 125          | 144                       | 177          |
| <b>Total</b> <sup>(3)</sup>  | <b>33,328</b>      | 26,092       | 28,583       | 26,952                    | 30,139       |
| <b>Provision for losses</b>  | <b>370</b>         | 426          | 743          | 238                       | 211          |
| <b>Cost of services</b> <sup>(3)</sup>   | <b>21,464</b>      | 15,893       | 17,933       | 16,275                    | 18,155       |
| <b>Other operating expenses before corporate allocations</b> <sup>(3) (4)</sup>                | <b>13,617</b>      | 11,251       | 10,938       | 11,972                    | 11,404       |
| <b>Total</b> <sup>(3)</sup>  | <b>35,451</b>      | 27,570       | 29,614       | 28,485                    | 29,770       |
| <b>Adjusted pretax operating income (loss) before corporate allocations</b> <sup>(3) (7)</sup> | <b>(2,123)</b>     | (1,478)      | (1,031)      | (1,533)                   | 369          |
| <b>Allocation of corporate operating expenses</b> <sup>(3)</sup>                               | <b>3,818</b>       | 3,339        | 3,836        | 2,987                     | 2,910        |
| <b>Adjusted pretax operating income (loss)</b> <sup>(3)</sup>                                  | <b>\$ (5,941)</b>  | \$ (4,817)   | \$ (4,867)   | \$ (4,520)                | \$ (2,541)   |

**Radian Group Inc. and Subsidiaries**  
**Segment Information**  
**Exhibit E (page 2 of 3)**

|   | <b>All Other (3) (8)</b> |                 |                 |                  |                  |
|---|--------------------------|-----------------|-----------------|------------------|------------------|
|   | <b>2020</b>              |                 |                 | <b>2019</b>      |                  |
|   | <b>Qtr 3</b>             | <b>Qtr 2</b>    | <b>Qtr 1</b>    | <b>Qtr 4</b>     | <b>Qtr 3</b>     |
| (In thousands)                          |                          |                 |                 |                  |                  |
| <b>Services revenue (6)</b>             | <b>\$ —</b>              | <b>\$ —</b>     | <b>\$ 2,861</b> | <b>\$ 13,559</b> | <b>\$ 14,027</b> |
| <b>Net investment income</b>            | <b>5,634</b>             | 6,389           | 4,621           | 3,470            | 5,547            |
| <b>Other income</b>                     | <b>224</b>               | 104             | 151             | 99               | 238              |
| <b>Total</b>                            | <b>5,858</b>             | 6,493           | 7,633           | 17,128           | 19,812           |
| <b>Cost of services</b>                 | <b>—</b>                 | (35)            | 2,556           | 9,500            | 9,387            |
| <b>Other operating expenses</b>         | <b>773</b>               | 1,889           | 1,278           | 4,037            | 4,742            |
| <b>Total</b>                            | <b>773</b>               | 1,854           | 3,834           | 13,537           | 14,129           |
| <b>Adjusted pretax operating income</b> | <b>\$ 5,085</b>          | <b>\$ 4,639</b> | <b>\$ 3,799</b> | <b>\$ 3,591</b>  | <b>\$ 5,683</b>  |

- (1) Net of ceded premiums written under the QSR Programs and the Excess-of-Loss Program. See Exhibit L for additional information.
- (2) Includes a cumulative impact related to the recognition of deferred initial premiums on monthly policies.
- (3) Certain organizational changes implemented in the first quarter of 2020 caused the composition of our reportable segments to change. These changes to our reportable segments have been reflected in our segment operating results for all periods presented.
- (4) Does not include impairment of other long-lived assets and other non-operating items, which are not considered components of adjusted pretax operating income (loss).
- (5) Primarily relates to FHLB borrowings made by our mortgage insurance subsidiaries. Prior to March 31, 2020, this amount had been presented in allocation of corporate interest expense. All prior periods have been restated to reflect the current presentation.
- (6) Inter-segment information:

|                                    | <b>2020</b>     |                 |               | <b>2019</b>   |               |
|------------------------------------|-----------------|-----------------|---------------|---------------|---------------|
|                                    | <b>Qtr 3</b>    | <b>Qtr 2</b>    | <b>Qtr 1</b>  | <b>Qtr 4</b>  | <b>Qtr 3</b>  |
| Inter-segment revenue included in: |                 |                 |               |               |               |
| Mortgage                           | <b>\$ —</b>     | <b>\$ —</b>     | <b>\$ 83</b>  | <b>\$ 160</b> | <b>\$ 35</b>  |
| Real Estate                        | <b>117</b>      | 110             | 109           | 88            | 111           |
| All Other                          | <b>1,500</b>    | 2,500 (a)       | —             | 42            | 122           |
| <b>Total inter-segment revenue</b> | <b>\$ 1,617</b> | <b>\$ 2,610</b> | <b>\$ 192</b> | <b>\$ 290</b> | <b>\$ 268</b> |

|                                    |                 |                     |               |               |               |
|------------------------------------|-----------------|---------------------|---------------|---------------|---------------|
| Inter-segment expense included in: |                 |                     |               |               |               |
| Mortgage                           | <b>\$ 1,598</b> | <b>\$ 2,591 (a)</b> | <b>\$ 87</b>  | <b>\$ 79</b>  | <b>\$ 150</b> |
| Real Estate                        | <b>19</b>       | 19                  | 22            | 16            | (1)           |
| All Other                          | <b>—</b>        | —                   | 83            | 195           | 119           |
| <b>Total inter-segment expense</b> | <b>\$ 1,617</b> | <b>\$ 2,610</b>     | <b>\$ 192</b> | <b>\$ 290</b> | <b>\$ 268</b> |

(a) Primarily relates to interest on the \$200.0 million 3% intercompany surplus note issued by Radian Guaranty to Radian Group.

- (7) Supplemental information for Real Estate adjusted EBITDA (see definition in Exhibit F):

|  | <b>2020</b>       |                   |                   | <b>2019</b>       |               |
|--|-------------------|-------------------|-------------------|-------------------|---------------|
|  | <b>Qtr 3</b>      | <b>Qtr 2</b>      | <b>Qtr 1</b>      | <b>Qtr 4</b>      | <b>Qtr 3</b>  |
| Adjusted pretax operating income (loss) before corporate allocations | <b>\$ (2,123)</b> | <b>\$ (1,478)</b> | <b>\$ (1,031)</b> | <b>\$ (1,533)</b> | <b>\$ 369</b> |
| Depreciation and amortization  | <b>683</b>        | 776               | 666               | 553               | 560           |
| <b>Real Estate adjusted EBITDA</b>                                   | <b>\$ (1,440)</b> | <b>\$ (702)</b>   | <b>\$ (365)</b>   | <b>\$ (980)</b>   | <b>\$ 929</b> |

- (8) All Other activities include income (losses) from assets held by our holding company, related general corporate operating expenses not attributable or allocated to our reportable segments and, for all periods through the first quarter of 2020, income and expenses related to Clayton prior to its sale on January 21, 2020.

**Selected Mortgage Key Ratios**

|                                     | 2020          |         |        | 2019   |        |
|-------------------------------------|---------------|---------|--------|--------|--------|
|                                     | Qtr 3         | Qtr 2   | Qtr 1  | Qtr 4  | Qtr 3  |
| <b>Loss ratio</b> <sup>(1)</sup>    | <b>31.0 %</b> | 122.8 % | 12.8 % | 11.5 % | 10.5 % |
| <b>Expense ratio</b> <sup>(1)</sup> | <b>21.5 %</b> | 20.2 %  | 21.9 % | 22.4 % | 23.0 % |

(1) Calculated on a GAAP basis using net premiums earned.

**Radian Group Inc. and Subsidiaries**  
**Definition of Consolidated Non-GAAP Financial Measures**  
**Exhibit F (page 1 of 2)**

***Use of Non-GAAP Financial Measures***

In addition to the traditional GAAP financial measures, we have presented “adjusted pretax operating income (loss),” “adjusted diluted net operating income (loss) per share” and “adjusted net operating return on equity,” which are 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 (loss),” “adjusted diluted net operating income (loss) per share” and “adjusted net operating return on equity” 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 (loss) is defined as GAAP consolidated pretax income (loss) excluding the effects of: (i) net gains (losses) on investments and other financial instruments; (ii) loss on extinguishment of debt; (iii) amortization and impairment of goodwill and other acquired intangible assets; and (iv) impairment of other long-lived assets and other non-operating items, such as gains (losses) from the sale of lines of business and acquisition-related income and expenses. Adjusted diluted net operating income (loss) per share is calculated by dividing (i) adjusted pretax operating income (loss) attributable to common stockholders, 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. Adjusted net operating return on equity is calculated by dividing annualized adjusted pretax operating income (loss), net of taxes computed using the Company’s statutory tax rate, by average stockholders’ equity, based on the average of the beginning and ending balances for each period presented.

Although adjusted pretax operating income (loss) 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 gains and losses arise primarily from changes in the market value of our investments that are classified as trading or equity 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 and changes in fair value of other financial instruments. We do not view them to be indicative of our fundamental operating activities.

- (2) ***Loss on extinguishment of debt.*** Gains or losses on early extinguishment of debt and losses incurred to purchase our 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.
- (3) ***Amortization and impairment of goodwill and other acquired intangible assets.*** Amortization of acquired intangible assets represents the periodic expense required to amortize the cost of acquired intangible assets over their estimated useful lives. Acquired intangible assets are also periodically reviewed for potential impairment, and impairment adjustments are made whenever appropriate. We do not view these charges as part of the operating performance of our primary activities.
- (4) ***Impairment of other long-lived assets and other non-operating items.*** Includes activities that we do not view to be indicative of our fundamental operating activities, such as: (i) gains (losses) from the sale of lines of business and (ii) acquisition-related expenses.

**Radian Group Inc. and Subsidiaries**  
**Definition of Consolidated Non-GAAP Financial Measures**  
**Exhibit F (page 2 of 2)**

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 Real Estate segment, representing a measure of earnings before interest, income tax provision (benefit), depreciation and amortization ("EBITDA"). We calculate Real Estate adjusted EBITDA by using adjusted pretax operating income (loss) as described above, further adjusted to remove the impact of depreciation and corporate allocations for interest and operating expenses. In addition, Real Estate adjusted EBITDA margin is calculated by dividing Real Estate adjusted EBITDA by GAAP total revenue for the Real Estate segment. Real Estate adjusted EBITDA and Real Estate adjusted EBITDA margin are used to facilitate comparisons with other services companies, since they are widely accepted measures of performance in the services industry and are used internally as supplemental measures to evaluate the performance of our Real Estate segment.

See Exhibit G for the reconciliation of the most comparable GAAP measures, consolidated pretax income (loss), diluted net income (loss) per share and return on equity to our non-GAAP financial measures for the consolidated company, adjusted pretax operating income (loss), adjusted diluted net operating income (loss) per share and adjusted net operating return on equity, respectively. Exhibit G also contains the reconciliation of the most comparable GAAP measure, net income (loss), to Real Estate adjusted EBITDA.

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



**Radian Group Inc. and Subsidiaries**  
**Consolidated Non-GAAP Financial Measure Reconciliations**  
**Exhibit G (page 1 of 3)**

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

| (In thousands)  | 2020              |                    |                   | 2019              |                   |
|---|-------------------|--------------------|-------------------|-------------------|-------------------|
|   | Qtr 3             | Qtr 2              | Qtr 1             | Qtr 4             | Qtr 3             |
| <b>Consolidated pretax income (loss)</b>  | <b>\$ 161,205</b> | <b>\$ (42,224)</b> | <b>\$ 181,293</b> | <b>\$ 205,639</b> | <b>\$ 217,673</b> |
| <b>Less reconciling income (expense) items:</b>   |                   |                    |                   |                   |                   |
| <b>Net gains (losses) on investments and other financial instruments</b>                  | <b>17,652</b>     | <b>47,276</b>      | <b>(22,027)</b>   | <b>4,257</b>      | <b>13,009</b>     |
| <b>Loss on extinguishment of debt</b>   | <b>—</b>          | <b>—</b>           | <b>—</b>          | <b>—</b>          | <b>(5,940)</b>    |
| <b>Impairment of goodwill</b>   | <b>—</b>          | <b>—</b>           | <b>—</b>          | <b>(4,828)</b>    | <b>—</b>          |
| <b>Amortization and impairment of other acquired intangible assets</b>                    | <b>(961)</b>      | <b>(979)</b>       | <b>(979)</b>      | <b>(15,823)</b>   | <b>(2,139)</b>    |
| <b>Impairment of other long-lived assets and other non-operating items <sup>(1)</sup></b> | <b>(466)</b>      | <b>(22)</b>        | <b>(300)</b>      | <b>(1,950)</b>    | <b>—</b>          |
| <b>Total adjusted pretax operating income (loss) <sup>(2)</sup></b>                       | <b>\$ 144,980</b> | <b>\$ (88,499)</b> | <b>\$ 204,599</b> | <b>\$ 223,983</b> | <b>\$ 212,743</b> |

(1) The amounts for all the periods are included in other operating expenses on the Condensed Consolidated Statement of Operations in Exhibit A and primarily relate to impairments of other long-lived assets.

(2) Total adjusted pretax operating income (loss) consists of adjusted pretax operating income (loss) for each reportable segment and All Other activities as follows:

| (In thousands)                                       | 2020              |                    |                   | 2019              |                   |
|--|-------------------|--------------------|-------------------|-------------------|-------------------|
|  | Qtr 3             | Qtr 2              | Qtr 1             | Qtr 4             | Qtr 3             |
| <b>Adjusted pretax operating income (loss):</b>      |                   |                    |                   |                   |                   |
| Mortgage segment                                     | <b>\$ 145,836</b> | <b>\$ (88,321)</b> | <b>\$ 205,667</b> | <b>\$ 224,912</b> | <b>\$ 209,601</b> |
| Real Estate segment                                  | <b>(5,941)</b>    | <b>(4,817)</b>     | <b>(4,867)</b>    | <b>(4,520)</b>    | <b>(2,541)</b>    |
| All Other activities                                 | <b>5,085</b>      | <b>4,639</b>       | <b>3,799</b>      | <b>3,591</b>      | <b>5,683</b>      |
| <b>Total adjusted pretax operating income (loss)</b> | <b>\$ 144,980</b> | <b>\$ (88,499)</b> | <b>\$ 204,599</b> | <b>\$ 223,983</b> | <b>\$ 212,743</b> |

Radian Group Inc. and Subsidiaries  
Consolidated Non-GAAP Financial Measure Reconciliations  
Exhibit G (page 2 of 3)

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

|   | 2020    |           |         | 2019    |         |
|---|---------|-----------|---------|---------|---------|
|   | Qtr 3   | Qtr 2     | Qtr 1   | Qtr 4   | Qtr 3   |
| Diluted net income (loss) per share   | \$ 0.70 | \$ (0.15) | \$ 0.70 | \$ 0.79 | \$ 0.83 |
| Less per-share impact of reconciling income (expense) items:                        |         |           |         |         |         |
| Net gains (losses) on investments and other financial instruments                   | 0.09    | 0.24      | (0.11)  | 0.02    | 0.06    |
| Loss on extinguishment of debt  | —       | —         | —       | —       | (0.03)  |
| Impairment of goodwill  | —       | —         | —       | (0.02)  | —       |
| Amortization and impairment of other acquired intangible assets                     | —       | (0.01)    | —       | (0.08)  | (0.01)  |
| Impairment of other long-lived assets and other non-operating items                 | —       | —         | —       | (0.01)  | —       |
| Income tax (provision) benefit on reconciling income (expense) items <sup>(1)</sup> | (0.02)  | (0.05)    | 0.02    | 0.02    | —       |
| Difference between statutory and effective tax rates                                | 0.04    | 0.03      | (0.01)  | —       | —       |
| Per-share impact of reconciling income (expense) items                              | 0.11    | 0.21      | (0.10)  | (0.07)  | 0.02    |
| Adjusted diluted net operating income (loss) per share <sup>(1)</sup>               | \$ 0.59 | \$ (0.36) | \$ 0.80 | \$ 0.86 | \$ 0.81 |

(1) Calculated using the company's federal statutory tax rate of 21%. Any permanent tax adjustments and state income taxes on these items have been deemed immaterial and are not included.

Reconciliation of Return on Equity to Adjusted Net Operating Return on Equity <sup>(1)</sup>

|   | 2020   |        |        | 2019   |        |
|---|--------|--------|--------|--------|--------|
|   | Qtr 3  | Qtr 2  | Qtr 1  | Qtr 4  | Qtr 3  |
| Return on equity <sup>(1)</sup>   | 13.3 % | (3.1)% | 14.2 % | 16.2 % | 18.0 % |
| Less impact of reconciling income (expense) items: <sup>(2)</sup>                   |        |        |        |        |        |
| Net gains (losses) on investments and other financial instruments                   | 1.7    | 4.8    | (2.2)  | 0.4    | 1.4    |
| Loss on extinguishment of debt  | —      | —      | —      | —      | (0.6)  |
| Impairment of goodwill  | —      | —      | —      | (0.5)  | —      |
| Amortization and impairment of other acquired intangible assets                     | (0.1)  | (0.1)  | (0.1)  | (1.6)  | (0.2)  |
| Impairment of other long-lived assets and other non-operating items                 | —      | —      | —      | (0.2)  | —      |
| Income tax (provision) benefit on reconciling income (expense) items <sup>(3)</sup> | (0.3)  | (1.0)  | 0.5    | 0.4    | (0.1)  |
| Difference between statutory and effective tax rates                                | 0.7    | 0.3    | (0.3)  | (0.1)  | 0.1    |
| Impact of reconciling income (expense) items  | 2.0    | 4.0    | (2.1)  | (1.6)  | 0.6    |
| Adjusted net operating return on equity   | 11.3 % | (7.1)% | 16.3 % | 17.8 % | 17.4 % |

(1) Calculated by dividing annualized net income (loss) by average stockholders' equity, based on the average of the beginning and ending balances for each period presented.

(2) Annualized, as a percentage of average stockholders' equity.

(3) Calculated using the company's federal statutory tax rate of 21%. Any permanent tax adjustments and state income taxes on these items have been deemed immaterial and are not included.

Radian Group Inc. and Subsidiaries  
Consolidated Non-GAAP Financial Measure Reconciliations  
Exhibit G (page 3 of 3)

Reconciliation of Net Income (Loss) to Real Estate Adjusted EBITDA

| (In thousands)  | 2020       |             |            | 2019       |            |
|---|------------|-------------|------------|------------|------------|
|   | Qtr 3      | Qtr 2       | Qtr 1      | Qtr 4      | Qtr 3      |
| Net income (loss)   | \$ 135,103 | \$ (29,951) | \$ 140,461 | \$ 161,184 | \$ 173,438 |
| Less reconciling income (expense) items:                            |            |             |            |            |            |
| Net gains (losses) on investments and other financial instruments   | 17,652     | 47,276      | (22,027)   | 4,257      | 13,009     |
| Loss on extinguishment of debt                                      | —          | —           | —          | —          | (5,940)    |
| Impairment of goodwill  | —          | —           | —          | (4,828)    | —          |
| Amortization and impairment of other acquired intangible assets     | (961)      | (979)       | (979)      | (15,823)   | (2,139)    |
| Impairment of other long-lived assets and other non-operating items | (466)      | (22)        | (300)      | (1,950)    | —          |
| Income tax (provision) benefit                                      | (26,102)   | 12,273      | (40,832)   | (44,455)   | (44,235)   |
| Mortgage adjusted pretax operating income (loss)                    | 145,836    | (88,321)    | 205,667    | 224,912    | 209,601    |
| All Other adjusted pretax operating income                          | 5,085      | 4,639       | 3,799      | 3,591      | 5,683      |
| Real Estate adjusted pretax operating income (loss)                 | (5,941)    | (4,817)     | (4,867)    | (4,520)    | (2,541)    |
| Less reconciling income (expense) items:                            |            |             |            |            |            |
| Allocation of corporate operating expenses to Real Estate           | (3,818)    | (3,339)     | (3,836)    | (2,987)    | (2,910)    |
| Real Estate depreciation and amortization                           | (683)      | (776)       | (666)      | (553)      | (560)      |
| Real Estate adjusted EBITDA   | \$ (1,440) | \$ (702)    | \$ (365)   | \$ (980)   | \$ 929     |

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

**Radian Group Inc. and Subsidiaries**  
**Mortgage Supplemental Information - New Insurance Written**  
**Exhibit H**

| (\$ in millions)  | 2020             |                  |                  | 2019             |                  |
|---|------------------|------------------|------------------|------------------|------------------|
|   | Qtr 3            | Qtr 2            | Qtr 1            | Qtr 4            | Qtr 3            |
| <b>Total primary new insurance written</b>                                      | <b>\$ 33,320</b> | <b>\$ 25,459</b> | <b>\$ 16,706</b> | <b>\$ 19,953</b> | <b>\$ 22,037</b> |
| <b>Percentage of primary new insurance written by FICO score <sup>(1)</sup></b> |                  |                  |                  |                  |                  |
| >=740   | 66.2 %           | 67.3 %           | 65.7 %           | 66.3 %           | 64.1 %           |
| 680-739   | 30.7             | 30.1             | 31.1             | 30.5             | 31.5             |
| 620-679   | 3.1              | 2.6              | 3.2              | 3.2              | 4.4              |
| <b>Total primary new insurance written</b>                                      | <b>100.0 %</b>   | <b>100.0 %</b>   | <b>100.0 %</b>   | <b>100.0 %</b>   | <b>100.0 %</b>   |
| <b>Percentage of primary new insurance written Borrower-paid</b>                |                  |                  |                  |                  |                  |
|   | 98.5 %           | 97.8 %           | 96.7 %           | 97.4 %           | 97.1 %           |
| <b>Percentage by premium type</b>   |                  |                  |                  |                  |                  |
| Direct monthly and other recurring premiums                                     | 90.0 %           | 84.7 %           | 81.1 %           | 82.1 %           | 85.0 %           |
| Borrower-paid <sup>(2) (3)</sup>  | 9.0              | 13.6             | 16.5             | 16.0             | 13.1             |
| Lender-paid <sup>(2)</sup>  | 1.0              | 1.7              | 2.4              | 1.9              | 1.9              |
| Direct single premiums  | 10.0             | 15.3             | 18.9             | 17.9             | 15.0             |
| <b>Total primary new insurance written</b>                                      | <b>100.0 %</b>   | <b>100.0 %</b>   | <b>100.0 %</b>   | <b>100.0 %</b>   | <b>100.0 %</b>   |
| Primary new insurance written for purchases                                     | 70.5 %           | 56.4 %           | 66.2 %           | 67.5 %           | 80.7 %           |
| Primary new insurance written for refinances                                    | 29.5 %           | 43.6 %           | 33.8 %           | 32.5 %           | 19.3 %           |
| <b>Percentage by LTV</b>  |                  |                  |                  |                  |                  |
| 95.01% and above  | 9.7 %            | 8.3 %            | 9.9 %            | 11.5 %           | 16.8 %           |
| 90.01% to 95.00%  | 39.6             | 36.4             | 37.6             | 35.8             | 37.4             |
| 85.01% to 90.00%  | 28.3             | 29.8             | 30.3             | 30.0             | 27.4             |
| 85.00% and below  | 22.4             | 25.5             | 22.2             | 22.7             | 18.4             |
| <b>Total primary new insurance written</b>                                      | <b>100.0 %</b>   | <b>100.0 %</b>   | <b>100.0 %</b>   | <b>100.0 %</b>   | <b>100.0 %</b>   |

(1) For loans with multiple borrowers, the percentage of primary new insurance written by FICO score represents the lowest of the borrowers' FICO scores.

(2) Percentages exclude the impact of reinsurance.

(3) Borrower-paid Single Premium Policies have lower Minimum Required Assets under PMIERS as compared to lender-paid Single Premium Policies.

**Radian Group Inc. and Subsidiaries**  
**Mortgage Supplemental Information - Primary Insurance in Force and Risk in Force**  
**Exhibit I (page 1 of 2)**

| (\$ in millions)  | September 30,<br>2020 | June 30,<br>2020  | March 31,<br>2020 | December 31,<br>2019 | September 30,<br>2019 |
|---|-----------------------|-------------------|-------------------|----------------------|-----------------------|
| <b>Primary insurance in force <sup>(1)</sup></b>                        |                       |                   |                   |                      |                       |
| <b>Prime</b>  | \$ 241,166            | \$ 236,835        | \$ 236,958        | \$ 235,742           | \$ 232,086            |
| <b>Alt-A and A minus and below</b>                                      | 4,301                 | 4,471             | 4,628             | 4,816                | 5,072                 |
| <b>Total Primary</b>  | <u>\$ 245,467</u>     | <u>\$ 241,306</u> | <u>\$ 241,586</u> | <u>\$ 240,558</u>    | <u>\$ 237,158</u>     |
| <b>Primary risk in force <sup>(1) (2)</sup></b>                         |                       |                   |                   |                      |                       |
| <b>Prime</b>  | \$ 59,972             | \$ 59,253         | \$ 59,827         | \$ 59,780            | \$ 59,217             |
| <b>Alt-A and A minus and below</b>                                      | 1,017                 | 1,058             | 1,096             | 1,141                | 1,203                 |
| <b>Total Primary</b>  | <u>\$ 60,989</u>      | <u>\$ 60,311</u>  | <u>\$ 60,923</u>  | <u>\$ 60,921</u>     | <u>\$ 60,420</u>      |
| <b>Percentage of primary risk in force</b>                              |                       |                   |                   |                      |                       |
| <b>Direct monthly and other recurring premiums</b>                      | 76.8 %                | 73.8 %            | 72.6 %            | 72.4 %               | 72.0 %                |
| <b>Direct single premiums</b>   | 23.2 %                | 26.2 %            | 27.4 %            | 27.6 %               | 28.0 %                |
| <b>Percentage of primary risk in force by FICO score <sup>(3)</sup></b> |                       |                   |                   |                      |                       |
| <b>&gt;=740</b>   | 57.6 %                | 57.4 %            | 57.2 %            | 56.9 %               | 56.2 %                |
| <b>680-739</b>  | 34.3                  | 34.3              | 34.2              | 34.2                 | 34.5                  |
| <b>620-679</b>  | 7.5                   | 7.7               | 8.0               | 8.2                  | 8.6                   |
| <b>&lt;=619</b>   | 0.6                   | 0.6               | 0.6               | 0.7                  | 0.7                   |
| <b>Total Primary</b>  | <u>100.0 %</u>        | <u>100.0 %</u>    | <u>100.0 %</u>    | <u>100.0 %</u>       | <u>100.0 %</u>        |
| <b>Percentage of primary risk in force by LTV</b>                       |                       |                   |                   |                      |                       |
| <b>95.01% and above</b>   | 14.3 %                | 14.2 %            | 14.3 %            | 14.2 %               | 13.9 %                |
| <b>90.01% to 95.00%</b>   | 50.1                  | 50.4              | 51.0              | 51.3                 | 51.9                  |
| <b>85.01% to 90.00%</b>   | 27.9                  | 28.1              | 27.9              | 27.9                 | 27.9                  |
| <b>85.00% and below</b>   | 7.7                   | 7.3               | 6.8               | 6.6                  | 6.3                   |
| <b>Total</b>  | <u>100.0 %</u>        | <u>100.0 %</u>    | <u>100.0 %</u>    | <u>100.0 %</u>       | <u>100.0 %</u>        |
| <b>Percentage of primary risk in force by policy year</b>               |                       |                   |                   |                      |                       |
| <b>2008 and prior</b>   | 6.6 %                 | 7.2 %             | 7.5 %             | 7.8 %                | 8.4 %                 |
| <b>2009 - 2012</b>  | 2.3                   | 2.8               | 3.0               | 3.3                  | 3.5                   |
| <b>2013</b>   | 2.9                   | 3.5               | 3.9               | 4.2                  | 4.6                   |
| <b>2014</b>   | 3.0                   | 3.6               | 4.0               | 4.3                  | 4.8                   |
| <b>2015</b>   | 5.1                   | 6.1               | 6.9               | 7.4                  | 8.1                   |
| <b>2016</b>   | 8.9                   | 10.6              | 11.7              | 12.5                 | 13.5                  |
| <b>2017</b>   | 10.7                  | 13.0              | 14.8              | 16.0                 | 17.4                  |
| <b>2018</b>   | 11.7                  | 14.0              | 16.4              | 17.9                 | 19.7                  |
| <b>2019</b>   | 20.6                  | 23.3              | 25.4              | 26.6                 | 20.0                  |
| <b>2020</b>   | 28.2                  | 15.9              | 6.4               | —                    | —                     |
| <b>Total</b>  | <u>100.0 %</u>        | <u>100.0 %</u>    | <u>100.0 %</u>    | <u>100.0 %</u>       | <u>100.0 %</u>        |
| <b>Primary risk in force on defaulted loans</b>                         | \$ 3,747              | \$ 4,263          | \$ 1,001          | \$ 1,061             | \$ 1,012              |

Table continued on next page.

**Radian Group Inc. and Subsidiaries**  
**Mortgage Supplemental Information - Primary Insurance in Force and Risk in Force**  
**Exhibit I (page 2 of 2)**

Table continued from prior page.

|  | <u>September 30,</u><br><u>2020</u> | <u>June 30,</u><br><u>2020</u> | <u>March 31,</u><br><u>2020</u> | <u>December 31,</u><br><u>2019</u> | <u>September 30,</u><br><u>2019</u> |
|--|-------------------------------------|--------------------------------|---------------------------------|------------------------------------|-------------------------------------|
| <b>Persistency Rate (12 months ended)</b>                      | <b>65.6 %</b> <sup>(4)</sup>        | 70.2 %                         | 75.4 %                          | 78.2 %                             | 81.5 %                              |
| <b>Persistency Rate (quarterly, annualized)</b> <sup>(5)</sup> | <b>60.0 %</b> <sup>(4)</sup>        | 63.8 %                         | 76.5 %                          | 75.0 %                             | 75.5 %                              |

- (1) Excludes the impact of premiums ceded under our reinsurance agreements.
- (2) Does not include pool risk in force or other risk in force, which combined represent approximately 1.0% of our total risk in force for all periods presented.
- (3) For loans with multiple borrowers, the percentage of primary risk in force by FICO score represents the lowest of the borrowers' FICO scores.
- (4) The Persistency Rate was reduced by an increase in cancellations of Single Premium Policies due to increased cancellations identified by our ongoing servicer monitoring process for Single Premium Policies.
- (5) The Persistency Rate on a quarterly, annualized basis is calculated based on loan-level detail for the quarter ending as of the date shown. It may be impacted by seasonality or other factors, including the level of refinance activity during the applicable periods, and may not be indicative of full-year trends.

**Radian Group Inc. and Subsidiaries**  
**Mortgage Supplemental Information - Claims and Reserves**  
**Exhibit J**

| (\$ in thousands)  | 2020             |                  |                  | 2019             |                  |
|--|------------------|------------------|------------------|------------------|------------------|
|  | Qtr 3            | Qtr 2            | Qtr 1            | Qtr 4            | Qtr 3            |
| <b>Net claims paid: <sup>(1)</sup></b>                         |                  |                  |                  |                  |                  |
| <b>Total primary claims paid</b>                               | \$ 11,331        | \$ 22,144        | \$ 24,358        | \$ 24,267        | \$ 28,981        |
| <b>Total pool and other</b>                                    | (230)            | 639              | (911)            | 559              | 901              |
| <b>Subtotal</b>  | <b>11,101</b>    | <b>22,783</b>    | <b>23,447</b>    | <b>24,826</b>    | <b>29,882</b>    |
| <b>Impact of commutations and settlements <sup>(2)</sup></b>   | (267)            | —                | (56)             | 3,691            | 6,812            |
| <b>Total net claims paid</b>                                   | <b>\$ 10,834</b> | <b>\$ 22,783</b> | <b>\$ 23,391</b> | <b>\$ 28,517</b> | <b>\$ 36,694</b> |
| <b>Total average net primary claim paid <sup>(1) (3)</sup></b> | <b>\$ 46.4</b>   | <b>\$ 47.9</b>   | <b>\$ 50.3</b>   | <b>\$ 50.9</b>   | <b>\$ 47.0</b>   |
| <b>Average direct primary claim paid <sup>(3) (4)</sup></b>    | <b>\$ 47.8</b>   | <b>\$ 49.0</b>   | <b>\$ 51.4</b>   | <b>\$ 52.1</b>   | <b>\$ 48.1</b>   |

(1) Net of reinsurance recoveries.

(2) Includes payments to commute mortgage insurance coverage on certain performing and non-performing loans.

(3) Calculated without giving effect to the impact of other commutations.

(4) Before reinsurance recoveries.

| (\$ in thousands, except per default amounts)        | September 30,<br>2020 | June 30,<br>2020  | March 31,<br>2020 | December 31,<br>2019 | September 30,<br>2019 |
|--|-----------------------|-------------------|-------------------|----------------------|-----------------------|
| <b>Reserve for losses by category <sup>(1)</sup></b> |                       |                   |                   |                      |                       |
| <b>Mortgage reserves</b>                             |                       |                   |                   |                      |                       |
| <b>Prime</b>   | \$ 655,754            | \$ 573,463        | \$ 264,694        | \$ 248,727           | \$ 236,382            |
| <b>Alt-A and A minus and below</b>                   | 88,879                | 86,646            | 88,481            | 91,093               | 95,723                |
| <b>IBNR and other <sup>(2)</sup></b>                 | 43,153                | 43,342            | 40,583            | 40,920               | 42,117                |
| <b>LAE</b>   | 18,745                | 16,807            | 9,216             | 8,918                | 9,000                 |
| <b>Total primary reserves</b>                        | <b>806,531</b>        | <b>720,258</b>    | <b>402,974</b>    | <b>389,658</b>       | <b>383,222</b>        |
| <b>Total pool reserves</b>                           | <b>14,779</b>         | <b>14,398</b>     | <b>11,297</b>     | <b>11,322</b>        | <b>10,605</b>         |
| <b>Total 1st lien reserves</b>                       | <b>821,310</b>        | <b>734,656</b>    | <b>414,271</b>    | <b>400,980</b>       | <b>393,827</b>        |
| <b>Other</b>   | 398                   | 335               | 407               | 293                  | 260                   |
| <b>Total Mortgage reserves</b>                       | <b>821,708</b>        | <b>734,991</b>    | <b>414,678</b>    | <b>401,273</b>       | <b>394,087</b>        |
| <b>Real Estate reserves</b>                          | <b>4,084</b>          | <b>3,894</b>      | <b>3,524</b>      | <b>3,492</b>         | <b>4,054</b>          |
| <b>Total reserves</b>                                | <b>\$ 825,792</b>     | <b>\$ 738,885</b> | <b>\$ 418,202</b> | <b>\$ 404,765</b>    | <b>\$ 398,141</b>     |

**1st lien reserve per default**

|   |                  |                 |                  |                  |                  |
|---|------------------|-----------------|------------------|------------------|------------------|
| <b>Primary reserve per primary default excluding IBNR and other</b> | <b>\$ 12,168</b> | <b>\$ 9,706</b> | <b>\$ 18,320</b> | <b>\$ 16,399</b> | <b>\$ 16,900</b> |
|---|------------------|-----------------|------------------|------------------|------------------|

(1) Includes ceded losses on reinsurance transactions, which are expected to be recovered and are included in the reinsurance recoverables reported in other assets in our condensed consolidated balance sheets.

(2) For the quarter ended September 30, 2019 includes an increase of \$11.8 million in the Company's IBNR reserve estimate related to previously disclosed legal proceedings involving challenges from certain servicers regarding loss mitigation activities.

**Radian Group Inc. and Subsidiaries**  
**Mortgage Supplemental Information - Default Statistics**  
**Exhibit K**

|   | <u>September 30,</u><br><u>2020</u> | <u>June 30,</u><br><u>2020</u> | <u>March 31,</u><br><u>2020</u> | <u>December 31,</u><br><u>2019</u> | <u>September 30,</u><br><u>2019</u> |
|---|-------------------------------------|--------------------------------|---------------------------------|------------------------------------|-------------------------------------|
| <b><u>Default Statistics</u></b>          |                                     |                                |                                 |                                    |                                     |
| <b>Primary Insurance:</b>                 |                                     |                                |                                 |                                    |                                     |
| <b><u>Prime</u></b>                       |                                     |                                |                                 |                                    |                                     |
| Number of insured loans                   | 1,043,450                           | 1,040,964                      | 1,049,974                       | 1,049,954                          | 1,040,520                           |
| Number of loans in default                | 58,057                              | 64,648                         | 15,497                          | 16,532                             | 15,345                              |
| Percentage of loans in default            | 5.56 %                              | 6.21 %                         | 1.48 %                          | 1.57 %                             | 1.47 %                              |
| <b><u>Alt-A and A minus and below</u></b> |                                     |                                |                                 |                                    |                                     |
| Number of insured loans                   | 27,310                              | 28,357                         | 29,375                          | 30,439                             | 32,163                              |
| Number of loans in default                | 4,680                               | 5,094                          | 4,284                           | 4,734                              | 4,839                               |
| Percentage of loans in default            | 17.14 %                             | 17.96 %                        | 14.58 %                         | 15.55 %                            | 15.05 %                             |
| <b>Total Primary</b>                      |                                     |                                |                                 |                                    |                                     |
| Number of insured loans                   | 1,070,760                           | 1,069,321                      | 1,079,349                       | 1,080,393                          | 1,072,683                           |
| Number of loans in default                | 62,737                              | 69,742                         | 19,781                          | 21,266                             | 20,184                              |
| Percentage of loans in default            | 5.86 %                              | 6.52 %                         | 1.83 %                          | 1.97 %                             | 1.88 %                              |



**Radian Group Inc. and Subsidiaries**  
**Mortgage Supplemental Information - Reinsurance Programs**  
**Exhibit L**

| (\$ in thousands)  | 2020       |             |           | 2019      |           |
|--|------------|-------------|-----------|-----------|-----------|
|  | Qtr 3      | Qtr 2       | Qtr 1     | Qtr 4     | Qtr 3     |
| <b>Quota Share Reinsurance ("QSR") and Single Premium QSR Programs</b> |            |             |           |           |           |
| Ceded premiums written <sup>(1)</sup>                                  | \$ 2,119   | \$ 35,821   | \$ 6,687  | \$ 9,217  | \$ 8,408  |
| % of premiums written  | 0.8 %      | 13.0 %      | 2.4 %     | 3.0 %     | 2.9 %     |
| Ceded premiums earned  | \$ 36,742  | \$ 60,652   | \$ 18,712 | \$ 19,428 | \$ 19,295 |
| % of premiums earned   | 11.2 %     | 19.2 %      | 6.2 %     | 6.1 %     | 6.3 %     |
| Ceding commissions written   | \$ (4,984) | \$ (5,304)  | \$ 8,413  | \$ 6,836  | \$ 6,778  |
| Ceding commissions earned <sup>(2)</sup>                               | \$ 17,038  | \$ 13,453   | \$ 9,966  | \$ 12,055 | \$ 12,153 |
| Profit commission  | \$ 20,425  | \$ (10,649) | \$ 16,405 | \$ 17,792 | \$ 18,346 |
| Ceded losses   | \$ 10,189  | \$ 39,635   | \$ 1,962  | \$ 1,533  | \$ 771    |

**Excess-of-Loss Program**

|                        |          |          |           |          |          |
|------------------------|----------|----------|-----------|----------|----------|
| Ceded premiums written | \$ 7,499 | \$ 7,525 | \$ 12,678 | \$ 6,834 | \$ 6,878 |
| % of premiums written  | 2.8 %    | 2.7 %    | 4.5 %     | 2.2 %    | 2.4 %    |
| Ceded premiums earned  | \$ 8,290 | \$ 8,321 | \$ 8,405  | \$ 7,104 | \$ 7,452 |
| % of premiums earned   | 2.5 %    | 2.6 %    | 2.8 %     | 2.2 %    | 2.4 %    |

**Ceded RIF <sup>(3)</sup>**

|                            |                    |                    |                     |                     |                     |
|----------------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| QSR Program                | \$ 454,585         | \$ 532,743         | \$ 596,166          | \$ 644,512          | \$ 702,201          |
| Single Premium QSR Program | 7,358,932          | 8,173,756          | 8,580,047           | 8,582,067           | 8,538,363           |
| Excess-of-Loss Program     | 1,170,200          | 1,170,200          | 1,230,000           | 850,800             | 974,800             |
| <b>Total Ceded RIF</b>     | <b>\$8,983,717</b> | <b>\$9,876,699</b> | <b>\$10,406,213</b> | <b>\$10,077,379</b> | <b>\$10,215,364</b> |

**PMIERS impact - reduction in Minimum Required Assets <sup>(4)</sup>**

|                            |                    |                    |                    |                    |                    |
|----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| QSR Program                | \$ 26,213          | \$ 30,837          | \$ 31,638          | \$ 35,382          | \$ 38,227          |
| Single Premium QSR Program | 469,625            | 517,028            | 501,668            | 511,695            | 513,832            |
| Excess-of-Loss Program     | 783,842            | 970,294            | 1,066,464          | 738,386            | 834,072            |
| <b>Total PMIERS impact</b> | <b>\$1,279,680</b> | <b>\$1,518,159</b> | <b>\$1,599,770</b> | <b>\$1,285,463</b> | <b>\$1,386,131</b> |

(1) Net of profit commission, where applicable.

(2) Includes amounts reported in policy acquisition costs and other operating expenses. Operating expenses include the following ceding commissions, net of deferred policy acquisition costs, for the periods indicated:

| (\$ in thousands)  | 2020        |             |            | 2019       |            |
|--------------------|-------------|-------------|------------|------------|------------|
|                    | Qtr 3       | Qtr 2       | Qtr 1      | Qtr 4      | Qtr 3      |
| Ceding commissions | \$ (12,337) | \$ (10,406) | \$ (7,967) | \$ (7,973) | \$ (8,160) |

(3) Included in primary RIF.

(4) Excludes the impact of intercompany reinsurance.

## FORWARD-LOOKING STATEMENTS

All statements in this press release 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 Securities Exchange Act of 1934 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, including management’s current views regarding the likely impacts of the COVID-19 pandemic. 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, particularly those associated with the COVID-19 pandemic, which has had wide-ranging and continually evolving effects. 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:

- the COVID-19 pandemic, which has significantly impacted the global economy, disrupted global supply chains, lowered certain equity market valuations, created periods of significant volatility and disruption in financial markets, required adjustments in the housing finance system and real estate markets and increased unemployment levels. In addition, the pandemic has resulted in travel restrictions, stay-at-home, quarantine and similar orders, which have resulted in the closures of many businesses and, for those permitted to open, numerous operating limitations such as social distancing and other extensive health and safety measures. As a result, the demand for certain of our products and services has been impacted, and this impact may continue for an unknown period and could expand in scope. We expect that the COVID-19 pandemic and measures taken to reduce its spread will pervasively impact our business and subject us to certain risks, including those discussed in “Item 1A. Risk Factors-*The COVID-19 pandemic has adversely impacted our business, and its ultimate impact on our business and financial results will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities in response to the pandemic.*” and the other risk factors in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 and in our subsequent reports and registration statements filed from time to time with the U.S. Securities and Exchange Commission;
- further changes in economic and political conditions, including those resulting from the November 2020 elections and COVID-19, that impact the size of the insurable market, the credit performance of our insured portfolio, and our business prospects;
- 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”), including potential future changes to the PMIERs, and other applicable requirements imposed by the Federal Housing Finance Agency (the “FHFA”) and by Fannie Mae and Freddie Mac (collectively, the “GSEs”) to insure loans purchased by the GSEs;
- the proposed Enterprise Regulatory Capital Framework that would, among other items, establish significant capital requirements for the GSEs once finalized, which could impact the GSEs’ operations and the size of the insurable mortgage insurance market, and which may form the basis for future versions of the PMIERs;
- our ability to successfully execute and implement our capital plans, including our risk distribution strategy through the capital markets and reinsurance markets, and to maintain sufficient holding company liquidity to meet our liquidity needs;
- our ability to successfully execute and implement our business plans and strategies, including plans and strategies that require GSE and/or regulatory approvals and various licenses and complex compliance requirements;
- our ability to maintain an adequate level of capital in our insurance subsidiaries to satisfy existing and future regulatory requirements, including the PMIERs and any changes thereto, such as the application of the recent and temporary amendment that applies a reduced capital charge nationwide for certain COVID-19-related nonperforming loans, and potential changes to the Mortgage Guaranty Insurance Model Act currently under consideration;
- changes in the charters or business practices of, or rules or regulations imposed by or applicable to, the GSEs, which may include changes in the requirements to remain an approved insurer to the GSEs, the GSEs’ interpretation and application of the PMIERs, as well as changes impacting loans purchased by the GSEs, including changes to the GSEs’ business practices in response to the COVID-19 pandemic;
- changes in the current housing finance system in the United States, including the role of the Federal Housing Administration (the “FHA”), the GSEs and private mortgage insurers in this system;
- uncertainty from the expected discontinuance of LIBOR and transition to one or more alternative benchmarks that could cause interest rate volatility and, among other things, impact our investment portfolio, cost of debt and cost of reinsurance through mortgage insurance-linked notes transactions;
- any disruption in the servicing of mortgages covered by our insurance policies, as well as poor servicer performance, which could result from the challenges many servicers are facing due to the impact of the COVID-19 pandemic;
- a decrease in the “Persistency Rates” (the percentage of insurance in force that remains in force over a period of time) of our

mortgage insurance on monthly premium products;

- competition in our mortgage insurance business, including price competition and competition from the FHA and U.S. Department of Veterans Affairs as well as from other forms of credit enhancement, including GSE-sponsored alternatives to traditional mortgage insurance;
- 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, including the proposed changes to the "qualified mortgages" (QM) loan requirements which currently are being considered by the Consumer Financial Protection Bureau;
- 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, including the enactment of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and the adoption, interpretation or application of laws and regulations in response to COVID-19;
- 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, new or increased reserves or have other effects on our business;
- the amount and timing of potential settlements, payments or adjustments associated with federal or other tax examinations;
- the possibility that we may fail to estimate accurately, especially in the event of an extended economic downturn or a period of extreme market volatility and uncertainty such as we are currently experiencing due to the COVID-19 pandemic, the likelihood, magnitude and timing of losses in establishing loss reserves for our mortgage insurance business or to accurately calculate and/or project our Available Assets and Minimum Required Assets under the PMIERS, which will be impacted by, among other things, the size and mix of our insurance in force, the level of defaults in our portfolio, the reported status of defaults in our portfolio, including whether they are subject to forbearance, a repayment plan or a loan modification trial period under a loan modification in response to COVID-19, the level of cash flow generated by our insurance operations and our risk distribution strategies;
- volatility in our financial results caused by changes in the fair value of our assets and liabilities, including our investment portfolio;
- changes in "GAAP" (accounting principles generally accepted in the U.S.) or "SAPP" (statutory accounting principles and 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 amounts we may receive from our subsidiaries, including dividends or ordinary course distributions under our internal tax- and expense-sharing arrangements.

For more information regarding these risks and uncertainties as well as certain additional risks that we face, you should refer to "Item 1A. Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 and "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019, and to subsequent reports and registration statements filed from time to time with the U.S. Securities and Exchange Commission. We caution you not to place undue reliance on these forward-looking statements, which are current only as of the date on which we issued this press release. 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.

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