radian

press release

August 2, 2023

Radian Announces Second Quarter 2023 Financial Results

— Primary mortgage insurance in force increases 5% year-over-year to $266.9 billion —

— Total holding company liquidity grows to $1.3 billion —

— PMIERs excess Available Assets of $1.7 billion (or 41% over the Minimum Required Assets) —

— Net income of $146 million, or $0.91 per diluted share —

— Return on equity of 14.1% —

— Book value per share grows 12% year-over-year to $26.51 —

WAYNE, PA. August 2, 2023 - Radian Group Inc. (NYSE: RDN) today reported net income for the quarter ended June 30, 2023, of $146 million, or $0.91 per diluted share. This compares with net income for the quarter ended June 30, 2022, of $201 million, or $1.15 per diluted share.

Key Financial Highlights

($ in millions, except per-share amounts)	Quarter ended June 30, 2023	March 31, 2023	June 30, 2022
Total revenues (1) (2)	$290	$311	$287
Net income (2)	$146	$158	$201
Diluted net income per share	$0.91	$0.98	$1.15
Consolidated pretax income	$183	$204	$260
Adjusted pretax operating income (3)	$184	$200	$302
Adjusted diluted net operating income per share (3) (4)	$0.91	$0.98	$1.36
Return on equity (2) (5)	14.1 %	15.7 %	19.9 %
Adjusted net operating return on equity (3) (4)	14.1 %	15.7 %	23.6 %
New Insurance Written (NIW) - mortgage insurance	$16,946	$11,261	$18,935
Net premiums earned - mortgage insurance (1)	$211	$231	$247
New defaults	9,775	10,624	8,009
Provision for losses - mortgage insurance	($22)	($17)	($114)
homegenius revenues	$15	$13	$32
Book value per share	$26.51	$26.23	$23.63
Accumulated other comprehensive income (loss) value per share (6)	($2.69)	($2.47)	($1.98)
PMIERs Available Assets (7)	$5,689	$5,651	$5,175
PMIERs excess Available Assets (8)	$1,662	$1,740	$1,424
Total Holding Company Liquidity (9)	$1,285	$1,231	$1,048
Total investments	$5,896	$5,838	$5,906
Primary mortgage insurance in force	$266,859	$261,450	$254,226
Percentage of primary loans in default (10)	2.0 %	2.1 %	2.2 %
Mortgage insurance loss reserves	$374	$400	$589

(1) Total revenue and net premiums earned during the second quarter of 2023 reflect an increase in ceded premiums incurred, primarily due to costs associated with the successful completion of tender offers by Eagle Re 2019-1 Ltd. and Eagle Re 2020-1 Ltd. for the mortgage insurance-linked notes that supported their reinsurance agreement with Radian Guaranty. See Eagle Re Tender Offers section below for more information regarding these tender offers.

(2) Total revenues and net income for the second quarter of 2023 includes a pretax net loss of $236 thousand on investments and other financial instruments compared with a pretax net gain on investments and other financial instruments of $6 million in the first quarter of 2023 and a pretax net loss on investments and other financial instruments of $42 million for the second quarter of 2022.
(3) Adjusted results, including adjusted pretax operating income, adjusted diluted net operating income per share and adjusted net operating return on equity, are non-GAAP financial measures. For definitions and reconciliations of these measures to the comparable GAAP measures, see Exhibits F and G.
(4) Calculated using the company's statutory tax rate of 21%.
(5) Calculated by dividing annualized net income by average stockholders' equity, based on the average of the beginning and ending balances for each period presented.
(6) Included in book value per share for each period presented.
(7) 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.
(8) 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.
(9) Represents Radian Group's total liquidity, including available capacity under its $275 million unsecured revolving credit facility.
(10) Represents the number of primary loans in default as a percentage of the total number of insured primary loans.

Net income for the quarter ended June 30, 2023, was $146 million, or $0.91 per diluted share. This compares with net income for the quarter ended June 30, 2022, of $201 million, or $1.15 per diluted share.

Adjusted pretax operating income for the quarter ended June 30, 2023, was $184 million, or $0.91 per diluted share. This compares with adjusted pretax operating income for the quarter ended June 30, 2022, of $302 million, or $1.36 per diluted share.

Book value per share at June 30, 2023, was $26.51, compared to $26.23 at March 31, 2023, and $23.63 at June 30, 2022. This represents a 12% growth in book value per share at June 30, 2023, as compared to June 30, 2022, and includes accumulated other comprehensive income (loss) of $(2.69) per share as of June 30, 2023, and $(1.98) per share as of June 30, 2022, which, if excluded as of both dates, would represent 14% growth for the period. The change in accumulated other comprehensive income (loss) since March 31, 2022, is primarily from net unrealized losses on investments as a result of an increase in market interest rates.

"We reported excellent second quarter results for Radian, increasing book value per share by 12% year-over-year, generating net income of $146 million and delivering return on equity of 14.1%. Our primary mortgage insurance in force, which is the main driver of future earnings for our company, grew 5% year-over-year to $267 billion, and our total holding company liquidity increased to $1.3 billion," said Radian's Chief Executive Officer Rick Thornberry. "Our overall performance reflects the resilience of our business model, the strength of our growing insured portfolio, the depth of our customer relationships and the commitment of our team."

SECOND QUARTER HIGHLIGHTS

- NIW was $16.9 billion in the second quarter of 2023, compared to $11.3 billion in the first quarter of 2023, and $18.9 billion in the second quarter of 2022.
    - Purchase NIW increased 52% in the second quarter of 2023 compared to the first quarter of 2023 and decreased 9% compared to the second quarter of 2022.
    - Refinances accounted for 1% of total NIW in the second quarter of 2023, compared to 2% in the first quarter of 2023, and 3% in the second quarter of 2022.
    - Of the $16.9 billion in NIW in the second quarter of 2023, 97% was written with monthly and other recurring premiums, as compared to 95% in both the first quarter of 2023 and the second quarter of 2022.
- Total primary mortgage insurance in force as of June 30, 2023, increased to $266.9 billion, an increase of 2% as compared to $261.5 billion as of March 31, 2023, and an increase of 5% compared to $254.2 billion as of June 30, 2022. The year-over-year change reflects an 8% increase in monthly premium policy insurance in force and a 12% decline in single premium policy insurance in force.
    - Persistency, which is the percentage of mortgage insurance that remains in force after a twelve-month period, was 83% for the twelve months ended June 30, 2023, compared to 82% for the twelve months ended March 31, 2023, and 72% for the twelve months ended June 30, 2022.

- Annualized persistency for the three months ended June 30, 2023, was 84%, compared to 84% for the three months ended March 31, 2023, and 80% for the three months ended June 30, 2022.

- Net mortgage insurance premiums earned were $211 million for the second quarter of 2023, compared to $231 million for the first quarter of 2023, and $247 million for the second quarter of 2022. The decline in the second quarter of 2023 reflects an increase in ceded premiums earned, primarily as a result of the successful completion of tender offers by Eagle Re 2019-1 Ltd. and Eagle Re 2020-1 Ltd. during the second quarter of 2023 to purchase the mortgage insurance-linked notes that supported their reinsurance agreements with Radian Guaranty. See Eagle Re Tender Offers section below for more details.
  - Mortgage insurance in force portfolio premium yield was 38.2 basis points in the second quarter of 2023. This compares to 38.5 basis points in the first quarter of 2023, and 40.0 basis points in the second quarter of 2022.
  - The impact of single premium policy cancellations before consideration of reinsurance represented 0.6 basis points of direct premium yield in the second quarter of 2023, 0.8 basis points in the first quarter of 2023, and 1.1 basis points in the second quarter of 2022.
  - Total net mortgage insurance premium yield, which includes the impact of ceded premiums earned and accrued profit commission, was 31.9 basis points in the second quarter of 2023. This compares to 35.4 basis points in the first quarter of 2023, and 39.3 basis points in the second quarter of 2022. The decline in the second quarter of 2023 compared to the first quarter of 2023 was due primarily to an increase of 3.2 basis points in ceded premiums earned, as a result of the tender offers by Eagle Re 2019-1 Ltd. and Eagle Re 2020-1 Ltd. See Eagle Re Tender Offers section below for more details.
  - Details regarding premiums earned may be found in Exhibit D.

- The mortgage insurance provision for losses was a benefit of $22 million in the second quarter of 2023, compared to benefits of $17 million and $114 million in the first quarter of 2023 and second quarter of 2022, respectively.
  - All periods benefited from significant favorable reserve development on prior period defaults, due to more favorable trends in cures than originally estimated. The decreased benefit in the first quarter and second quarter of 2023 compared to the second quarter of 2022 was primarily related to less favorable development on prior period reserves, as the remaining number of defaults and loss reserve balance continue to decline.
  - The number of primary delinquent loans was 19,880 as of June 30, 2023, compared to 20,748 as of March 31, 2023, and 21,861 as of June 30, 2022.
  - The loss ratio in the second quarter of 2023 was (10.3)% compared to (7.3)% in the first quarter of 2023, and (46.2)% in the second quarter of 2022.
  - Total mortgage insurance claims paid were $3 million in the second quarter of 2023, compared to $3 million in the first quarter of 2023, and $3 million in the second quarter of 2022.

- Radian's homegenius segment offers an array of title, real estate and real estate technology products and services to consumers, mortgage lenders, mortgage and real estate investors, GSEs, real estate brokers and agents.
  - Total homegenius segment revenues for the second quarter of 2023 were $15 million, compared to $13 million for the first quarter of 2023, and $32 million for the second quarter of 2022.
  - Adjusted pretax operating loss, our primary segment measure of profitability for the homegenius segment, was $24 million for the second quarter of 2023, compared to $23 million for the first quarter of 2023, and $18 million for the second quarter of 2022.

- Other operating expenses were $90 million in the second quarter of 2023, compared to $83 million in the first quarter of 2023, and $90 million in the second quarter of 2022.

- Other operating expenses increased in the second quarter of 2023 as compared to expenses in the first quarter of 2023, primarily due to the timing of our annual share-based incentive grants as well as severance and related expenses recognized in the second quarter of 2023.
- Additional details regarding other operating expenses by segment may be found in Exhibit E.

EAGLE RE TENDER OFFERS

- In June 2023, Eagle Re 2019-1 Ltd. and Eagle Re 2020-1 Ltd. conducted tender offers to purchase the mortgage insurance-linked notes that supported their reinsurance agreements with Radian Guaranty.
- As a result of the tender offers, $455 million and $332 million of the original principal amount of the Eagle Re 2019-1 Ltd. and Eagle Re 2020-1 Ltd. insurance-linked notes, respectively, were tendered, representing 100% of the Eagle Re 2019-1 Ltd. insurance-linked notes and 82% of the Eagle Re 2020-1 Ltd. insurance-linked notes. The corresponding portion of the reinsurance agreements supported by the tendered notes were terminated.
- An impact of the completed successful tender offers was to reduce our net premiums earned and premium yield during the second quarter of 2023, as described below:
  - Mortgage insurance net premiums earned - Radian Guaranty incurred an additional $21 million of ceded premiums earned during the second quarter of 2023, consisting of $16 million related to the cost of tender premiums and expenses associated with the tender offers and $5 million related to the acceleration of deferred costs from the original executions of these transactions.
  - Total net mortgage insurance premium yield - The increase in ceded premiums earned due to the tender offers discussed above reduced Radian Guaranty's total net mortgage insurance premium yield for the second quarter of 2023 by 3.2 basis points.
- The tender offers were beneficial for Radian Guaranty because the Eagle Re reinsurance agreements noted above were no longer providing the level of PMIERs capital benefit or risk mitigation value they provided in prior years. In addition, based on current projections and expectations, Radian Guaranty expects to save approximately $58 million of future ceded premiums as a result of the termination of the reinsurance agreements resulting from these tender offers, including the expected recovery of the $21 million of one-time costs noted above within one year.

CAPITAL AND LIQUIDITY UPDATE

Radian Group

- As of June 30, 2023, Radian Group maintained $1.0 billion of available liquidity. Total holding company liquidity, including the company's $275 million unsecured revolving credit facility, was $1.3 billion as of June 30, 2023.
- Radian Group paid a dividend on its common stock in the amount of $0.225 per share, totaling $35 million on June 14, 2023.
- During the second quarter of 2023, the company repurchased 229 thousand shares of Radian Group common stock at a total cost of $5 million, including commissions. After these repurchases, purchase authority of up to $280 million remained available under the existing program.

Radian Guaranty

- In May 2023, Radian Guaranty paid an ordinary dividend to Radian Group of $100 million. During the first six months of 2023, Radian Guaranty paid $200 million in ordinary dividends to Radian Group. Radian

Guaranty expects to pay a total of between $300 million to $400 million of ordinary dividends to Radian Group during 2023, based on current performance expectations.

- At June 30, 2023, Radian Guaranty's Available Assets under PMIERs totaled approximately $5.7 billion, resulting in excess available resources or a "cushion" of $1.7 billion, or 41%, over its Minimum Required Assets under PMIERs.

RECENT EVENTS

- In July 2023, consistent with our use of risk distribution strategies to effectively manage capital and proactively mitigate risk, Radian Guaranty entered into a quota share reinsurance arrangement ("2023 QSR Agreement") with a panel of third-party reinsurance providers. Under the 2023 QSR Agreement, we expect to cede 22.5% of policies issued between July 1, 2023, and June 30, 2024, subject to certain conditions.

CONFERENCE CALL

Radian will discuss second quarter 2023 financial results in a conference call tomorrow, Thursday, August 3, 2023, at 12:00 p.m. Eastern time. The conference call will be webcast live on the company's website at https://radian.com/who-we-are/for-investors/webcasts or at www.radian.com. The webcast is listen-only. Those interested in participating in the question-and-answer session should follow the conference call dial-in instructions below.

The call may be accessed via telephone by registering for the call here to receive the dial-in numbers and unique PIN. It is recommended that you join 10 minutes prior to the event start (although you may register and dial in at any time during the call).

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 one year at https://radian.com/who-we-are/for-investors/webcasts.

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, under Investors.

NON-GAAP FINANCIAL MEASURES

Radian believes that adjusted pretax operating income (loss), adjusted diluted net operating income (loss) 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, except for certain investments and other financial instruments attributable to our reportable segments and All Other activities; (ii) amortization and impairment of goodwill and other acquired intangible assets; and (iii) impairment of other long-lived assets and other non-operating items, if any, such as gains (losses) from the sale of lines of business, acquisition-related income and expenses and gains (losses) on extinguishment of debt. 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 non-GAAP measures for our homegenius segment of adjusted pretax operating income (loss) before allocated corporate operating expenses and adjusted gross profit. Adjusted pretax operating income (loss) before allocated corporate operating expenses is calculated as adjusted pretax operating income (loss) as described above (which is the segment's ASC 280 GAAP measure of operating performance), adjusted to remove the impact of corporate allocations of other operating expenses for the homegenius segment. Adjusted gross profit is further adjusted to remove other operating expenses. For the homegenius segment, adjusted pretax operating income (loss) before allocated corporate operating expenses and adjusted gross profit 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 homegenius 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 and homegenius.com to learn more about how Radian and its pioneering homegenius platform are building a smarter future for mortgage and real estate services.

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FINANCIAL RESULTS AND SUPPLEMENTAL INFORMATION CONTENTS (Unaudited)

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

	2023		2022		
(In thousands, except per-share amounts)	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Revenues					
Net premiums earned	$ 213,429	$ 233,238	$ 232,827	$ 240,222	$ 253,892
Services revenue	11,797	10,984	15,441	20,146	27,281
Net investment income	64,182	59,221	59,091	51,414	46,957
Net gains (losses) on investments and other financial instruments	(236)	5,585	6,845	(16,252)	(41,869)
Other income	1,241	1,592	520	659	572
Total revenues	290,413	310,620	314,724	296,189	286,833
Expenses					
Provision for losses	(21,632)	(16,929)	(43,599)	(96,964)	(113,922)
Policy acquisition costs	5,218	6,293	5,931	5,442	5,940
Cost of services	10,257	10,398	16,128	18,717	22,760
Other operating expenses	89,885	83,269	109,785	91,327	90,495
Interest expense	22,639	22,207	21,594	21,183	20,831
Amortization of other acquired intangible assets	1,370	1,371	1,587	1,023	849
Total expenses	107,737	106,609	111,426	40,728	26,953
Pretax income	182,676	204,011	203,298	255,461	259,880
Income tax provision	36,589	46,254	40,968	57,181	58,687
Net income	$ 146,087	$ 157,757	$ 162,330	$ 198,280	$ 201,193
Diluted net income per share	$ 0.91	$ 0.98	$ 1.01	$ 1.20	$ 1.15

Selected Mortgage Key Ratios

	2023		2022		
	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Loss ratio [(1)]	(10.3)%	(7.3)%	(18.9)%	(41.5)%	(46.2)%
Expense ratio [(2)]	29.6 %	25.9 %	27.3 %	26.1 %	26.2 %

(1) For our Mortgage segment, calculated as provision for losses expressed as a percentage of net premiums earned. See Exhibit E for additional information.

(2) For our Mortgage segment, calculated as operating expenses, (which consist of policy acquisition costs and other operating expenses, as well as allocated corporate operating expenses), expressed as a percentage of net premiums earned. See Exhibit E for additional information.

Radian Group Inc. and Subsidiaries
Net Income Per Share Trend Schedule
Exhibit B

The calculation of basic and diluted net income per share is as follows.

	2023		2022		
(In thousands, except per-share amounts)	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Net income—basic and diluted	$ 146,087	$ 157,757	$ 162,330	$ 198,280	$ 201,193
Average common shares outstanding—basic	159,010	158,304	158,357	162,506	173,705
Dilutive effect of share-based compensation arrangements (1)	1,734	3,045	2,450	2,232	1,714
Adjusted average common shares outstanding—diluted	160,744	161,349	160,807	164,738	175,419
Basic net income per share	$ 0.92	$ 1.00	$ 1.03	$ 1.22	$ 1.16
Diluted net income per share	$ 0.91	$ 0.98	$ 1.01	$ 1.20	$ 1.15

(1) The following number of shares of our common stock equivalents issued under our share-based compensation arrangements are not included in the calculation of diluted net income per share because their effect would be anti-dilutive.

	2023		2022		
(In thousands)	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Shares of common stock equivalents	112	25	—	—	189

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

(In thousands, except per-share amounts)	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30 2022
Assets					
Investments	$ 5,895,871	$ 5,837,892	$ 5,693,491	$ 5,591,881	$ 5,906,147
Cash	61,142	50,167	56,183	54,701	135,262
Restricted cash	1,317	577	377	1,107	561
Accrued investment income	42,650	42,567	40,093	38,596	35,774
Accounts and notes receivable	138,432	129,565	119,834	174,041	166,380
Reinsurance recoverable	22,979	24,396	25,633	30,569	39,876
Deferred policy acquisition costs	19,272	18,236	18,460	17,920	16,983
Property and equipment, net	73,885	72,111	70,981	75,740	74,874
Goodwill and other acquired intangible assets, net	12,543	13,914	15,285	16,873	17,895
Prepaid federal income taxes	663,320	596,368	596,368	526,123	466,123
Other assets	375,132	418,609	427,024	458,292	414,412
Total assets	$ 7,306,543	$ 7,204,402	$ 7,063,729	$ 6,985,843	$ 7,274,287
Liabilities and stockholders’ equity					
Unearned premiums	$ 246,666	$ 257,735	$ 271,479	$ 285,290	$ 298,991
Reserve for losses and loss adjustment expense	379,434	405,651	426,843	483,664	594,808
Senior notes	1,415,610	1,414,549	1,413,504	1,412,473	1,411,458
Secured borrowings	178,762	121,642	155,822	153,550	184,284
Reinsurance funds withheld	154,354	153,099	152,067	218,777	223,649
Net deferred tax liability	479,754	455,517	391,083	335,374	324,866
Other liabilities	281,127	289,731	333,604	358,665	305,269
Total liabilities	3,135,707	3,097,924	3,144,402	3,247,793	3,343,325
Common stock	177	176	176	176	186
Treasury stock	(945,032)	(931,313)	(930,643)	(930,396)	(930,284)
Additional paid-in capital	1,522,895	1,515,852	1,519,641	1,513,615	1,698,490
Retained earnings	4,016,482	3,908,396	3,786,952	3,656,870	3,491,675
Accumulated other comprehensive income (loss)	(423,686)	(386,633)	(456,799)	(502,215)	(329,105)
Total stockholders’ equity	4,170,836	4,106,478	3,919,327	3,738,050	3,930,962
Total liabilities and stockholders’ equity	$ 7,306,543	$ 7,204,402	$ 7,063,729	$ 6,985,843	$ 7,274,287
Shares outstanding	157,350	156,547	157,056	157,058	166,388
Book value per share	$ 26.51	$ 26.23	$ 24.95	$ 23.80	$ 23.63
Debt to capital ratio [1]	25.3 %	25.6 %	26.5 %	27.4 %	26.4 %
Risk to capital ratio-Radian Guaranty only	10.8:1	10.6:1	10.7:1	11.1:1	11.9:1

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

Radian Group Inc. and Subsidiaries
Net Premiums Earned
Exhibit D

(In thousands)	2023 Qtr 2	2023 Qtr 1	2022 Qtr 4	2022 Qtr 3	2022 Qtr 2
Premiums earned					
Direct - Mortgage					
Premiums earned, excluding revenue from cancellations	$ 252,537	$ 251,166	$ 247,880	$ 250,140	$ 249,936
Single Premium Policy cancellations	3,980	5,361	5,756	6,705	6,894
Total direct - Mortgage	256,517	256,527	253,636	256,845	256,830
Assumed - Mortgage (1)	—	—	(56)	1,211	1,539
Ceded - Mortgage					
Premiums earned, excluding revenue from cancellations (2)	(57,916)	(35,526)	(35,773)	(38,879)	(28,565)
Single Premium Policy cancellations (3)	(1,114)	(1,472)	(1,676)	(1,844)	(1,965)
Profit commission - other (4)	13,245	11,921	13,802	17,864	19,070
Total ceded premiums - Mortgage (5)	(45,785)	(25,077)	(23,647)	(22,859)	(11,460)
Net premiums earned - Mortgage	210,732	231,450	229,933	235,197	246,909
Net premiums earned - homegenius	2,697	1,788	2,894	5,025	6,983
Net premiums earned	$ 213,429	$ 233,238	$ 232,827	$ 240,222	$ 253,892

(1) Represents premiums from our participation in certain credit risk transfer programs. We discontinued our participation in these programs in December 2022 by novating these insurance policies to an unrelated third-party reinsurer.
(2) The second quarter of 2023 includes the result of the tender offers by Eagle Re 2019-1 Ltd. and Eagle Re 2020-1 Ltd. to purchase the mortgage insurance-linked notes that supported their reinsurance agreements with Radian Guaranty. As a result, Radian Guaranty incurred additional ceded premiums earned during the second quarter of 2023 of $21 million, consisting of $16 million related to the cost of tender premiums and associated expenses and $5 million related to the acceleration of deferred costs from the original executions of these transactions.
(3) Includes the impact of related profit commissions.
(4) The amounts represent the profit commission on the Single Premium QSR Program and 2022 QSR Agreement, excluding the impact of Single Premium Policy cancellations.
(5) See Exhibit K for additional information on ceded premiums for our various reinsurance programs.

Radian Group Inc. and Subsidiaries
Segment Information
Exhibit E (page 1 of 6)

Summarized financial information concerning our operating segments as of and for the periods indicated is as follows. For a definition of adjusted pretax operating income (loss), homegenius adjusted pretax operating income (loss) before allocated corporate operating expenses and homegenius adjusted gross profit, along with reconciliations to consolidated GAAP measures, see Exhibits F and G.

	Three Months Ended June 30, 2023				
(In thousands)	Mortgage	homegenius	All Other [1]	Inter-segment [2]	Total
Net premiums written [3]	$ 214,540	$ 2,697	$ —	$ —	$ 217,237
(Increase) decrease in unearned premiums	(3,808)	—	—	—	(3,808)
Net premiums earned	210,732	2,697	—	—	213,429
Services revenue	284	11,617	—	(104)	11,797
Net investment income	48,555	492	15,135	—	64,182
Net gains (losses) on investments and other financial instruments	—	—	95	—	95
Other income	1,246	—	(1)	(4)	1,241
Total	260,817	14,806	15,229	(108)	290,744
Provision for losses	(21,623)	(9)	—	—	(21,632)
Policy acquisition costs	5,218	—	—	—	5,218
Cost of services	143	10,114	—	—	10,257
Other operating expenses before allocated corporate operating expenses [4]	20,009	24,168	3,370	(108)	47,439
Interest expense	22,239	—	400	—	22,639
Total	25,986	34,273	3,770	(108)	63,921
Adjusted pretax operating income (loss) before allocated corporate operating expenses	234,831	(19,467)	11,459	—	226,823
Allocation of corporate operating expenses	37,081	4,954	413	—	42,448
Adjusted pretax operating income (loss)	$ 197,750	$ (24,421)	$ 11,046	$ —	$ 184,375

Radian Group Inc. and Subsidiaries
Segment Information
Exhibit E (page 2 of 6)

(In thousands)	Three Months Ended June 30, 2022				
	Mortgage	homegenius	All Other (1)	Inter-segment (2)	Total
Net premiums written (3)	$ 248,645	$ 6,983	$ —	$ —	$ 255,628
(Increase) decrease in unearned premiums	(1,736)	—	—	—	(1,736)
Net premiums earned	246,909	6,983	—	—	253,892
Services revenue	2,105	25,261	—	(85)	27,281
Net investment income	40,197	99	6,661	—	46,957
Other income	572	—	—	—	572
Total	289,783	32,343	6,661	(85)	328,702
Provision for losses	(114,179)	309	—	(52)	(113,922)
Policy acquisition costs	5,940	—	—	—	5,940
Cost of services	1,960	20,800	—	—	22,760
Other operating expenses before allocated corporate operating expenses (4)	25,474	23,205	3,077	(33)	51,723
Interest expense	20,831	—	—	—	20,831
Total	(59,974)	44,314	3,077	(85)	(12,668)
Adjusted pretax operating income (loss) before allocated corporate operating expenses	349,757	(11,971)	3,584	—	341,370
Allocation of corporate operating expenses	33,237	5,719	381	—	39,337
Adjusted pretax operating income (loss)	$ 316,520	$ (17,690)	$ 3,203	$ —	$ 302,033

(1) All Other activities include: (i) income (losses) from assets held by our holding company; (ii) related general corporate operating expenses not attributable or allocated to our reportable segments; and (iii) certain investments in new business opportunities, including activities and investments associated with Radian Mortgage Capital, and other immaterial activities.

(2) Includes immaterial inter-segment revenue for our homegenius segment and immaterial inter-segment expenses for our Mortgage segment and All Other activities.

(3) Net of ceded premiums written under our quota share and excess-of-loss reinsurance agreements. See Exhibit K for additional information.

(4) Does not include impairment of long-lived assets and other non-operating items, which are not considered components of adjusted pretax operating income (loss).

Radian Group Inc. and Subsidiaries
Segment Information
Exhibit E (page 3 of 6)

	Mortgage				
	2023		2022		
(In thousands)	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Net premiums written [1]	$ 214,540	$ 229,419	$ 227,791	$ 235,076	$ 248,645
(Increase) decrease in unearned premiums	(3,808)	2,031	2,142	121	(1,736)
Net premiums earned	210,732	231,450	229,933	235,197	246,909
Services revenue	284	336	328	405	2,105
Net investment income	48,555	46,497	52,165	44,842	40,197
Other income	1,246	1,587	512	589	572
Total	260,817	279,870	282,938	281,033	289,783
Provision for losses [2]	(21,623)	(16,864)	(43,509)	(97,493)	(114,179)
Policy acquisition costs	5,218	6,293	5,931	5,442	5,940
Cost of services	143	241	235	373	1,960
Other operating expenses before allocated corporate operating expenses [2] [3]	20,009	18,806	20,131	23,396	25,474
Interest expense	22,239	22,130	21,580	21,183	20,831
Total [2]	25,986	30,606	4,368	(47,099)	(59,974)
Adjusted pretax operating income before allocated corporate operating expenses	234,831	249,264	278,570	328,132	349,757
Allocation of corporate operating expenses	37,081	34,829	36,663	32,457	33,237
Adjusted pretax operating income	$ 197,750	$ 214,435	$ 241,907	$ 295,675	$ 316,520

	homegenius				
	2023		2022		
(In thousands)	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Net premiums earned	$ 2,697	$ 1,788	$ 2,894	$ 5,025	$ 6,983
Services revenue [2]	11,617	10,743	15,207	19,812	25,261
Net investment income	492	430	366	246	99
Other income [2]	—	—	170	—	—
Total [2]	14,806	12,961	18,637	25,083	32,343
Provision for losses	(9)	(65)	(90)	435	309
Cost of services	10,114	10,157	15,893	18,344	20,800
Other operating expenses before allocated corporate operating expenses [3]	24,168	21,252	27,998	26,285	23,205
Total	34,273	31,344	43,801	45,064	44,314
Adjusted pretax operating income (loss) before allocated corporate operating expenses	(19,467)	(18,383)	(25,164)	(19,981)	(11,971)
Allocation of corporate operating expenses	4,954	4,658	6,302	5,555	5,719
Adjusted pretax operating income (loss)	$ (24,421)	$ (23,041)	$ (31,466)	$ (25,536)	$ (17,690)

Radian Group Inc. and Subsidiaries
Segment Information
Exhibit E (page 4 of 6)

	All Other [4]				
	2023		2022		
(In thousands)	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Net investment income	$ 15,135	$ 12,294	$ 6,560	$ 6,326	$ 6,661
Net gains (losses) on investments and other financial instruments	95	80	47	—	—
Other income	(1)	5	8	70	—
Total	15,229	12,379	6,615	6,396	6,661
Other operating expenses before allocated corporate operating expenses [2] [3]	3,370	518 [5]	3,606	3,444	3,077
Interest expense	400	77	14	—	—
Total [2]	3,770	595	3,620	3,444	3,077
Adjusted pretax operating income before allocated corporate operating expenses	11,459	11,784	2,995	2,952	3,584
Allocation of corporate operating expenses	413	3,315 [5]	420	371	381
Adjusted pretax operating income (loss)	$ 11,046	$ 8,469	$ 2,575	$ 2,581	$ 3,203

(1) Net of ceded premiums written under our quota share and excess-of-loss reinsurance agreements. See Exhibit K for additional information.
(2) Includes immaterial inter-segment revenue for our homegenius segment and immaterial inter-segment expenses for our Mortgage segment and All Other activities.
(3) Does not include impairment of long-lived assets and other non-operating items, which are not considered components of adjusted pretax operating income (loss).
(4) All Other activities include: (i) income (losses) from assets held by our holding company; (ii) related general corporate operating expenses not attributable or allocated to our reportable segments; and (iii) certain investments in new business opportunities, including activities and investments associated with Radian Mortgage Capital, and other immaterial activities.
(5) In the first quarter of 2023, as a one-time adjustment, we reclassified $2.9 million in cumulative expenses previously reflected in the All Other results as direct other operating expenses to allocated corporate operating expenses.

Radian Group Inc. and Subsidiaries
Segment Information
Exhibit E (page 5 of 6)

Supplemental Other Operating Expense Information by Segment

Mortgage

	2023		2022		
(In thousands)	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Other operating expenses by type					
Salaries and other base employee expenses	$ 22,970	$ 22,377	$ 28,059	$ 23,824	$ 24,420
Variable and share-based incentive compensation	13,468	13,306	10,419	10,186	11,524
Other general operating expenses	25,476	22,580	23,414	26,116	25,611
Ceding commissions	(4,824)	(4,628)	(5,098)	(4,273)	(2,844)
Total	$ 57,090	$ 53,635	$ 56,794	$ 55,853	$ 58,711

homegenius

	2023		2022		
(In thousands)	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Other operating expenses by type					
Salaries and other base employee expenses	$ 14,502	$ 10,494	$ 17,403	$ 13,403	$ 12,187
Variable and share-based incentive compensation	4,450	4,700	4,148	4,429	4,776
Other general operating expenses	9,057	10,019	11,670	12,158	10,162
Title agent commissions	1,113	697	1,079	1,850	1,799
Total	$ 29,122	$ 25,910	$ 34,300	$ 31,840	$ 28,924

All Other

	2023		2022		
(In thousands)	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Other operating expenses by type					
Salaries and other base employee expenses	$ 1,562	$ 2,193	$ 1,529	$ 1,429	$ 1,726
Variable and share-based incentive compensation	991	267	755	751	709
Other general operating expenses	1,230	1,373	1,742	1,635	1,023
Total	$ 3,783	$ 3,833	$ 4,026	$ 3,815	$ 3,458

Radian Group Inc. and Subsidiaries
Segment Information
Exhibit E (page 6 of 6)

Inter-segment

(In thousands)	2023 Qtr 2	2023 Qtr 1	2022 Qtr 4	2022 Qtr 3	2022 Qtr 2
Other operating expenses by type					
Other general operating expenses	$ (108)	$ (95)	$ (264)	$ (165)	$ (33)
Total	$ (108)	$ (95)	$ (264)	$ (165)	$ (33)

Total

(In thousands)	2023 Qtr 2	2023 Qtr 1	2022 Qtr 4	2022 Qtr 3	2022 Qtr 2
Other operating expenses by type					
Salaries and other base employee expenses	$ 39,034	$ 35,064	$ 46,991	$ 38,656	$ 38,333
Variable and share-based incentive compensation	18,909	18,273	15,322	15,366	17,009
Other general operating expenses	35,655	33,877	36,562	39,744	36,763
Ceding commissions	(4,824)	(4,628)	(5,098)	(4,273)	(2,844)
Title agent commissions	1,113	697	1,079	1,850	1,799
Total	$ 89,887	$ 83,283	$ 94,856 (1)	$ 91,343	$ 91,060

(1) Includes $11.7 million of severance and related expenses, including $10.4 million of severance expense in salaries and other base employee expenses, $0.6 million of related share-based compensation in variable and share-based incentive compensation, and $0.7 million of outplacement costs in other general operating expenses.

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 our business performance is evaluated by both management and by our 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 our 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, except for certain investments and other financial instruments attributable to our reportable segments and All Other activities; (ii) amortization and impairment of goodwill and other acquired intangible assets; and (iii) impairment of other long-lived assets and other non-operating items, if any, such as gains (losses) from the sale of lines of business, acquisition-related income and expenses and gains (losses) on extinguishment of debt. 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. Except for certain investments and other financial instruments attributable to our reportable segments and All Other activities, we do not view them to be indicative of our fundamental operating activities.

(2) ***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.

(3) ***Impairment of other long-lived assets and other non-operating items, if any.*** 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) impairment of internal-use software and other long-lived assets; (ii) gains (losses) from the sale of lines of business; (iii) acquisition-related income and expenses; and (iv) gains (losses) on extinguishment of debt.

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 non-GAAP measures for our homegenius segment of adjusted pretax operating income (loss) before allocated corporate operating expenses and adjusted gross profit. Adjusted pretax operating income (loss) before allocated corporate operating expenses is calculated as adjusted pretax operating income (loss) as described above (which is the segment's ASC 280 GAAP measure of operating performance), adjusted to remove the impact of corporate allocations of other operating expenses for the homegenius segment. Adjusted gross profit is further adjusted to remove other operating expenses. For the homegenius segment, adjusted pretax operating income (loss) before allocated corporate operating expenses and adjusted gross profit 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 homegenius 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 adjusted pretax operating income (loss) to adjusted pretax operating income (loss) before allocated corporate operating expenses and adjusted gross profit for the homegenius segment.

Total adjusted pretax operating income (loss), adjusted diluted net operating income (loss) per share, adjusted net operating return on equity, homegenius adjusted pretax operating income (loss) before allocated corporate operating expenses and homegenius adjusted gross profit 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), or in the case of the homegenius non-GAAP measures, for homegenius adjusted pretax operating income (loss). Our definitions of adjusted pretax operating income (loss), adjusted diluted net operating income (loss) per share, adjusted net operating return on equity, homegenius adjusted pretax operating income (loss) before allocated corporate operating expenses and homegenius adjusted gross profit 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 to Adjusted Pretax Operating Income

	2023		2022		
(In thousands)	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Consolidated pretax income	$ 182,676	$ 204,011	$ 203,298	$ 255,461	$ 259,880
Less reconciling income (expense) items					
Net gains (losses) on investments and other financial instruments [1]	(331)	5,505	6,798	(16,252)	(41,869)
Amortization of other acquired intangible assets	(1,370)	(1,371)	(1,587)	(1,023)	(849)
Impairment of other long-lived assets and other non-operating items [2]	2	14	(14,929)	16	565
Total adjusted pretax operating income [3]	$ 184,375	$ 199,863	$ 213,016	$ 272,720	$ 302,033

(1) Excludes certain net gains (losses), if any, on investments and other financial instruments that are attributable to specific operating segments and therefore included in adjusted pretax operating income (loss).

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

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

	2023		2022		
(In thousands)	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Adjusted pretax operating income (loss)					
Mortgage segment	$ 197,750	$ 214,435	$ 241,907	$ 295,675	$ 316,520
homegenius segment	(24,421)	(23,041)	(31,466)	(25,536)	(17,690)
All Other activities	11,046	8,469	2,575	2,581	3,203
Total adjusted pretax operating income	$ 184,375	$ 199,863	$ 213,016	$ 272,720	$ 302,033

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

Reconciliation of Diluted Net Income Per Share to Adjusted Diluted Net Operating Income Per Share

	2023		2022		
	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Diluted net income per share	$ 0.91	$ 0.98	$ 1.01	$ 1.20	$ 1.15
Less per-share impact of reconciling income (expense) items					
Net gains (losses) on investments and other financial instruments	—	0.03	0.04	(0.10)	(0.24)
Amortization of other acquired intangible assets	(0.01)	(0.01)	(0.01)	(0.01)	—
Impairment of other long-lived assets and other non-operating items	—	—	(0.09)	—	—
Income tax (provision) benefit on reconciling income (expense) items (1)	—	(0.01)	0.01	0.02	0.05
Difference between statutory and effective tax rates	0.01	(0.01)	0.01	(0.02)	(0.02)
Per-share impact of reconciling income (expense) items	—	—	(0.04)	(0.11)	(0.21)
Adjusted diluted net operating income per share (1)	$ 0.91	$ 0.98	$ 1.05	$ 1.31	$ 1.36

(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 (1)

	2023		2022		
	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Return on equity (1)	14.1 %	15.7 %	17.0 %	20.7 %	19.9 %
Less impact of reconciling income (expense) items (2)					
Net gains (losses) on investments and other financial instruments	—	0.5	0.7	(1.7)	(4.1)
Amortization of other acquired intangible assets	(0.1)	(0.1)	(0.2)	(0.1)	(0.1)
Impairment of other long-lived assets and other non-operating items	—	—	(1.6)	—	0.1
Income tax (provision) benefit on reconciling income (expense) items (3)	(0.1)	(0.1)	0.2	0.4	0.9
Difference between statutory and effective tax rates	0.2	(0.3)	0.3	(0.4)	(0.5)
Impact of reconciling income (expense) items	—	—	(0.6)	(1.8)	(3.7)
Adjusted net operating return on equity (3)	14.1 %	15.7 %	17.6 %	22.5 %	23.6 %

(1) Calculated by dividing annualized net income 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 homegenius Adjusted Pretax Operating Income (Loss) to homegenius Adjusted Gross Profit

	2023		2022		
(In thousands)	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
homegenius adjusted pretax operating income (loss)	$ (24,421)	$ (23,041)	$ (31,466)	$ (25,536)	$ (17,690)
Less reconciling income (expense) items					
Allocation of corporate operating expenses	(4,954)	(4,658)	(6,302)	(5,555)	(5,719)
Adjusted pretax operating income (loss) before allocated corporate operating expenses	(19,467)	(18,383)	(25,164)	(19,981)	(11,971)
Less reconciling income (expense) items					
Other operating expenses before allocated corporate operating expenses	(24,168)	(21,252)	(27,998)	(26,285)	(23,205)
homegenius adjusted gross profit	$ 4,701	$ 2,869	$ 2,834	$ 6,304	$ 11,234

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. In addition, “homegenius adjusted pretax operating income (loss) before allocated corporate operating expenses" and "homegenius adjusted gross profit" 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), or in the case of the homegenius non-GAAP measures, for homegenius adjusted pretax operating income (loss).

Our definitions of adjusted pretax operating income (loss), adjusted diluted net operating income (loss) per share, adjusted net operating return on equity, homegenius adjusted pretax operating income (loss) before allocated corporate operating expenses and homegenius adjusted gross profit 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

	2023		2022		
($ in millions)	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
NIW	$ 16,946	$ 11,261	$ 12,859	$ 17,616	$ 18,935
Total borrower-paid NIW	99.6 %	99.4 %	99.3 %	99.1 %	99.2 %
NIW by premium type					
Direct monthly and other recurring premiums	96.5 %	94.9 %	94.8 %	95.5 %	95.4 %
Direct single premiums (1)	3.5 %	5.1 %	5.2 %	4.5 %	4.6 %
NIW for purchases	98.6 %	97.6 %	98.3 %	98.4 %	97.1 %
NIW for refinances	1.4 %	2.4 %	1.7 %	1.6 %	2.9 %
NIW by FICO score (2)					
>=740	66.1 %	60.7 %	59.4 %	63.3 %	59.6 %
680-739	28.4	32.8	33.1	28.5	32.3
620-679	5.5	6.5	7.5	8.2	8.1
<=619	—	—	—	—	—
Total NIW	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
NIW by LTV					
95.01% and above	17.9 %	17.7 %	15.5 %	18.3 %	17.7 %
90.01% to 95.00%	39.1	40.2	40.8	37.1	39.9
85.01% to 90.00%	29.5	28.7	29.7	28.0	26.7
85.00% and below	13.5	13.4	14.0	16.6	15.7
Total NIW	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

(1) Borrower-paid single premium policies were 3.3%, 4.9%, 4.9%, 4.3% and 4.4% NIW for the periods indicated, respectively.
(2) For loans with multiple borrowers, the percentage of NIW by FICO score represents the lowest of the borrowers' FICO scores.

Radian Group Inc. and Subsidiaries
Mortgage Supplemental Information - Primary Insurance in Force and Risk in Force
Exhibit I

($ in millions)	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Primary insurance in force	$ 266,859	$ 261,450	$ 260,994	$ 259,121	$ 254,226
Primary risk in force ("RIF")	$ 68,323	$ 66,580	$ 66,094	$ 65,288	$ 63,770
Primary RIF by premium type					
Direct monthly and other recurring premiums	88.2 %	87.6 %	87.1 %	86.4 %	85.6 %
Direct single premiums (1)	11.8 %	12.4 %	12.9 %	13.6 %	14.4 %
Primary RIF by FICO score (2)					
>=740	57.8 %	57.4 %	57.4 %	57.5 %	57.2 %
680-739	34.3	34.6	34.6	34.5	34.9
620-679	7.5	7.6	7.6	7.6	7.5
<=619	0.4	0.4	0.4	0.4	0.4
Total Primary	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Primary RIF by LTV					
95.01% and above	18.0 %	17.5 %	17.1 %	16.8 %	16.1 %
90.01% to 95.00%	48.4	48.5	48.4	48.4	48.7
85.01% to 90.00%	26.9	27.0	27.2	27.2	27.4
85.00% and below	6.7	7.0	7.3	7.6	7.8
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Primary RIF by policy year					
2008 and prior	3.1 %	3.3 %	3.5 %	3.7 %	4.0 %
2009 - 2017	8.2	9.1	10.0	10.9	12.2
2018	3.1	3.3	3.5	3.7	4.1
2019	5.9	6.4	6.7	7.1	7.7
2020	18.7	20.3	21.6	23.0	25.0
2021	26.9	28.6	29.5	30.6	32.1
2022	23.6	24.7	25.2	21.0	14.9
2023	10.5	4.3	—	—	—
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Persistency Rate (12 months ended)	82.8 %	81.6 %	79.6 %	75.9 %	71.7 %
Persistency Rate (quarterly, annualized) (3)	83.5 %	84.4 %	84.1 %	81.6 %	79.8 %

(1) Borrower-paid single premium policies were 7.3%, 7.5%, 7.7%, 7.9% and 8.1% of primary RIF for the periods indicated, respectively.

(2) For loans with multiple borrowers, the percentage of primary RIF by FICO score represents the lowest of the borrowers' FICO scores.

(3) 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 - Default, Reserves and Claim Statistics
Exhibit J

	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Default Statistics					
Primary Insurance					
Number of insured loans	1,004,844	997,443	1,003,183	1,004,305	998,520
Number of loans in default	19,880	20,748	21,913	21,077	21,861
Percentage of loans in default	2.0 %	2.1 %	2.2 %	2.1 %	2.2 %

($ in thousands, except per default amounts)	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Reserve for losses by category [(1)]					
Mortgage insurance					
Primary case	$ 353,281	$ 378,992	$ 398,874	$ 454,726	$ 562,436
Primary IBNR and LAE	10,483	11,307	12,169	13,672	16,571
Pool and other	9,917	9,551	9,912	9,349	9,940
Total Mortgage insurance	373,681	399,850	420,955	477,747	588,947
Title insurance	5,753	5,801	5,888	5,917	5,861
Total reserve for losses and LAE	$ 379,434	$ 405,651	$ 426,843	$ 483,664	$ 594,808
Primary reserve per primary default excluding IBNR and other	$ 18,218	$ 18,726	$ 18,661	$ 22,122	$ 26,380

(1) Includes ceded losses on reinsurance transactions, which are expected to be recovered and are included in the reinsurance recoverables reported in our Condensed Consolidated Balance Sheets in Exhibit C.

($ in thousands)	2023 Qtr 2	2023 Qtr 1	2022 Qtr 4	2022 Qtr 3	2022 Qtr 2
Net claims paid [(1)]					
Primary claims paid	$ 3,458	$ 3,019	$ 3,821	$ 3,606	$ 3,659
Pool and other	(296)	(3)	(49)	(420)	(396)
Subtotal	3,162	3,016	3,772	3,186	3,263
Impact of commutations and settlements [(2)]	—	—	4,582	1,317	—
Total net claims paid	$ 3,162	$ 3,016	$ 8,354	$ 4,503	$ 3,263
Total average net primary claims paid [(1)] [(3)]	$ 34.6	$ 35.5	$ 51.6	$ 45.1	$ 41.6
Average direct primary claims paid [(3)] [(4)]	$ 36.4	$ 36.1	$ 52.7	$ 45.2	$ 41.9

(1) Includes the impact of reinsurance recoveries and LAE.
(2) Includes payments to commute mortgage insurance coverage on certain performing and non-performing loans.
(3) Calculated without giving effect to the impact of commutations and settlements.
(4) Before reinsurance recoveries.

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

	2023		2022		
($ in thousands)	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
2022 and 2012 QSR Agreements [1]					
Ceded premiums written [2]	$ 8,866	$ 7,834	$ 6,770	$ 10,363	$ 253
% of premiums written	3.7 %	3.2 %	2.8 %	4.2 %	0.1 %
Ceded premiums earned	$ 7,686	$ 6,745	$ 5,570	$ 4,036	$ 360
% of premiums earned	3.1 %	2.6 %	2.2 %	1.5 %	0.1 %
Ceding commissions earned [3]	$ 2,630	$ 2,529	$ 2,128	$ 1,609	$ 127
Profit commission	$ 6,182	$ 4,925	$ 4,433	$ 4,008	$ —
Ceded losses	$ 1,748	$ 1,553	$ 736	$ (235)	$ (917)
Single Premium QSR Program					
Ceded premiums written [2]	$ (8,743)	$ (9,202)	$ (11,523)	$ (19,303)	$ (21,806)
% of premiums written	(3.6)%	(3.8)%	(4.8)%	(7.7)%	(8.6)%
Ceded premiums earned	$ 1,312	$ 2,070	$ 114	$ (3,465)	$ (8,297)
% of premiums earned	0.5 %	0.8 %	— %	(1.3)%	(3.1)%
Ceding commissions earned [3]	$ 2,412	$ 2,712	$ 3,530	$ 3,153	$ 3,287
Profit commission	$ 8,337	$ 8,778	$ 11,159	$ 16,074	$ 21,447
Ceded losses	$ (2,951)	$ (2,725)	$ (5,587)	$ (9,049)	$ (14,120)
Excess-of-Loss Program					
Ceded premiums written	$ 30,680	$ 14,629	$ 16,691	$ 18,114	$ 18,151
% of premiums written	12.5 %	6.0 %	6.9 %	7.3 %	7.2 %
Ceded premiums earned	$ 36,683	$ 16,159	$ 17,924	$ 22,184	$ 19,292
% of premiums earned	14.5 %	6.3 %	7.0 %	8.4 %	7.3 %
Ceded RIF [4]					
Single Premium QSR Program	$ 3,737,290	$ 3,885,689	$ 4,076,690	$ 4,273,500	$ 4,665,020
Excess-of-Loss Program	1,023,508	1,789,145	1,866,808	1,940,126	2,076,121
2022 QSR Agreement	4,611,102	3,830,179	3,307,429	2,710,247	—
2012 QSR Agreements	116,076	125,718	142,364	160,106	175,046
Total Ceded RIF	$ 9,487,976	$ 9,630,731	$ 9,393,291	$ 9,083,979	$ 6,916,187
PMIERs impact - reduction in Minimum Required Assets					
Excess-of-Loss Program	$ 537,230	$ 610,567	$ 665,617	$ 732,895	$ 785,705
Single Premium QSR Program	207,571	218,931	231,339	243,911	268,847
2022 QSR Agreement	325,194	272,489	233,532	189,408	—
2012 QSR Agreements	6,872	7,395	8,357	9,310	10,226
Total PMIERs impact	$ 1,076,867	$ 1,109,382	$ 1,138,845	$ 1,175,524	$ 1,064,778

(1) Beginning with the third quarter of 2022, includes the impact of the 2022 QSR Agreement.
(2) Net of profit commission.
(3) Includes amounts reported in policy acquisition costs and other operating expenses. See Exhibit E for details.
(4) Included in primary RIF.

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. These statements speak only as of the date they were made, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We operate in a changing environment where new risks emerge from time to time and it is not possible for us to predict all risks that may affect us. The forward-looking statements are not guarantees of future performance, and 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 health of the U.S. housing market generally and changes in economic conditions that impact the size of the insurable mortgage market, the credit performance of our insured mortgage portfolio and our business prospects, including more recently, changes resulting from inflationary pressures, the higher interest rate environment and the risks of a recession and of higher unemployment rates, as well as other macroeconomic stresses such as the continuing Russia-Ukraine conflict or other geopolitical events;
- 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”) to insure loans purchased by Fannie Mae and Freddie Mac (collectively, the “GSEs”);
- our ability to maintain an adequate level of capital in our insurance subsidiaries to satisfy current and future regulatory requirements;
- changes in the charters or business practices of, or rules or regulations imposed by or applicable to, the GSEs or loans purchased by the GSEs, which may include changes in furtherance of housing policy objectives such as the accessibility and affordability of homeownership for low-and moderate-income borrowers and underrepresented communities, or changes in the requirements for Radian Guaranty to remain an approved insurer to the GSEs, such as changes in the PMIERs or the GSEs’ interpretation and application of the PMIERs or other applicable requirements;
- the effects of the Enterprise Regulatory Capital Framework, which establishes a new regulatory capital framework for the GSEs, and which, as finalized, increases the capital requirements for the GSEs, and among other things, could impact the GSEs' operations and pricing as well as the size of the insurable mortgage market, and which may form the basis for future changes to the PMIERs to better align with the Enterprise Regulatory Capital Framework;
- changes in the current housing finance system in the United States, including the roles of the Federal Housing Administration (the “FHA”), the GSEs and private mortgage insurers in this system;
- our ability to successfully execute and implement our capital plans, including our risk distribution strategy through the capital markets and traditional 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 may require GSE and/or regulatory approvals and licenses, that are subject to complex compliance requirements that we may be unable to satisfy, or that may expose us to new risks, including those that could impact our capital and liquidity positions;
- risks associated with the 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;
- risks related to the quality of third-party mortgage underwriting and mortgage servicing;
- 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 the private mortgage insurance industry generally, and more specifically: price competition in our mortgage insurance business, including the prevalence of formulaic, granular risk-based pricing methodologies that are less transparent than historical rate-card-based pricing practices; and competition from the FHA and the U.S. Department of Veterans Affairs as well as from other forms of credit enhancement, such as any potential GSE-sponsored alternatives to traditional mortgage insurance;
- U.S. political conditions and legislative and regulatory activity (or inactivity), including adoption of (or failure to adopt) new laws and regulations, or changes in existing laws and regulations, or the way they are interpreted or applied;
- legal and regulatory claims, assertions, actions, reviews, audits, inquiries and investigations that could result in adverse judgments, settlements, fines, injunctions, restitutions or other relief that could require significant expenditures, new or increased reserves or have other effects on our business;

- the amount and timing of potential 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 economic uncertainty, 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 could be impacted by, among other things, the size and mix of our insurance in force, future changes to the PMIERs, the level of defaults in our portfolio, the reported status of defaults in our portfolio, (including whether they are subject to mortgage forbearance, a repayment plan or a loan modification trial period), 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 with respect to our use of derivatives and within our investment portfolio;
- changes in “GAAP” (accounting principles generally accepted in the U.S.) or “SAP” (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;
- risks associated with investments to grow our existing businesses, or to pursue new lines of business or new products and services, including our ability and related costs to develop, launch and implement new and innovative technologies and digital products and services, whether these products and services receive broad customer acceptance or disrupt existing customer relationships, and additional financial risks related to these investments, including required changes in our investment, financing and hedging strategies, risks associated with our increased use of financial leverage, which could expose us to liquidity risks resulting from changes in the fair values of assets, and the risk that we may fail to achieve forecasted results, which could result in lower or negative earnings contribution and/or impairment charges associated with intangible assets;
- the effectiveness and security of our information technology systems and digital products and services, including the risk that these systems, products or services fail to operate as expected or planned or expose us to cybersecurity or third-party risks, including due to malware, unauthorized access, cyberattack, ransomware or other similar events;
- our ability to attract and retain key employees;
- the amount of dividends, if any, that our insurance subsidiaries may distribute to us, which under applicable regulatory requirements is based primarily on the financial performance of our insurance subsidiaries, and therefore, may be impacted by general economic, competitive and other factors, many of which are beyond our control; and
- the ability of our operating subsidiaries to distribute amounts to us under our internal tax- and expense-sharing arrangements, which for our insurance subsidiaries are subject to regulatory review and could be terminated at the discretion of such regulators.

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 Annual Report on Form 10-K for the year ended December 31, 2022, 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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