

Radian Group Inc. and Subsidiaries

Definition of Consolidated Non-GAAP Financial Measures

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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 businesses and to allocate resources to them.

Beginning with the first quarter of 2025, when calculating adjusted diluted net operating income per share and adjusted net operating return on equity, the company no longer adjusts for the difference between the company’s statutory and effective tax rates to calculate those non-GAAP financial measures using the company’s federal statutory tax rate of 21%. The impact of this incremental adjustment for the difference between the company’s statutory and effective tax rates has been immaterial in recent periods because the number and magnitude of non-recurring fluctuations in the company’s effective tax rate have declined in recent years. As such, the company believes that this incremental adjustment for the difference between the two rates is no longer meaningful to users of our financial statements. We have reflected this change in our calculations of adjusted diluted net operating income per share and adjusted net operating return on equity for all periods presented herein. As it relates to the impact of reconciling income (expense) items included in these non-GAAP financial measures, the company continues to reflect these items on a gross basis and calculates the income tax provision (benefit) of these items using the company’s federal statutory tax rate of 21%.

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 those investments and other financial instruments attributable to our Mortgage Conduit business and (ii) 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 (expenses) and gains (losses) on extinguishment of debt, among others. Adjusted diluted net operating income (loss) per share is calculated by dividing adjusted pretax operating income (loss), net of taxes computed using the company’s effective tax rate, by 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 effective 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 specific operating segments, we do not view them to be indicative of our fundamental operating activities.

- (2) ***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.

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See Exhibit G for the reconciliations 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.

Total adjusted pretax operating income (loss), adjusted diluted net operating income (loss) per share and adjusted net operating return on equity are not measures of overall profitability, and therefore, should not be considered in isolation or viewed as substitutes for GAAP pretax income (loss), diluted net income (loss) per share or return on equity. Our definitions of adjusted pretax operating income (loss), adjusted diluted net operating income (loss) per share and adjusted net operating return on equity 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 2)

Reconciliation of Consolidated Pretax Income to Adjusted Pretax Operating Income

(In thousands)	2025	2024			
	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1
Consolidated pretax income	\$ 188,440	\$ 189,126	\$ 195,392	\$ 188,123	\$ 198,649
Less reconciling income (expense) items					
Net gains (losses) on investments and other financial instruments ⁽¹⁾	(2,010)	(6,770)	6,785	(4,438)	107
Impairment of other long-lived assets and other non-operating items	(384)	(12,941) ⁽²⁾	(10,061) ⁽²⁾	(122)	(4,275) ⁽³⁾
Total adjusted pretax operating income ⁽⁴⁾	<u>\$ 190,834</u>	<u>\$ 208,837</u>	<u>\$ 198,668</u>	<u>\$ 192,683</u>	<u>\$ 202,817</u>

- (1) Excludes net gains (losses) on investments and other financial instruments that are attributable to our Mortgage Conduit business, which are included in adjusted pretax operating income (loss).
- (2) This amount is included in other operating expenses on the Condensed Consolidated Statement of Operations in Exhibit A and primarily relates to impairment of other long-lived assets.
- (3) This amount is included in interest expense on the Condensed Consolidated Statement of Operations in Exhibit A and relates to the loss on extinguishment of debt.
- (4) Total adjusted pretax operating income consists of adjusted pretax operating income (loss) for our reportable segment and All Other activities as follows.

(In thousands)	2025	2024			
	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1
Adjusted pretax operating income (loss)					
Mortgage Insurance segment	\$ 194,293	\$ 215,207	\$ 203,543	\$ 198,763	\$ 209,850
All Other activities	(3,459)	(6,370)	(4,875)	(6,080)	(7,033)
Total adjusted pretax operating income	<u>\$ 190,834</u>	<u>\$ 208,837</u>	<u>\$ 198,668</u>	<u>\$ 192,683</u>	<u>\$ 202,817</u>

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

	2025	2024			
	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1
Diluted net income per share	\$ 0.98	\$ 0.98	\$ 0.99	\$ 0.98	\$ 0.98
Less per-share impact of reconciling income (expense) items					
Net gains (losses) on investments and other financial instruments	(0.01)	(0.04)	0.04	(0.03)	—
Impairment of other long-lived assets and other non-operating items	—	(0.09)	(0.06)	—	(0.03)
Income tax (provision) benefit on reconciling income (expense) items ⁽¹⁾	—	0.03	—	—	0.01
Per-share impact of reconciling income (expense) items	(0.01)	(0.10)	(0.02)	(0.03)	(0.02)
Adjusted diluted net operating income per share	<u>\$ 0.99</u>	<u>\$ 1.08</u>	<u>\$ 1.01</u>	<u>\$ 1.01</u>	<u>\$ 1.00</u>

- (1) Calculated using the company's federal statutory tax rate of 21%.

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Consolidated Non-GAAP Financial Measure Reconciliations
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Reconciliation of Return on Equity to Adjusted Net Operating Return on Equity ⁽¹⁾

	2025	2024			
	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1
Return on equity ⁽¹⁾	12.6%	12.7%	13.2%	13.6%	13.8%
Less impact of reconciling income (expense) items ⁽²⁾					
Net gains (losses) on investments and other financial instruments	(0.2)%	(0.6)%	0.6 %	(0.4)%	— %
Impairment of other long-lived assets and other non-operating items	— %	(1.1)%	(0.9)%	— %	(0.4)%
Income tax (provision) benefit on reconciling income (expense) items ⁽³⁾	0.1 %	0.3 %	— %	0.1 %	0.1 %
Impact of reconciling income (expense) items	(0.1)%	(1.4)%	(0.3)%	(0.3)%	(0.3)%
Adjusted net operating return on equity	12.7%	14.1%	13.5%	13.9%	14.1%

- (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%.

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. 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 and adjusted net operating return on equity 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, including a change made beginning with the first quarter of 2025 to the calculations of adjusted diluted net operating income per share and adjusted net operating return on equity.