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," "adjusted diluted net operating income 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," "adjusted diluted net operating income 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 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 losses from the sale of lines of business and acquisition-related expenses. Adjusted diluted net operating income per share is calculated by dividing (i) adjusted pretax operating income 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, 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 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. 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 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, diluted net income per share, return on equity and book value per share, to our non-GAAP financial measures for the consolidated company, adjusted pretax operating income, adjusted diluted net operating income per share and adjusted net operating return on equity, respectively. Exhibit G also contains the reconciliation of the most comparable GAAP measure, net income, to Real Estate adjusted EBITDA.

Total adjusted pretax operating income, adjusted diluted net operating income 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, diluted net income per share, return on equity, book value per share or net income. Our definitions of adjusted pretax operating income, adjusted diluted net operating income 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 to Adjusted Pretax Operating Income

	2020	2019			
(In thousands)	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1
Consolidated pretax income	**$ 181,293**	$ 205,639	$ 217,673	$ 209,545	$ 216,136
Less reconciling income (expense) items:					
Net gains (losses) on investments and other financial instruments	**(22,027)**	4,257	13,009	12,540	21,913
Loss on extinguishment of debt	**—**	—	(5,940)	(16,798)	—
Impairment of goodwill	**—**	(4,828)	—	—	—
Amortization and impairment of other acquired intangible assets	**(979)**	(15,823)	(2,139)	(2,139)	(2,187)
Impairment of other long-lived assets and other non-operating items (1)	**(300)**	(1,950)	—	103	(5,660)
Total adjusted pretax operating income (2)	**$ 204,599**	$ 223,983	$ 212,743	$ 215,839	$ 202,070

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

	2020	2019			
(In thousands)	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1
Adjusted pretax operating income (loss):					
Mortgage segment	**$ 205,667**	$ 224,912	$ 209,601	$ 214,710	$ 203,631
Real Estate segment	**(4,867)**	(4,520)	(2,541)	(3,772)	(3,925)
All Other activities	**3,799**	3,591	5,683	4,901	2,364
Total adjusted pretax operating income	**$ 204,599**	$ 223,983	$ 212,743	$ 215,839	$ 202,070

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

	2020	2019			
	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1
Diluted net income per share	**$ 0.70**	$ 0.79	$ 0.83	$ 0.78	$ 0.78
Less per-share impact of reconciling income (expense) items:					
Net gains (losses) on investments and other financial instruments	**(0.11)**	0.02	0.06	0.06	0.10
Loss on extinguishment of debt	—	—	(0.03)	(0.08)	—
Impairment of goodwill	—	(0.02)	—	—	—
Amortization and impairment of other acquired intangible assets	—	(0.08)	(0.01)	(0.01)	(0.01)
Impairment of other long-lived assets and other non-operating items	—	(0.01)	—	—	(0.02)
Income tax (provision) benefit on reconciling income (expense) items (1)	**0.02**	0.02	—	0.01	(0.01)
Difference between statutory and effective tax rates	**(0.01)**	—	—	—	(0.01)
Per-share impact of reconciling income (expense) items	**(0.10)**	(0.07)	0.02	(0.02)	0.05
Adjusted diluted net operating income per share (1)	**$ 0.80**	$ 0.86	$ 0.81	$ 0.80	$ 0.73

(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)

	2020	2019			
	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1
Return on equity (1)	**14.2%**	16.2%	18.0%	17.8%	19.0%
Less impact of reconciling income (expense) items: (2)					
Net gains (losses) on investments and other financial instruments	**(2.2)**	0.4	1.4	1.3	2.4
Loss on extinguishment of debt	—	—	(0.6)	(1.8)	—
Impairment of goodwill	—	(0.5)	—	—	—
Amortization and impairment of other acquired intangible assets	**(0.1)**	(1.6)	(0.2)	(0.2)	(0.2)
Impairment of other long-lived assets and other non-operating items	—	(0.2)	—	—	(0.6)
Income tax (provision) benefit on reconciling income (expense) items (3)	**0.5**	0.4	(0.1)	0.1	(0.3)
Difference between statutory and effective tax rates	**(0.3)**	(0.1)	0.1	0.2	—
Impact of reconciling income (expense) items	**(2.1)**	(1.6)	0.6	(0.4)	1.3
Adjusted net operating return on equity	**16.3%**	17.8%	17.4%	18.2%	17.7%

(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 Net Income to Real Estate Adjusted EBITDA

	2020	2019			
(In thousands)	**Qtr 1**	Qtr 4	Qtr 3	Qtr 2	Qtr 1
Net income	**$ 140,461**	$ 161,184	$ 173,438	$ 166,730	$ 170,957
Less reconciling income (expense) items:					
Net gains (losses) on investments and other financial instruments	**(22,027)**	4,257	13,009	12,540	21,913
Loss on extinguishment of debt	**—**	—	(5,940)	(16,798)	—
Impairment of goodwill	**—**	(4,828)	—	—	—
Amortization and impairment of other acquired intangible assets	**(979)**	(15,823)	(2,139)	(2,139)	(2,187)
Impairment of other long-lived assets and other non-operating items	**(300)**	(1,950)	—	103	(5,660)
Income tax provision	**(40,832)**	(44,455)	(44,235)	(42,815)	(45,179)
Mortgage adjusted pretax operating income	**205,667**	224,912	209,601	214,710	203,631
All other adjusted pretax operating income	**3,799**	3,591	5,683	4,901	2,364
Real Estate adjusted pretax operating income (loss)	**(4,867)**	(4,520)	(2,541)	(3,772)	(3,925)
Less reconciling income (expense) items:					
Allocation of corporate operating expenses to Real Estate	**(3,836)**	(2,987)	(2,910)	(2,659)	(2,795)
Real Estate depreciation and amortization	**(666)**	(848)	(865)	(976)	(995)
Real Estate adjusted EBITDA	**$ (365)**	$ (685)	$ 1,234	$ (137)	$ (135)

On a consolidated basis, “adjusted pretax operating income,” “adjusted diluted net operating income 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, diluted net income per share, return on equity, book value per share or net income. Our definitions of adjusted pretax operating income, adjusted diluted net operating income 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.