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Financial Results Q2 2020

NYSE: RDN

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Safe Harbor Statements

All statements in this presentation that address events, developments or results that we expect or anticipate may occur in the future are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the U.S. Private Securities Litigation Reform Act of 1995. In most cases, forward-looking statements may be identified by words such as "anticipate," "may," "will," "could," "should," "would," "expect," "intend," "plan," "goal," "contemplate," "believe," "estimate," "predict," "project," "potential," "continue," "seek," "strategy," "future," "likely" or the negative or other variations on these words and other similar expressions. These statements, which may include, without limitation, projections regarding our future performance and financial condition, are made on the basis of management's current views and assumptions with respect to future events, including management's current views regarding the likely impacts of the COVID-19 pandemic. Any forward-looking statement is not a guarantee of future performance and actual results could differ materially from those contained in the forward-looking statement. These statements speak only as of the date they were made, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We operate in a changing environment where new risks emerge from time to time and it is not possible for us to predict all risks that may affect us, particularly those associated with the COVID 19 pandemic, which has had wide-ranging and continually evolving effects. The forward-looking statements, as well as our prospects as a whole, are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in the forward-looking statements. These risks and uncertainties include, without limitation:

- the COVID-19 pandemic, which has significantly impacted the global economy, disrupted global supply chains, lowered equity market valuations, created significant volatility and disruption in financial markets, disrupted the housing finance system and real estate markets and increased unemployment levels. In addition, the pandemic has resulted in travel restriction, stay-at-home, quarantine and similar orders, which have resulted in the closures of many businesses and, for those permitted to open, numerous operating limitations such as social distancing and other extensive health and safety measures. As a result, the demand for certain of our products and services has been impacted, and this impact may continue for an unknown period and could expand in scope. We expect that the COVID-19 pandemic and measures taken to reduce its spread will pervasively impact our business and subject us to certain risks, including those discussed in "Item 1A. Risk Factors-The COVID-19 pandemic has adversely impacted our business, and its ultimate impact on our business and financial results will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities in response to the pandemic." and the other risk factors in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 and in our subsequent reports and registration statements filed from time to time with the U.S. Securities and Exchange Commission;
- further changes in economic and political conditions, including those resulting from COVID-19, that impact the size of the insurable market, the credit performance of our insured portfolio, and our business prospects;
- changes in the way customers, investors, ratings agencies, regulators or legislators perceive our performance, financial strength and future prospects;
- Radian Guaranty Inc.'s ("Radian Guaranty") ability to remain eligible under the Private Mortgage Insurer Eligibility Requirements (the "PMIERs"), including potential future changes to the PMIERs, and other applicable requirements imposed by the Federal Housing Finance Agency (the "FHFA") and by Fannie Mae and Freddie Mac (collectively, the "GSEs") to insure loans purchased by the GSEs;
- the proposed Enterprise Regulatory Capital Framework that would, among other items, establish significant capital requirements for the GSEs once finalized, which could impact the GSEs' operations and the size of the insurable mortgage insurance market, and which may form the basis for future versions of the PMIERs;
- our ability to successfully execute and implement our capital plans, including our risk distribution strategy through the capital markets and reinsurance markets, and to maintain sufficient holding company liquidity to meet our liquidity needs;
- our ability to successfully execute and implement our business plans and strategies, including plans and strategies that require GSE and/or regulatory approvals and various licenses and complex compliance requirements;
- our ability to maintain an adequate level of capital in our insurance subsidiaries to satisfy existing and future regulatory requirements, including the PMIERs and any changes thereto, as discussed above, and potential changes to the Mortgage Guaranty Insurance Model Act currently under consideration;
- changes in the charters or business practices of, or rules or regulations imposed by or applicable to, the GSEs, which may include changes in the requirements to remain an approved insurer to the GSEs, the GSEs' interpretation and application of the PMIERs, as well as changes impacting loans purchased by the GSEs, including changes to the GSEs' business practices in response to the COVID-19 pandemic;
- changes in the current housing finance system in the United States, including the role of the Federal Housing Administration (the "FHA"), the GSEs and private mortgage insurers in this system;
- uncertainty from the expected discontinuance of LIBOR and transition to one or more alternative benchmarks that could cause interest rate volatility and, among other things, impact our investment portfolio, cost of debt and cost of reinsurance through mortgage insurance-linked notes transactions;
- any disruption in the servicing of mortgages covered by our insurance policies, as well as poor servicer performance, which could result from the significant financial and operational challenges many servicers are facing due to the impact of the COVID-19 pandemic;
- a decrease in the "Persistency Rates" (the percentage of insurance in force that remains in force over a period of time) of our mortgage insurance on monthly premium products;
- competition in our mortgage insurance business, including price competition and competition from the FHA and U.S. Department of Veterans Affairs as well as from other forms of credit enhancement, including GSE-sponsored alternatives to traditional mortgage insurance;
- the effect of the Dodd-Frank Wall Street Reform and Consumer Protection Act on the financial services industry in general, and on our businesses in particular, including the proposed changes to the "qualified mortgages" (QM) loan requirements which currently are being considered by the Consumer Financial Protection Bureau;
- legislative and regulatory activity (or inactivity), including the adoption of (or failure to adopt) new laws and regulations, or changes in existing laws and regulations, or the way they are interpreted or applied, including the enactment of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and the adoption, interpretation or application of laws and regulations in response to COVID-19;
- legal and regulatory claims, assertions, actions, reviews, audits, inquiries and investigations that could result in adverse judgments, settlements, fines, injunctions, restitutions or other relief that could require significant expenditures, new or increased reserves or have other effects on our business;
- the amount and timing of potential settlements, payments or adjustments associated with federal or other tax examinations;
- the possibility that we may fail to estimate accurately, especially in the event of an extended economic downturn or a period of extreme market volatility and uncertainty such as we are currently experiencing due to the COVID-19 pandemic, the likelihood, magnitude and timing of losses in establishing loss reserves for our mortgage insurance business or to accurately calculate and/or project our Available Assets and Minimum Required Assets under the PMIERs, which will be impacted by, among other things, the size and mix of our insurance in force, the level of defaults in our portfolio, the reported status of defaults in our portfolio, including whether they are subject to forbearance, a repayment plan or a trial period under a loan modification in response to COVID-19, the level of cash flow generated by our insurance operations and our risk distribution strategies;
- volatility in our financial results caused by changes in the fair value of our assets and liabilities, including our investment portfolio;
- changes in "GAAP" (accounting principles generally accepted in the U.S.) or "SAPP" (statutory accounting principles and practices including those required or permitted, if applicable, by the insurance departments of the respective states of domicile of our insurance subsidiaries) rules and guidance, or their interpretation;
- our ability to attract and retain key employees; and
- legal and other limitations on amounts we may receive from our subsidiaries, including dividends or ordinary course distributions under our internal tax- and expense-sharing arrangements.

For more information regarding these risks and uncertainties as well as certain additional risks that we face, you should refer to "Item 1A. Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 and "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019, and to subsequent reports and registration statements filed from time to time with the U.S. Securities and Exchange Commission. We caution you not to place undue reliance on these forward-looking statements, which are current only as of the date on which we issued this presentation. We do not intend to, and we disclaim any duty or obligation to, update or revise any forward-looking statements to reflect new information or future events or for any other reason.

About Us

Radian maintains two strategic business units — **Mortgage** and **Real Estate**.

Our Mortgage business derives its revenue from mortgage insurance and other mortgage and risk services, including contract underwriting services provided to lenders.

Our Real Estate business offers a broad array of title, valuation, asset management and other real estate services to market participants across the real estate value chain.

At Radian, our culture is built around a set of **core organizational values** that we live by, and define who we are as an enterprise:

- Innovate for the Future
- Deliver the Brand Promise
- Our People are the Difference
- Create Shareholder Value
- Partner to Win
- Do What's Right

Radian is committed to **ensuring the American dream** of homeownership responsibly and sustainably through products and services that span the mortgage and real estate spectrum. Learn more about Radian's financial strength and flexibility at **www.radian.com**, and see how Radian is shaping the future of mortgage and real estate services. Visit **www.radian.com/corporateresponsibility** to view Radian's Environmental, Social and Governance (ESG) disclosures and policies.

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Q2 2020 Summary Financial Metrics

$30.0 million
Net Loss

Compared to $166.7 million of net income in Q2 2019. Net loss primarily due to $304.4 million provision for losses to increase reserves

$0.15
Diluted Net Loss Per Share

Compared to diluted net income per share of $0.78 in Q2 2019

$0.36
Adjusted Diluted Net Operating Loss Per Share [1]

Compared to adjusted diluted net operating income per share of $0.80 in Q2 2019 [1]

13% increase
In Book Value Per Share

Book value per share of $20.82 as of June 30, 2020, compared to $18.42 as of June 30, 2019. Includes the impact of $182.4 million of net unrealized gains on investments in Q2 2020

$304.4 million
Provision for Losses

Compared to $47.4 million in Q2 2019. Increase in Q2 2020 is primarily related to the increase in the number of new defaults, which include defaults under forbearance programs in response to the COVID-19 pandemic

$738.9 million
Reserve for Losses and Loss Adjustment Expense

Compared to $405.3 million in Q2 2019

(3.1)%
Return on Equity

Compared to 17.8% return on equity in Q2 2019

(7.1)%
Adjusted Net Operating Return on Equity [1]

Compared to 18.2% adjusted net operating return on equity in Q2 2019 [1]

1) Adjusted results, including adjusted diluted net operating income (loss) per share and adjusted net operating return on equity, as used in this presentation, are non-GAAP financial measures. For a reconciliation of the adjusted results to the comparable GAAP measures and the definitions of adjusted diluted net operating income (loss) per share and adjusted net operating return on equity, see Appendix, Slides 23-26.

Q2 2020 Summary Financial Metrics

$241.3 billion
Primary Insurance In Force
5% increase compared to $230.8 billion in Q2 2019

$247.6 million
Net Mortgage Premiums Earned
16% decrease compared to $296.3 million in Q2 2019

$25.5 billion
New Insurance Written
38% increase compared to $18.5 billion in Q2 2019. Q2 2020 set company record for quarterly flow mortgage insurance

$6.4 billion
Investment Portfolio
16% increase as compared to $5.5 billion in Q2 2019

$1.0 billion
PMIERs Excess Available Assets [1]
$342.9 million increase as compared to $659.5 million in Q2 2019

$1.1 billion
Available Holding Company Liquidity
29% increase as compared to $878.6 million in Q2 2019. Available liquidity includes the minimum liquidity requirement under the Company's unsecured revolving credit facility of $35 million

1) Represents Radian Guaranty's excess of Available Assets over its Minimum Required Assets (MRA), calculated in accordance with the PMIERs financial requirements in effect for each date shown.

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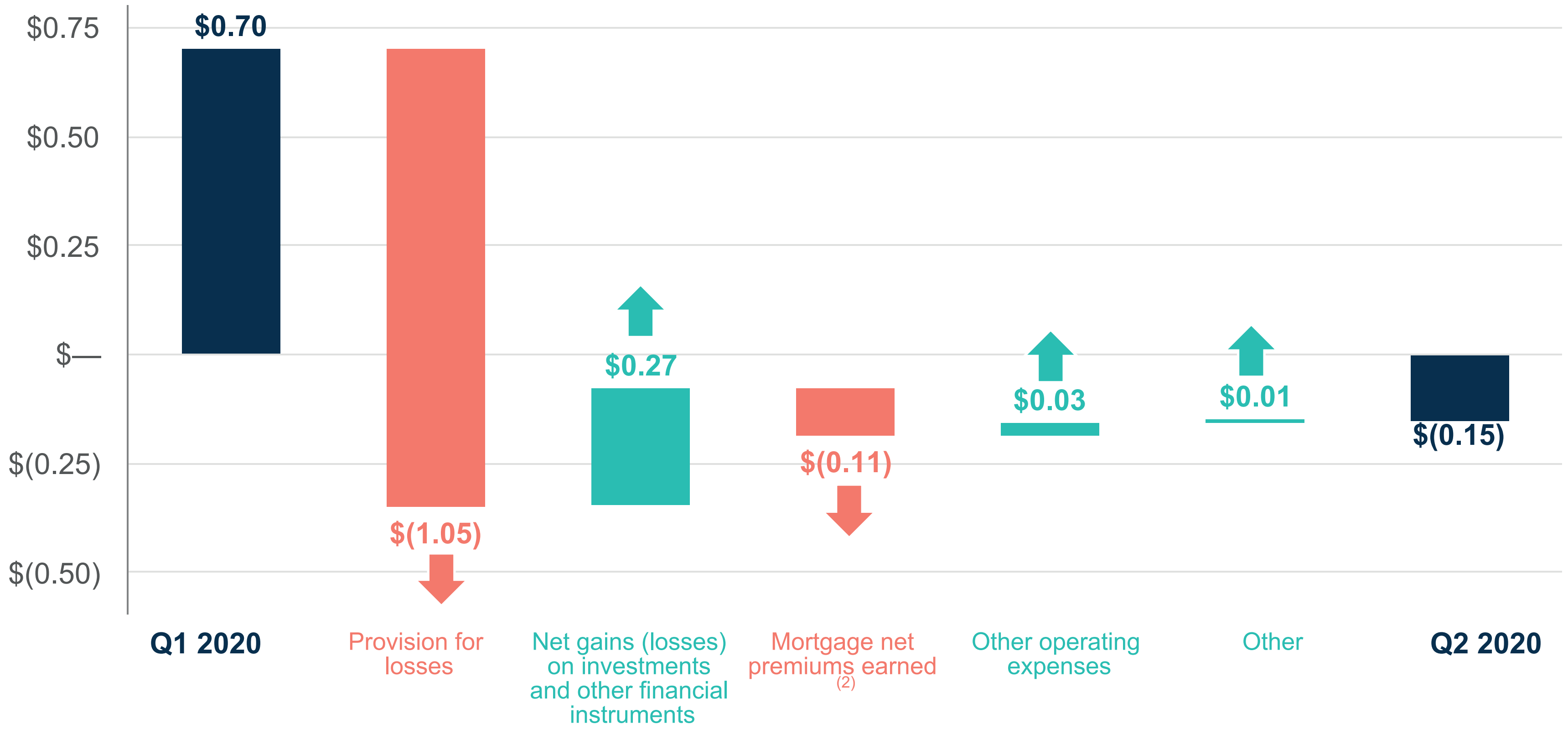
GAAP Diluted Net Income (Loss) Per Share (1)

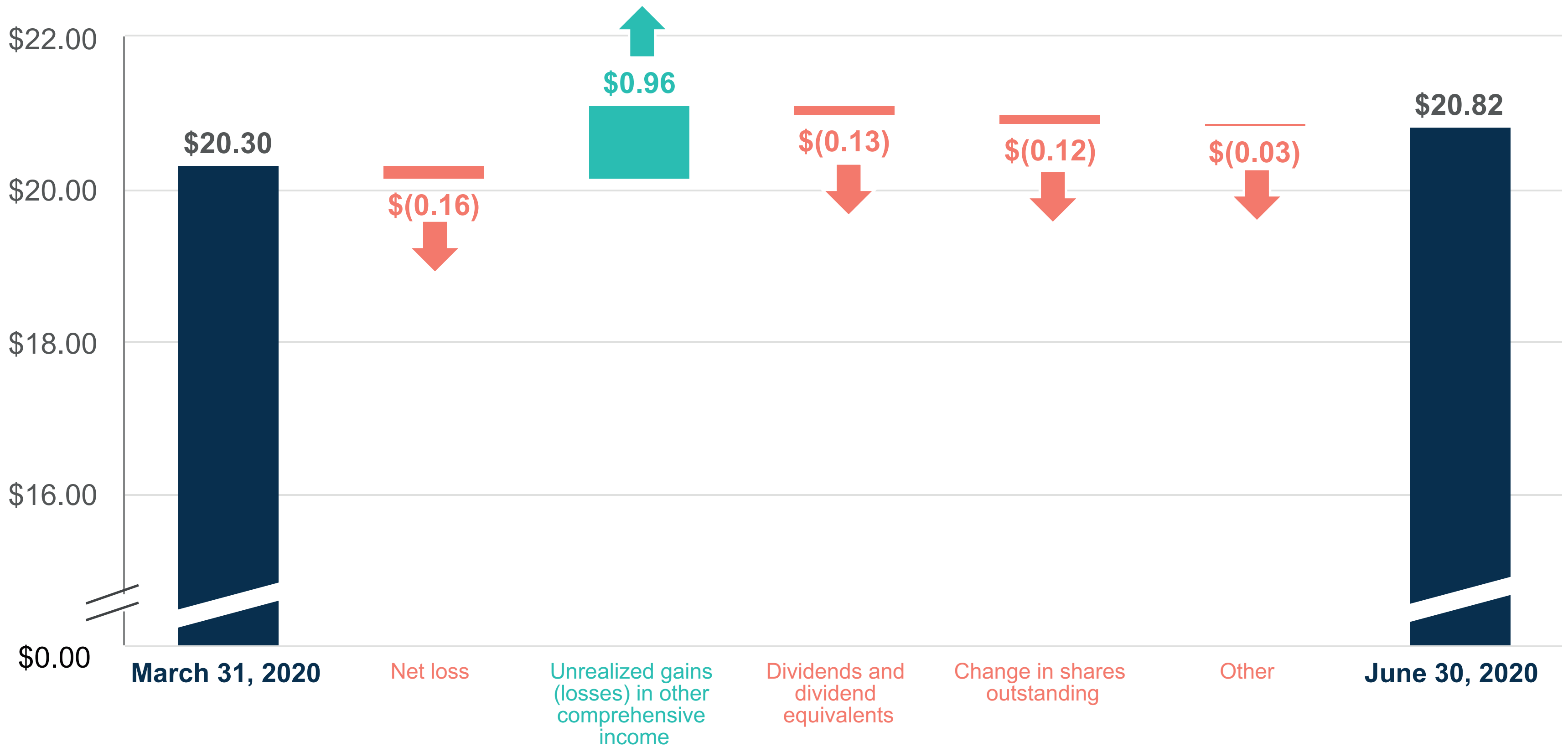
Q1 2020 to Q2 2020



1) All diluted net income (loss) per share items are calculated based on 201.8 million weighted-average diluted shares outstanding for the three months ended March 31, 2020, except for the June 30, 2020 diluted net income (loss) per share, which was calculated based on 193.3 million weighted-average diluted shares outstanding for the three months ended June 30, 2020.
2) Q2 2020 Mortgage net premiums earned include ($28.2) million in ceded profit commission, related to increased losses.

GAAP Book Value Per Share (1)

March 31, 2020 to June 30, 2020



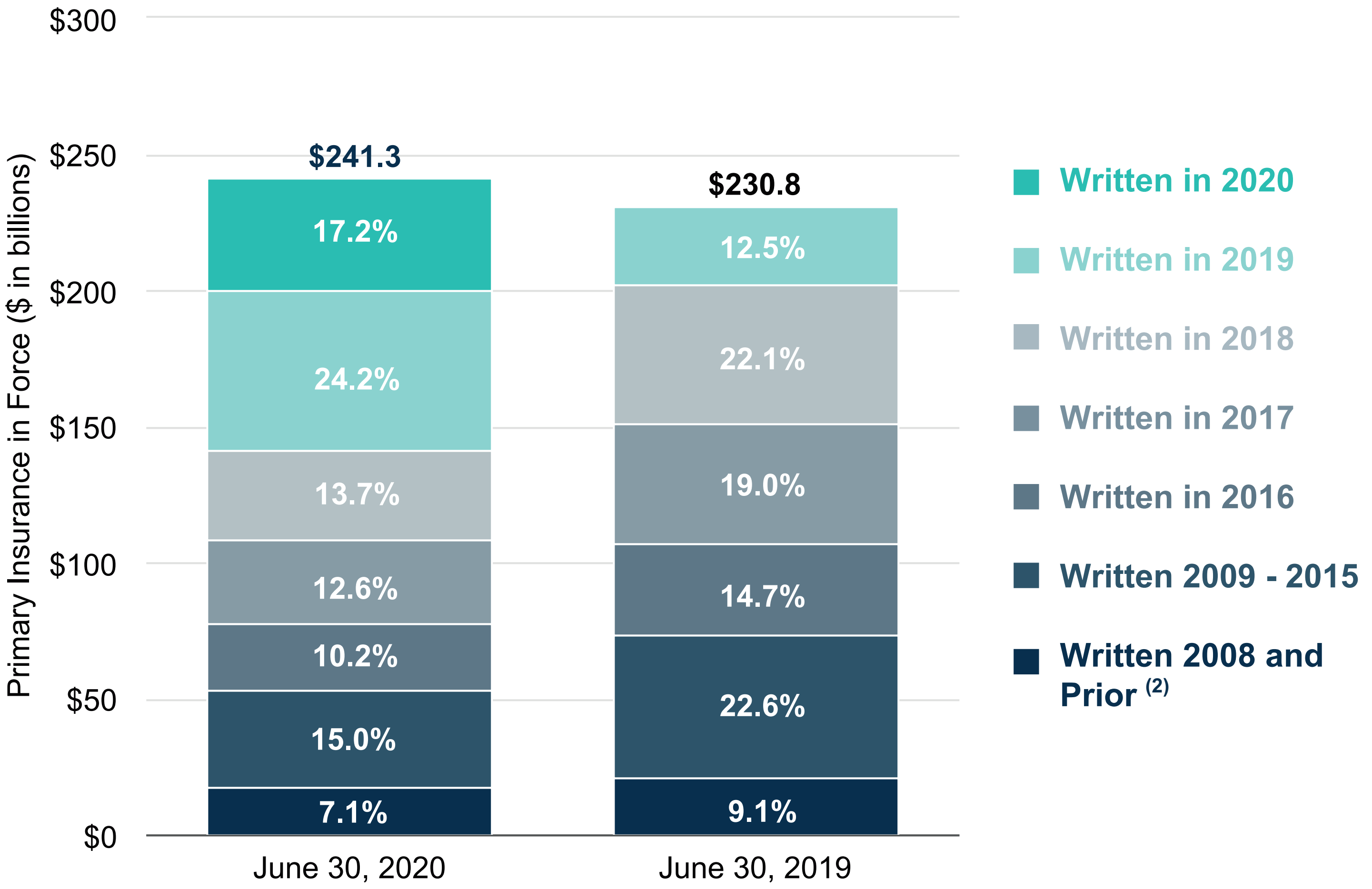
1) All book value per share items are calculated based on 190.4 million shares outstanding as of March 31, 2020 except for the June 30, 2020 book value per share, which was calculated based on 191.5 million shares outstanding as of June 30, 2020.

Financial Highlights

Radian Group Inc. Consolidated *($ in millions, except per-share amounts)*	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Primary Insurance In Force	$241,306	$241,586	$240,558	$237,158	$230,756
Total Assets	$7,569	$6,690	$6,808	$6,671	$6,592
Total Investments	$6,431	$5,609	$5,659	$5,534	$5,513
Loss Reserves	$739	$418	$405	$398	$405
Debt-to-capital (1)	26.0 %	18.7 %	18.0 %	18.4 %	20.6 %
Stockholders' Equity (2)	$3,986	$3,865	$4,049	$3,923	$3,783
Book Value Per Share (3)	$20.82	$20.30	$20.13	$19.40	$18.42
Available / Total Holding Company Liquidity (4)	$1,136 / $1,403	$648 / $916	$653 / $920	$731 / $998	$879 / $1,146
PMIERs Cushion (5)	$1,002 / 31 %	$1,129 / 38 %	$804 / 28 %	$652 / 24 %	$660 / 26 %
Excess Available Resources to Support PMIERs (6)	$2,371 / 73 %	$2,010 / 68 %	$1,690 / 59 %	$1,616 / 59 %	$1,772 / 69 %

1) See slide 18 for further detail on the components and calculation of the debt-to-capital ratio as of June 30, 2020.
2) Includes accumulated other comprehensive income of $212.2 million, $29.8 million, 110.5 million, $125.6 million and $88.5 million as of June 30, 2020, March 31, 2020, December 31, 2019, September 30, 2019, and June 30, 2019, respectively.
3) Accumulated other comprehensive income impacted book value per share by $1.11 per share, $0.16 per share, $0.55 per share, $0.62 per share, and $0.43 per share as of June 30, 2020, March 31, 2020, December 31, 2019, September 30, 2019, and June 30, 2019, respectively.
4) Total holding company liquidity includes the Company's unsecured revolving credit facility of $267.5 million for all periods presented. The credit facility requires that the Company maintain a minimum of $35 million in liquidity.
5) Radian Guaranty currently is an approved mortgage insurer under the PMIERs, and is in compliance with the PMIERs financial requirements. PMIERs cushion represents Radian Guaranty's excess of Available Assets over its Minimum Required Assets, calculated in accordance with the PMIERs financial requirements in effect for each date shown.
6) See slide 19 for further detail on the components of Excess Available Resources to Support PMIERs.

Primary Insurance In Force (1)



1) Policy years represent the original policy years, and have not been adjusted to reflect subsequent refinancing activity under HARP.
2) Adjusted to reflect subsequent refinancing activity under HARP, these percentages would decrease to 4.2% and 5.3% as of June 30, 2020 and June 30, 2019, respectively.

In Force Portfolio Premium Yield

(in basis points)	Q2 2020	Q1 2020	Q4 2019 [1]	Q3 2019	Q2 2019 [2]
In Force Portfolio Premium Yield [3]	44.3	46.1	47.1	47.4	47.9
Single Premium Cancellations [4]	8.2	4.0	4.4	4.6	2.8
Total Direct Yield	**52.5**	**50.1**	**51.5**	**52.0**	**50.7**
Ceded Earned Premiums, Net of Profit Commission [5]	(11.5)	(4.5)	(4.4)	(4.5)	(4.3)
Total Net Yield [6]	**41.0**	**45.6**	**47.1**	**47.5**	**46.4**
Beginning Primary IIF ($B)	$241.6	$240.6	$237.2	$230.8	$223.7
Ending Primary IIF ($B)	$241.3	$241.6	$240.6	$237.2	$230.8
Average Primary IIF ($B)	**$241.4**	**$241.1**	**$238.9**	**$234.0**	**$227.2**

1) During Q4 2019, the Company recorded a cumulative impact of $17.4 million to earned premiums related to the recognition of deferred initial premiums on monthly policies. The yields and other amounts shown in this column exclude the impact of this adjustment. Including the impact of this adjustment, the Q4 2019 In Force Portfolio Yield was 50.0 basis points, Total Direct Yield was 54.4 basis points and the Total Net Yield was 50.0 basis points.
2) During Q2 2019, the Company recorded a cumulative adjustment of $32.9 million to unearned premiums related to an update to the amortization rates used to recognize revenue for single premium policies. This adjustment included a $45.3 million increase in direct premiums earned partially offset by a $12.4 million increase in ceded premiums, net of profit commissions. The yields and other amounts shown in this column exclude the impact of this update in single premium policy amortization rates. Including the impact of this adjustment, the Q2 2019 In Force Portfolio Yield was 55.9 basis points, Total Direct Yield was 58.7 basis points, Ceded Earned Premiums Net of Profit Commission was (6.5) basis points, and the Total Net Yield was 52.2 basis points.
3) Total direct premiums earned, excluding single premium cancellations, annualized, as a percentage of average primary IIF. Includes premiums earned related to Radian's participation in GSE credit risk sharing transactions (Freddie Mac ACIS and Fannie Mae CIRT). The impact of this revenue ranges from 0.5 – 0.7 basis points across all time periods presented.
4) Single premium cancellations, annualized, as a percentage of average primary IIF.
5) Ceded premiums earned, net of profit commissions, annualized, as a percentage of average primary IIF.
6) Net premiums earned, annualized, as a percentage of average primary IIF.

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First-lien Mortgage Insurance

2020 Performance by Vintage
($ in millions)

	Three Months Ended June 30, 2020		
Vintage	**Premiums Earned [1]**	**Incurred Losses [1]**	**Net**
2008 & Prior	$20.1	$30.1	($10.0)
2009	$0.4	($0.1)	$0.5
2010	$0.1	$0.1	$0.0
2011	$0.7	$0.4	$0.3
2012	$2.9	$2.1	$0.8
2013	$7.4	$6.3	$1.1
2014	$10.4	$8.5	$1.9
2015	$17.5	$16.2	$1.3
2016	$29.8	$33.2	($3.4)
2017	$38.4	$45.0	($6.6)
2018	$46.5	$65.7	($19.2)
2019	$52.1	$80.9	($28.8)
2020	$17.4	$15.0	$2.4

1) Represents premiums earned and incurred losses on first-lien portfolio, net of reinsurance.

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Primary Mortgage Insurance

Cumulative Incurred Loss Ratio by Development Year [1]											
Vintage	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Jun-20
2010	1.2 %	3.3 %	6.5 %	7.7 %	7.5 %	7.2 %	7.2 %	7.2 %	7.0 %	7.0 %	7.1%
2011		1.7 %	4.4 %	5.5 %	5.6 %	5.0 %	4.9 %	5.0 %	4.9 %	5.0 %	5.1%
2012			2.0 %	3.2 %	3.6 %	2.7 %	2.9 %	2.8 %	2.8 %	2.8 %	3.1%
2013				2.5 %	4.0 %	3.4 %	3.7 %	3.5 %	3.4 %	3.3 %	4.0%
2014					2.7 %	4.1 %	4.9 %	5.0 %	5.1 %	5.2 %	6.5%
2015						2.1 %	4.8 %	5.2 %	5.0 %	4.7 %	6.9%
2016							2.9 %	5.0 %	4.8 %	4.7 %	9.1%
2017								4.7 %[2]	5.1 %	6.1 %	12.9%
2018									3.0 %	6.4 %	20.5%
2019										2.8 %	38.8%

1) Represents inception-to-date losses incurred as a percentage of net premiums earned on mortgage insurance.
2) Incurred losses in 2017 were slightly elevated due to the impact of Hurricanes Harvey and Irma.

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Components of Mortgage Provision for Losses

($ in millions)	Three Months Ended				
	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019
Current period defaults [(1)]	$309.2	$41.2	$42.9	$42.0	$40.7
Prior period defaults [(2)]	(5.3)	(5.9)	(8.2)	(12.6) [(3)]	6.5 [(4)]
Second-lien premium deficiency reserve & other	0.1	(0.1)	(0.3)	(0.3)	–
Provision for losses	**$304.0**	**$35.2**	**$34.4**	**$29.1**	**$47.2**

1) Defaulted loans with a most recent default notice dated in the quarter indicated. For example, if a loan had defaulted in a prior quarter, but then subsequently cured and later re-defaulted in the current quarter, that default would be considered a current period default. New defaults include defaults subject to implemented forbearance programs in response to the COVID-19 pandemic.
2) Defaulted loans with a default notice dated in a period earlier than the period indicated, which have been continuously in default since that time.
3) This positive development was driven by a reduction in certain default-to-claim rate assumptions due to favorable observed credit trends, partially offset by an increase of $11.8 million in the Company's IBNR reserve estimate related to previously disclosed legal proceedings involving challenges from certain servicers regarding loss mitigation activities.
4) This adverse development was driven by an increase of $19.4 million in the Company's IBNR reserve estimate related to previously disclosed legal proceedings involving challenges from certain servicers regarding loss mitigation activities, partially offset by a reduction in certain default-to-claim rate assumptions due to favorable observed credit trends.

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Default Rollforward

Primary Insurance in Force *(number of loans)*	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Beginning Default Inventory	**19,781**	**21,266**	**20,184**	**19,643**	**20,122**
Total New Defaults (1)	63,005	9,960	10,869	10,562	9,338
Cures (1)	(12,588)	(10,966)	(9,119)	(9,215)	(9,192)
Claims Paid (2)	(443)	(471)	(663)	(818)	(604)
Rescissions and Denials, net (3)	(13)	(8)	(5)	12	(21)
Ending Default Inventory	**69,742**	**19,781**	**21,266**	**20,184**	**19,643**
Primary Default Rate	6.5 %	1.8 %	2.0 %	1.9 %	1.9 %

1) Amounts reflected above are compiled on a monthly basis consistent with reports received from loan servicers. The number of New Defaults and Cures presented includes the following number of monthly defaults that both defaulted and cured within the period indicated:

	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
	7,527	4,755	4,323	4,384	3,860

2) Includes those charged to a deductible or captive reinsurance transactions, as well as commutations.
3) Net of any previously rescinded and denied policies and/or claims that were reinstated during the period. Reinstated rescissions may ultimately result in a paid claim. Previously denied but reinstated claims are generally reviewed for possible rescission prior to any claim payment.

Primary Loans In Default

June 30, 2020 *($ in thousands)*	Total		Foreclosure Stage Defaulted Loans	Cure % During Q2	Reserve for Losses	% Of Reserve
Missed Payments	**#**	**%**	**#**	**%**	**$**	**%**
3 Payments or Fewer	56,179	80.5 %	108	37.6 %	$374,165	56.7 %
4 to 11 Payments	9,251	13.3 %	265	20.0 %	$134,417	20.4 %
12 Payments or More [(1)]	3,902	5.6 %	851	7.0 %	$128,421	19.4 %
Pending Claims [(1)]	410	0.6 %	N/A	5.1 %	$23,106	3.5 %
Total [(2)]	**69,742**	**100.0 %**	**1,224**		**$660,109**	**100.0 %**
IBNR and Other					$43,342	
LAE					$16,807	
Total Primary Reserves					**$720,258**	

Key Reserve Assumptions

Gross Default to Claim Rate %	Net Default to Claim Rate % [(3)]	Claim Severity % [(4)]
15%	**15%**	**97%**

1) 21.5% of defaults that had missed 12 payments or more (including the portion in pending claims) made a payment during Q2 2020.
2) Primary risk in force on defaulted loans at June 30, 2020 was $4.3 billion.
3) For every one percentage point change in our primary net Default to Claim Rate, we estimated a change of approximately $44 million in our primary loss reserve at June 30, 2020.
4) For every one percentage point change in primary Claim Severity, we estimated a change of approximately $7 million in our total loss reserve at June 30, 2020.

COVID-19 Forbearance Program Summary

The FHFA, in coordination with the GSEs, have enacted a payment forbearance program with broad availability

- Borrowers experiencing a financial hardship relating to COVID-19 may request a forbearance to suspend or reduce their mortgage payments for up to 12 months by contacting their servicer.
- The CARES Act generally provides with respect to borrowers in forbearance that servicers shall report the account as current to credit bureaus, and that late fees, interest and penalties shall not accrue beyond amounts calculated as if the loan were performing.
- Based on forbearance reporting that Radian receives, most forbearance plans were offered for 90 days, and for the plans that were extended, most have been extended for an additional 90 days.
- Based on forbearance reporting that Radian receives, a meaningful portion of borrowers in forbearance continue to make payments. These loans are considered to not be in default.
- When a borrower's financial hardship is resolved, GSE guidance provides that a servicer is expected to work with the borrower to bring the loan current through a reinstatement or repayment plan, or to evaluate the borrower for a workout option.
- Under a PMIERs amendment, all defaulted loans in a COVID-19 forbearance plan or that have an "Initial Missed Payment" on or after March 1, 2020 and prior to January 1, 2021 generally receive a "risk-based required asset amount factor" (asset factor) that is reduced by 70% through the application of a 0.30 multiplier to the asset factor that otherwise would be applied to such loan. It's important to note that under the PMIERs, the asset factor increases over time as the default ages, resulting in an increasing asset factor for such default notwithstanding the ongoing application of the 0.30 multiplier to such loan. The 0.30 multiplier will be applied for four months beginning with the month of the Initial Missed Payment, or if greater, the period of time that the loan remains in a COVID-19 forbearance plan. (For more information, visit https://singlefamily.fanniemae.com/media/23266/display and https://sf.freddiemac.com/content/_assets/resources/pdf/requirements/freddie-mac-pmiers-guidance-2020-01.pdf.)

Radian Summary Data

	As of Q2 2020
Number of Insured Loans	1,069,321
Number of Loans in Default	69,742
% of Loans in Default	6.5 %
% of Loans in Default in Forbearance Programs	78.0 %
% of New Q2 Defaults in Forbearance Programs	90.8 %

Note: Data above reflects Primary Insurance loan information. The number of loans in forbearance under the Summary Data table is based on information reported by loan servicers and GSEs. For a small portion of Radian's total insurance in force, forbearance information may not be reported.

Capital and Debt Structure

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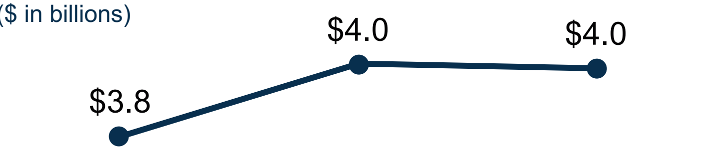
Capital Structure

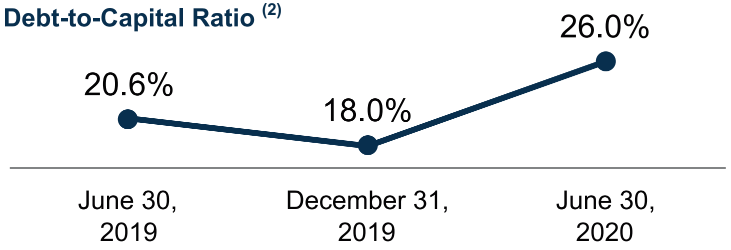
Total Capitalization as of June 30, 2020

Coupon	Description	Carrying Value ($'000)	Principal ($'000)	% of Total Capitalization (1)
4.500 %	Senior Notes due October 2024	$444,972	$450,000	8.2 %
6.625 %	Senior Notes due March 2025	$515,794	$525,000	9.6 %
4.875 %	Senior Notes due March 2027	$443,091	$450,000	8.2 %
	Total	**$1,403,857**	**$1,425,000**	**26.0 %**
	Stockholders' Equity	$3,986,005		74.0 %
	Total Capitalization	**$5,389,862**		**100.0 %**

Stockholders' Equity
($ in billions)



Debt-to-Capital Ratio (2)



Senior Notes due 2025:

In May 2020, the Company issued $525 million aggregate principal amount of Senior Notes due 2025 and received net proceeds of $515.6 million. These notes mature on March 15, 2025 and bear interest at a rate of 6.625% per annum, payable semi-annually on March 15 and September 15 of each year, with interest payments commencing on September 15, 2020.

Revolving Credit Facility:

Effective May 6, 2020, the $267.5 million unsecured revolving credit facility was amended to extend the maturity date from October 16, 2020 to January 18, 2022 and to change a defined term related to LIBOR replacement rates. No other terms or conditions of the credit facility were amended.

Current Radian Group Senior Debt Ratings:

S&P

BB+ with Negative outlook

Updated from Stable outlook to Negative outlook on March 26, 2020

Moody's

Ba1 with Stable outlook

Upgraded from Ba2 to Ba1 on October 17, 2019

Fitch

BBB- with Negative outlook

Based on May 12, 2020 update

1) Based on carrying value of our outstanding senior notes and stockholders' equity.
2) Calculated as senior notes divided by senior notes and stockholders' equity.

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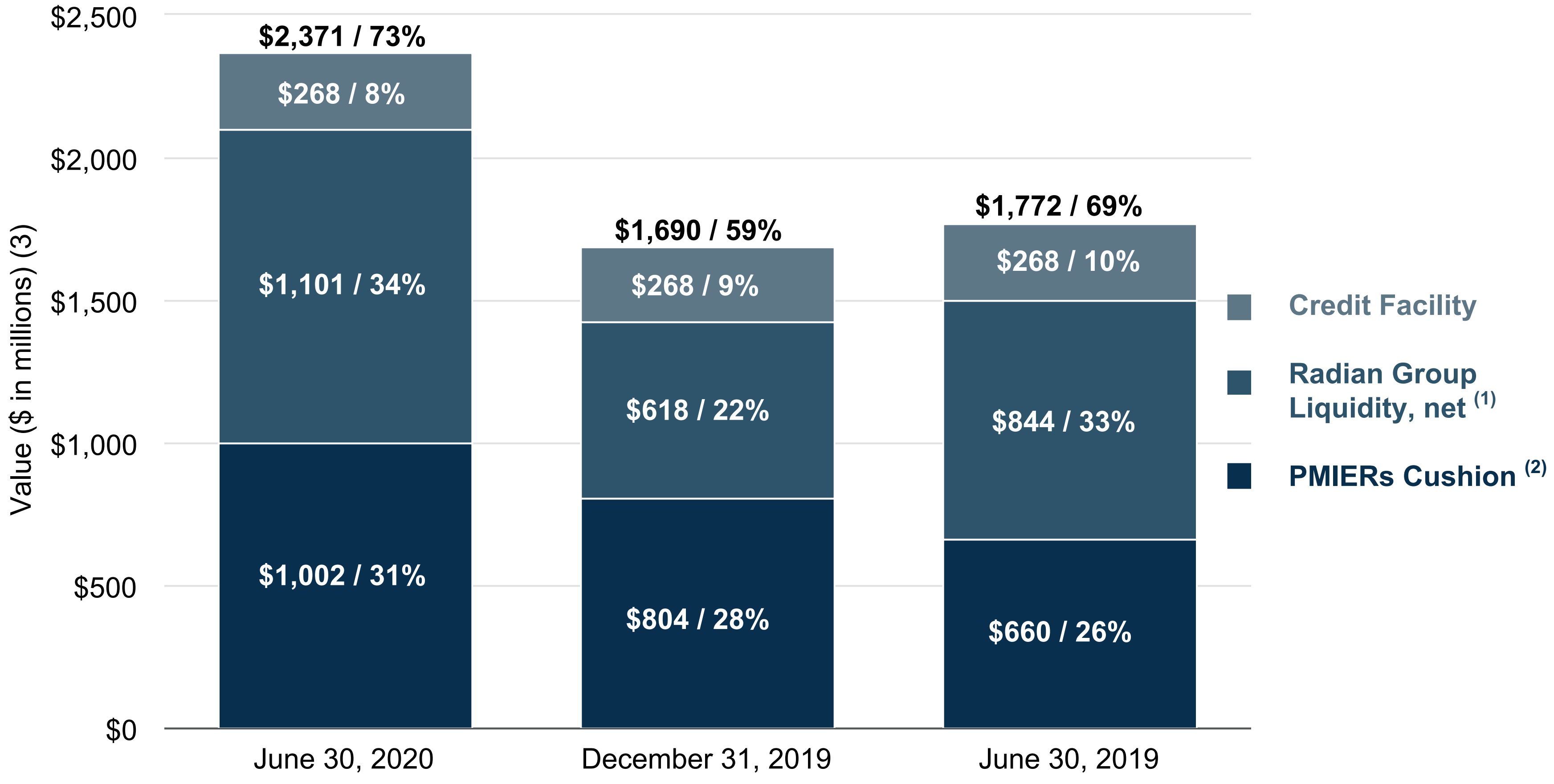
Excess Available Resources to Support PMIERs



1) Represents Radian Group's Liquidity, net of the $35 million minimum liquidity requirement under the unsecured revolving credit facility. On May 6, 2020, Radian Group entered into an amendment to its $267.5 million unsecured revolving credit facility which extended the maturity date of the credit facility to January 18, 2022.
2) Represents Radian Guaranty's excess of Available Assets over its Minimum Required Assets, calculated in accordance with the PMIERs financial requirements in effect for each date shown.
3) Percentages represent the values shown as a percentage of Minimum Required Assets under the applicable PMIERs as of the date shown.

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Eagle Re Mortgage Insurance-Linked Notes Reinsurance Key Metrics [1]

($ in millions)		Q2 2020 [7]	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Eagle Re 2018-1 [2]	NIW Policy Dates	January 1, 2017 - December 31, 2017				
	Risk In Force	$5,598	$6,482	$7,026	$7,629	$8,156
	Note Balance	$297	$320	$364	$413	$455
	PMIERs MRA Reduction [3]	$222	$247	$296	$345	$395
	Attachment % [4]	3.61 %	3.13 %	2.90 %	2.68 %	2.51 %
	Detachment % [5]	8.92 %	8.07 %	8.08 %	8.09 %	8.10 %
	Actual 60+ DQ % [6]	7.90 %	1.16 %	1.11 %	0.83 %	0.66 %
Eagle Re 2019-1	NIW Policy Dates	January 1, 2018 - December 31, 2018				
	Risk In Force	$6,473	$7,679	$8,409	$9,248	$10,040
	Note Balance	$385	$421	$487	$562	$562
	PMIERs MRA Reduction [3]	$321	$375	$442	$489	$531
	Attachment % [4]	4.12 %	3.48 %	3.18 %	2.89 %	2.67 %
	Detachment % [5]	10.06 %	8.96 %	8.97 %	8.97 %	8.26 %
	Actual 60+ DQ % [6]	10.31 %	1.28 %	1.04 %	0.69 %	0.39 %
Eagle Re 2020-1	NIW Policy Dates	January 1, 2019 - September 30, 2019				
	Risk In Force	$8,152	$9,200	n/a	n/a	n/a
	Note Balance	$488	$488	n/a	n/a	n/a
	PMIERs MRA Reduction [3]	$427	$444	n/a	n/a	n/a
	Attachment % [4]	2.48 %	2.20 %	n/a	n/a	n/a
	Detachment % [5]	8.47 %	7.51 %	n/a	n/a	n/a
	Actual 60+ DQ % [6]	7.06 %	0.20 %	n/a	n/a	n/a

1) Through June 30, 2020, Radian Guaranty has entered into three fully collateralized reinsurance arrangements with the Eagle Re Issuers. The Eagle Re Issuers are not subsidiaries or affiliates of Radian Guaranty. Based on the accounting guidance that addresses VIEs, we have not consolidated any of the Eagle Re Issuers in our consolidated financial statements.
2) Includes a separate excess-of-loss reinsurance agreement entered into by Radian Guaranty that provides up to $21.4 million of coverage.
3) PMIERs MRA Reduction represents the reduction in the Minimum Required Assets which is a risk-based minimum required asset amount, as defined in PMIERs.
4) Attachment % represents the amount of cumulative losses as a percentage of current risk in force that Radian retains prior to the Insurance-Linked Notes structure absorbing losses.
5) Detachment % represents the amount of cumulative losses as a percentage of current risk in force that must be reached before Radian restarts absorbing losses again.
6) Actual 60+ DQ% represents the percentage of risk in force that is 60 or more days delinquent. If value is above 4.0%, no further principal payments will be applied to reduce Note Balances.
7) Based on the current level of defaults reported to us, the insurance-linked notes issued by the Eagle Re Issuers in connection with our Excess-of-Loss Program are currently subject to a delinquency trigger event, which was reported to the insurance-linked note investors on June 25, 2020. Both the amortization of the outstanding reinsurance coverage amount pursuant to our reinsurance arrangements with the Eagle Re Issuers and the amortization of the principal amount of the related insurance-linked notes issued by the Eagle Re Issuers have been suspended and will continue to be suspended during the pendency of the trigger event.

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Quota Share Reinsurance (QSR) Key Summary Metrics [1]

($ in millions)		Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
2016 Single Premium QSR Agreement	**NIW Policy Dates**	2012 – 2017				
Quota Share** — **20% - 65% [2]	**Ceded Risk in Force**	$4,533	$5,080	$5,351	$5,651	$5,941
Ceding / Profit Commission** — **25% / Up to 55%	**PMIERs MRA Reduction** [3]	$271	$280	$302	$323	$346
2018 Single Premium QSR Agreement	**NIW Policy Dates**	2018 – 2019				
Quota Share** — **65%	**Ceded Risk in Force**	$2,711	$3,066	$3,231	$2,887	$2,554
Ceding / Profit Commission** — **25% / Up to 56%	**PMIERs MRA Reduction** [3]	$193	$197	$210	$191	$171
2020 Single Premium QSR Agreement	**NIW Policy Dates**	2020 – 2021				
Quota Share** — **65%	**Ceded Risk in Force**	$929	$435	n/a	n/a	n/a
Ceding / Profit Commission** — **25% / Up to 56%	**PMIERs MRA Reduction** [3]	$53	$24	n/a	n/a	n/a

1) Analysis excludes the impact of the 2012 QSR Program with a third-party reinsurance provider, which provided a reduction of $31 million in PMIERs Minimum Required Assets as of June 30, 2020.
2) Effective December 31, 2017, we amended the 2016 Single Premium QSR Agreement to increase the amount of ceded risk on performing loans under the agreement from 35% to 65% for the 2015 through 2017 vintages. Loans included in the 2012 through 2014 vintages, and any other loans subject to the agreement that were delinquent at the time of the amendment, were unaffected by the change and therefore the amount of ceded risk for those loans continues to range from 20% to 35%.
3) PMIERs MRA Reduction represents the reduction in the Minimum Required Assets, which is a risk-based minimum required asset amount, as defined in PMIERs.

Consolidated Non-GAAP Financial Measures Reconciliations

Use of Non-GAAP Financial Measures

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

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

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

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

   Trends in the profitability of our fundamental operating activities can be more clearly identified without the fluctuations of these realized and unrealized gains or losses and changes in fair value of other financial instruments. We do not view them to be indicative of our fundamental operating activities.

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

3) *Amortization and impairment of goodwill and other acquired intangible assets.* Amortization of acquired intangible assets represents the periodic expense required to amortize the cost of acquired intangible assets over their estimated useful lives. Acquired intangible assets are also periodically reviewed for potential impairment, and impairment adjustments are made whenever appropriate. We do not view these charges as part of the operating performance of our primary activities.

4) *Impairment of other long-lived assets and other non-operating items.* Includes activities that we do not view to be indicative of our fundamental operating activities, such as: (i) gains (losses) from the sale of lines of business and (ii) acquisition-related expenses.

See Slides 24 through 26 for the reconciliation of the most comparable GAAP measures of consolidated pretax income (loss), diluted net income (loss) per share and return on equity, to our non-GAAP financial measures for the consolidated company of 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 total 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.

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

($ in thousands)	2020		2019		
	Q2	Q1	Q4	Q3	Q2
Consolidated pretax income (loss)	**($42,224)**	$181,293	$205,639	$217,673	$209,545
Less reconciling income (expense) items:					
Net gains (losses) on investments and other financial instruments	**47,276**	(22,027)	4,257	13,009	12,540
Loss on extinguishment of debt	**—**	—	—	(5,940)	(16,798)
Impairment of goodwill	**—**	—	(4,828)	—	—
Amortization and impairment of other acquired intangible assets	**(979)**	(979)	(15,823)	(2,139)	(2,139)
Impairment of other long-lived assets and other non-operating items (1)	**(22)**	(300)	(1,950)	—	103
Total adjusted pretax operating income (loss) (2)	**($88,499)**	$204,599	$223,983	$212,743	$215,839

1) The amounts for all the periods are included in other operating expenses and primarily relate to impairments of other long-lived assets.
2) Please see slide 23 for the definition of this line item and additional information regarding our use of non-GAAP financial measures.

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

	2020		2019		
	Q2	Q1	Q4	Q3	Q2
Diluted net income (loss) per share	**($0.15)**	$0.70	$0.79	$0.83	$0.78
Less per-share impact of reconciling income (expense) items:					
Net gains (losses) on investments and other financial instruments	**0.24**	(0.11)	0.02	0.06	0.06
Loss on extinguishment of debt	**—**	—	—	(0.03)	(0.08)
Impairment of goodwill	**—**	—	(0.02)	—	—
Amortization and impairment of other acquired intangible assets	**(0.01)**	—	(0.08)	(0.01)	(0.01)
Impairment of other long-lived assets and other non-operating items	**—**	—	(0.01)	—	—
Income tax (provision) benefit on reconciling income (expense) items (1)	**(0.05)**	0.02	0.02	—	0.01
Difference between statutory and effective tax rates	**0.03**	(0.01)	—	—	—
Per-share impact of reconciling income (expense) items	**0.21**	(0.10)	(0.07)	0.02	(0.02)
Adjusted diluted net operating income (loss) per share (1) (2)	**($0.36)**	$0.80	$0.86	$0.81	$0.80

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.

2) Please see Slide 23 for additional information regarding our use of non-GAAP financial measures.

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Reconciliation of Return on Equity to Adjusted Net Operating Return on Equity

	2020		2019		
	Q2	Q1	Q4	Q3	Q2
Return on equity [1]	(3.1)%	14.2 %	16.2 %	18.0 %	17.8 %
Less impact of reconciling income (expense) items: [2]					
Net gains (losses) on investments and other financial instruments	4.8	(2.2)	0.4	1.4	1.3
Loss on extinguishment of debt	—	—	—	(0.6)	(1.8)
Impairment of goodwill	—	—	(0.5)	—	—
Amortization and impairment of other acquired intangible assets	(0.1)	(0.1)	(1.6)	(0.2)	(0.2)
Impairment of other long-lived assets and other non-operating items	—	—	(0.2)	—	—
Income tax (provision) benefit on reconciling income (expense) items [3]	(1.0)	0.5	0.4	(0.1)	0.1
Difference between statutory and effective tax rates	0.3	(0.3)	(0.1)	0.1	0.2
Impact of reconciling income (expense) items	4.0	(2.1)	(1.6)	0.6	(0.4)
Adjusted net operating return on equity [4]	(7.1)%	16.3 %	17.8 %	17.4 %	18.2 %

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) Stated as a percentage of average stockholders' equity. Quarterly periods are annualized.
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.
4) Please see Slide 23 for additional information regarding our use of non-GAAP financial measures.

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