



radian

Financial Results
Q4 2021

NYSE: RDN

www.radian.com

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. 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 COVID-19 pandemic, which has created periods of significant economic disruption, high unemployment, volatility and disruption in financial markets, and required adjustments in the housing finance system and real estate markets. The COVID-19 pandemic has adversely impacted our businesses, and could further impact our business and subject us to certain risks, including those discussed in “Item 1A. Risk Factors—The COVID-19 pandemic has adversely impacted us, 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, severity and duration of the pandemic and actions taken by governmental authorities in response to the pandemic.” and the other risk factors in our Annual Report on Form 10-K for the year ended December 31, 2020 and in our subsequent reports and registration statements filed from time to time with the U.S. Securities and Exchange Commission;
- 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;
- 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”) 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;
- 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 and potential changes to the National Association of Insurance Commissioners Model Act;
- 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 further changes in response to the COVID-19 pandemic, changes in furtherance of housing policy objectives such as the current FHFA focus on increasing the accessibility and affordability of homeownership for low-and-moderate income borrowers and minority 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;
- the effects of the Enterprise Regulatory Capital Framework which, in the form finalized in December 2020, increases the capital requirements for the GSEs and reduces the credit they receive for risk transfer, 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;
- 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 require GSE and/or regulatory approvals and licenses are subject to complex compliance requirements that we may be unable to satisfy, or may expose us to new risks including those that could impact our capital and liquidity positions;
- uncertainty from the upcoming 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 be impacted by the burdens placed on many servicers due to 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 the private mortgage insurance industry generally, and more specifically: price competition in our mortgage insurance business, including as a result 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 GSE-sponsored alternatives to traditional mortgage insurance;
- 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 potential changes in tax law and other matters currently under consideration in the U.S. Congress;
- 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 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 mortgage forbearance, a repayment plan or a loan modification trial period granted in response to a financial hardship related 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 with respect to our use of derivatives and within 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;
- 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, and whether these products and services will receive broad customer acceptance;
- 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, cyber-attack, natural disasters or other similar events;
- 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 Annual Report on Form 10-K for the year ended December 31, 2020, 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 Group Inc. is a diversified mortgage and real estate business that maintains two reportable segments: **mortgage** and **homegenius**

Our mortgage segment provides credit-related insurance coverage, principally through private mortgage insurance on residential first-lien mortgage loans, as well as other credit risk management, contract underwriting and fulfillment solutions, to mortgage lending institutions and mortgage credit investors.

Our homegenius segment offers an array of title, real estate and technology products and services to consumers, mortgage lenders, mortgage and real estate investors, GSEs, real estate brokers and agents.

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

Full Year 2021 Summary Financial Metrics

\$600.7 million

Net Income

Compared to \$393.6 million in 2020

\$3.16

Diluted Net Income Per Share

Compared to diluted net income per share of \$2.00 in 2020

\$3.15

Adjusted Diluted Net Operating Income Per Share ⁽¹⁾

Compared to adjusted diluted net operating income per share of \$1.74 in 2020 ⁽¹⁾

\$24.28

Book Value Per Share

Compared to \$22.36 as of December 31, 2020. In addition, dividends and dividend equivalents declared in 2021 were \$104.4 million, or 2.4% of book value per share as of December 31, 2020.

14.1%

Return on Average Equity

Compared to 9.4% return on average equity in 2020

14.0%

Adjusted Net Operating Return on Average Equity ⁽¹⁾

Compared to 8.2% adjusted net operating return on average equity in 2020

\$91.8 billion

New Insurance Written

Compared to \$105.0 billion in 2020. Purchase volume increased by 8.6% from 2020.

\$20.9 million

Provision for Losses

Compared to \$485.1 million in 2020. The decrease primarily relates to a decrease in the number of new default notices related to the effects of the COVID-19 pandemic, as compared to 2020.

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 26-30.

Q4 2021 Summary Financial Metrics

\$193.4 million

Net Income

Compared to \$126.4 million in Q3 2021 and \$148.0 million in Q4 2020

\$1.07

Diluted Net Income Per Share

Compared to \$0.67 in Q3 2021 and \$0.76 in Q4 2020

\$1.07

Adjusted Diluted Net Operating Income Per Share ⁽¹⁾

Compared to \$0.67 in Q3 2021 and \$0.69 in Q4 2020 ⁽¹⁾

18.2%

Return on Average Equity

Compared to 11.8% in Q3 2021 and 14.1% in Q4 2020

18.2%

Adjusted Net Operating Return on Average Equity ⁽¹⁾

Compared to 11.8% in Q3 2021 and 12.9% in Q4 2020 ⁽¹⁾

\$604.9 million

Available Holding Company Liquidity

Compared to \$768.4 million as of September 30, 2021 and \$1.1 billion as of December 31, 2020

\$6.5 billion

Investment Portfolio

Compared to \$6.7 billion as of September 30, 2021 and \$6.8 billion as of December 31, 2020

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 26-30.

Q4 2021 Summary Financial Metrics

\$246.0 billion

Primary Insurance In Force

Compared to \$241.6 billion as of September 30, 2021 and \$246.1 billion as of December 31, 2020, reflecting a year-over-year 5.8% increase in monthly premium policies in force, offset by a 21.1% decline in Single Premium Policies in force

\$23.7 billion

New Insurance Written

Compared to \$26.6 billion in Q3 2021 and \$29.8 billion in Q4 2020

\$249.7 million

Net Mortgage Premiums Earned

Compared to \$236.9 million in Q3 2021 and \$286.8 million in Q4 2020

\$44.7 million

homegenius Revenue

Compared to \$45.1 million in Q3 2021 and \$23.6 million in Q4 2020

\$(46.2) million

Provision for Losses

Compared to \$17.3 million in Q3 2021 and \$56.7 million in Q4 2020. The decrease in Q4 2021 is primarily related to an increase in positive development on prior period defaults.

\$828.6 million

Reserve for Losses and Loss Adjustment Expense

Compared to \$893.2 million as of September 30, 2021 and \$848.4 million as of December 31, 2020

\$2.1 billion

PMIERS Excess Available Assets ⁽¹⁾

Compared to \$1.7 billion as of September 30, 2021 and \$1.3 billion as of December 31, 2020

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

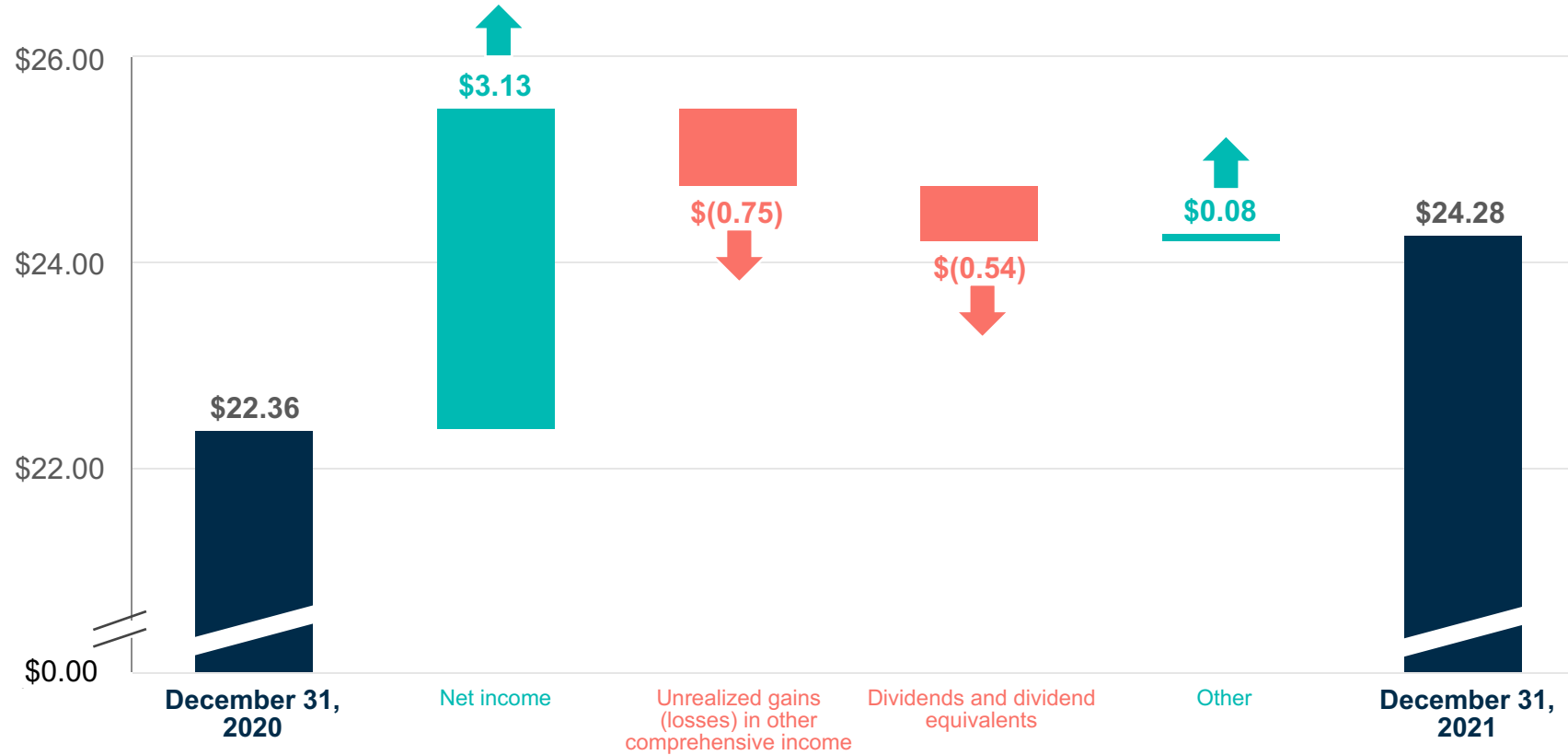
GAAP Diluted Net Income Per Share ⁽¹⁾



1) All diluted net income (loss) per share items are calculated based on 196.6 million weighted-average diluted shares outstanding for the year ended December 31, 2020, except for the December 31, 2021 diluted net income (loss) per share, which was calculated based on 190.3 million weighted-average diluted shares outstanding for the year ended December 31, 2021.

GAAP Book Value Per Share ⁽¹⁾

December 30, 2020 to December 31, 2021



1) All book value per share items are calculated based on 191.6 million shares outstanding as of December 31, 2020, except for the December 31, 2021 book value per share, which was calculated based on 175.4 million shares outstanding as of December 31, 2021.

Financial Highlights

Radian Group Inc. Consolidated <i>(In millions, except per-share amounts)</i>	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
Primary Insurance In Force	\$245,972	\$241,575	\$237,302	\$238,921	\$246,144
Total Assets	\$7,839	\$8,042	\$8,009	\$7,921	\$7,948
Total Investments	\$6,514	\$6,658	\$6,682	\$6,672	\$6,788
Loss Reserves	\$829	\$893	\$885	\$887	\$848
Debt-to-capital ⁽¹⁾	24.9 %	24.9 %	24.5 %	24.9 %	24.7 %
Stockholders' Equity ⁽²⁾	\$4,259	\$4,258	\$4,334	\$4,235	\$4,284
Shares outstanding	175	181	188	191	192
Book Value Per Share ⁽³⁾	\$24.28	\$23.48	\$23.02	\$22.14	\$22.36
Available / Total Holding Company Liquidity ⁽⁴⁾	\$605 / \$880	\$768 / \$1,036	\$923 / \$1,191	\$1,024 / \$1,292	\$1,103 / \$1,371
PMIERS Excess Available Assets (or "Cushion") ⁽⁵⁾	\$2,077 / 62 %	\$1,741 / 49 %	\$1,857 / 58 %	\$1,451 / 42 %	\$1,338 / 40 %

1) See slide 19 for further detail on the components and calculation of the debt-to-capital ratio as of December 31, 2021.

2) Includes accumulated other comprehensive income of \$120 million, \$152 million, \$179 million, \$117 million and \$264 million as of December 31, 2021, September 30, 2021, June 30, 2021, March 31, 2021 and December 31, 2020, respectively.

3) Book value per share includes accumulated other comprehensive income (loss) of \$0.68 per share, \$0.84 per share, \$0.95 per share, \$0.61 per share and \$1.38 per share as of December 31, 2021, September 30, 2021, June 30, 2021, March 31, 2021 and December 31, 2020, respectively.

4) Total holding company liquidity includes the Company's unsecured revolving credit facility of \$275 million as of December 31, 2021 and \$268 million for all other periods presented. In December 2021 Radian Group entered into a new \$275 million unsecured revolving credit facility with a syndicate of bank lenders. This replaced the Radian Group \$268 million unsecured revolving credit facility with a syndicate of bank lenders, which had a maturity date of January 2022.

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.

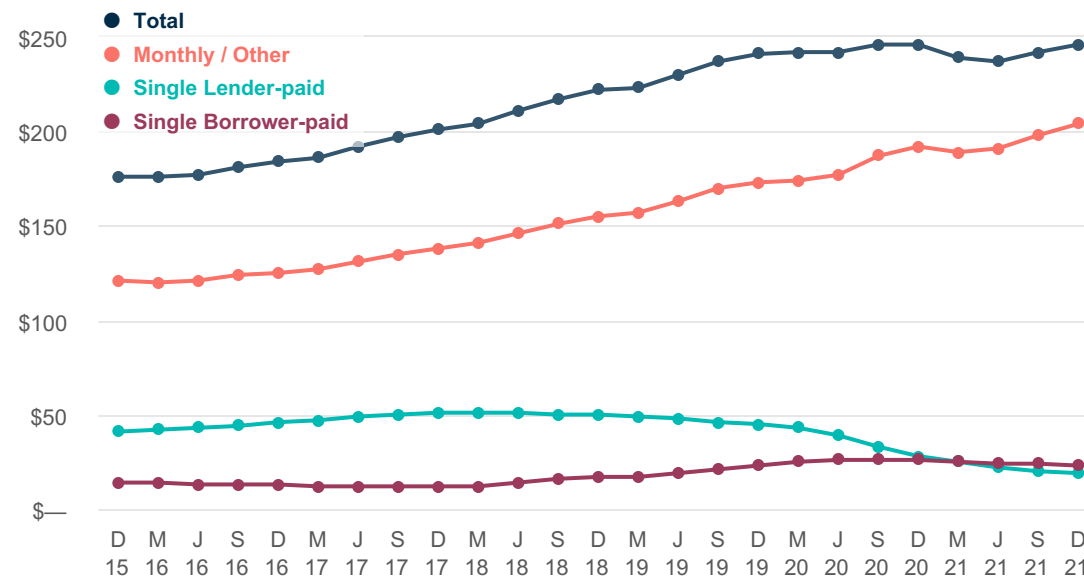
Primary Insurance In Force

Vintage written in: (\$ in billions)	Insurance in Force ⁽¹⁾ as of:					
	December 31, 2021		September 30, 2021		December 31, 2020	
2021	\$87.4	35.5 %	\$66.1	27.4 %	\$—	— %
2020	\$74.3	30.2 %	\$80.1	33.1 %	\$98.8	40.2 %
2019	\$24.0	9.8 %	\$27.7	11.5 %	\$44.6	18.1 %
2018	\$12.4	5.0 %	\$14.2	5.9 %	\$23.5	9.5 %
2017	\$11.5	4.7 %	\$13.1	5.4 %	\$21.2	8.6 %
2016	\$10.1	4.1 %	\$11.4	4.7 %	\$17.5	7.1 %
2009 - 2015	\$14.9	6.1 %	\$16.8	7.0 %	\$25.7	10.5 %
2008 & Prior	\$11.4	4.6 %	\$12.2	5.0 %	\$14.8	6.0 %
Total	\$246.0	100.0 %	\$241.6	100.0 %	\$246.1	100.0 %

1) Policy years represent the original policy years, and have not been adjusted to reflect subsequent refinancing activity under HARP.

Monthly and Single Mix

(\$ in billions)



% of total	2016	2017	2018	2019	2020	December 31, 2021
● Monthly / Other	68%	69%	70%	72%	78%	83%
● Single Lender-paid	25%	25%	23%	18%	11%	7%
● Single Borrower-paid	7%	6%	7%	10%	11%	10%

In Force Portfolio Premium Yield

(in basis points, except as otherwise indicated)

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020 ⁽¹⁾
In Force Portfolio Premium Yield ⁽²⁾	41.0	40.3	41.1	42.7	42.8
Single Premium Cancellations ⁽³⁾	3.4	4.3	5.3	6.4	8.7
Total Direct Yield	44.4	44.6	46.4	49.1	51.5
Ceded Earned Premiums - QSR ⁽⁴⁾	(3.8)	(4.5)	(5.3)	(6.1)	(7.8)
Ceded Earned Premiums - ILN/XOL ⁽⁴⁾	(2.9)	(2.8)	(2.6)	(2.0)	(2.0)
Profit Commission ⁽⁵⁾	3.3	2.3	3.0	2.7	3.1
Total Net Yield ⁽⁶⁾	41.0	39.6	41.5	43.7	44.8
Beginning Primary IIF (\$B)	\$241.6	\$237.3	\$238.9	\$246.1	\$245.5
Ending Primary IIF (\$B)	\$246.0	\$241.6	\$237.3	\$238.9	\$246.1
Average Primary IIF (\$B)	\$243.8	\$239.4	\$238.1	\$242.5	\$245.8
Monthly Premium %	82 %	81 %	80 %	79 %	78 %
Single Premium %	18 %	19 %	20 %	21 %	22 %

1) During Q4 2020, the Company recorded an increase of \$11.3 million to premiums earned related to changes in present value estimates for initial premiums on monthly premium policies that are deferred and not collected until cancellation. The yields and other amounts shown in this column exclude the impact of this adjustment. Including the impact of this adjustment, the Q4 2020 In Force Portfolio Premium Yield was 44.6 basis points, Total Direct Yield was 53.4 basis points and the Total Net Yield was 46.7 basis points.

2) Total direct premiums earned, excluding single premium policy 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 – 0.6 basis points across all time periods presented.

3) Single premium policy cancellations, annualized, as a percentage of average primary IIF.

4) Ceded premiums earned, annualized, as a percentage of average primary IIF.

5) Profit commission, annualized, as a percentage of average primary IIF.

6) Net premiums earned, annualized, as a percentage of average primary IIF.

First-lien Mortgage Insurance

2021 Performance by Vintage

(\$ in millions)

Three Months Ended December 31, 2021

Vintage	Premiums Earned ⁽¹⁾	Incurred Losses ⁽¹⁾	Net
2008 & Prior	\$12.7	(\$5.2)	\$17.9
2009 - 2015	\$14.4	(\$7.3)	\$21.7
2016	\$14.8	(\$7.3)	\$22.1
2017	\$17.5	(\$10.0)	\$27.5
2018	\$21.9	(\$9.9)	\$31.8
2019	\$32.9	(\$13.8)	\$46.7
2020	\$67.0	\$1.0	\$66.0
2021	\$65.3	\$6.7	\$58.6

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

Primary Mortgage Insurance

Cumulative Incurred Loss Ratio by Development Year⁽¹⁾

Vintage	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20 ⁽²⁾	Dec-21 ⁽²⁾
2012	2.0 %	3.2 %	3.6 %	2.7 %	2.9 %	2.8 %	2.8 %	2.8 %	3.2 %	3.0 %
2013		2.5 %	4.0 %	3.4 %	3.7 %	3.5 %	3.4 %	3.3 %	4.2 %	4.1 %
2014			2.7 %	4.1 %	4.9 %	5.0 %	5.1 %	5.2 %	6.9 %	6.8 %
2015				2.1 %	4.8 %	5.2 %	5.0 %	4.7 %	7.4 %	6.8 %
2016					2.9 %	5.0 %	4.8 %	4.7 %	9.7 %	8.0 %
2017						4.7 %	5.1 %	6.1 %	14.3 %	11.9 %
2018							3.0 %	6.4 %	22.8 %	19.0 %
2019								2.8 %	35.6 %	23.5 %
2020									25.6 %	14.9 %
2021										7.9 %

1) Represents inception-to-date losses incurred as a percentage of net premiums earned on mortgage insurance.

2) Incurred losses in 2020 and 2021 across all vintages were elevated due to the impact of the COVID-19 pandemic.

Components of Mortgage Provision for Losses

(\$ in millions)	Three Months Ended				Dec 31, 2020
	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	
Current period defaults ⁽¹⁾	\$39.4	\$33.3	\$34.3	\$50.3	\$63.9
Prior period defaults ⁽²⁾	(85.8)	(16.5)	(31.0)	(4.5)	(7.7)
Second-lien premium deficiency reserve & other	(0.1)	—	—	0.1	0.1
Provision for losses	(\$46.5)	\$16.8	\$3.3	\$45.9	\$56.3

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. Defaults reported 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.

Default Rollforward

Primary Insurance in Force <i>(number of loans)</i>	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Beginning Default Inventory	33,795	40,464	50,106	55,537	62,737
Total New Defaults ⁽¹⁾	9,342	8,132	8,145	11,851	14,552
Cures	(13,677)	(14,475)	(17,681)	(17,137)	(21,567)
Claims Paid	(375)	(321)	(98)	(143)	(176)
Rescissions and Denials, net ⁽²⁾	(24)	(5)	(8)	(2)	(9)
Ending Default Inventory	29,061	33,795	40,464	50,106	55,537
Primary Default Rate	2.9 %	3.4 %	4.0 %	4.9 %	5.2 %

1) New Defaults remaining as of December 31, 2021:

	6,722	3,129	2,232	2,309	2,338
Cumulative Cure Rate	28.0 %	61.5 %	72.6 %	80.5 %	83.9 %

Loans that cure and then re-default in a subsequent period are counted as a new default in the period in which they re-default.

2) 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

December 31, 2021

(\$ in thousands)

	Total		Foreclosure Stage Defaulted Loans	Cure % During Q4	Reserve for Losses	% of Reserve
Missed Payments	#	%	#	%	\$	%
3 Payments or Fewer	7,267	25.0 %	47	39.4 %	\$62,103	7.9 %
4 to 11 Payments	8,088	27.8 %	84	27.6 %	\$146,872	18.6 %
12 Payments or More ⁽¹⁾	13,389	46.1 %	784	29.0 %	\$565,192	71.5 %
Pending Claims ⁽¹⁾	317	1.1 %	N/A	10.4 %	\$16,213	2.0 %
Total	29,061	100.0 %	915		\$790,380	100.0 %
IBNR and Other					\$2,886	
LAE					\$19,859	
Total Primary Reserve					\$813,125	

Key Reserve Assumptions

Net Default to Claim Rate % ⁽²⁾	Claim Severity % ⁽³⁾
46%	99%

1) 50.4% of defaults that had missed 12 payments or more (including the portion in pending claims) made a payment during Q4 2021.

2) For every one percentage point change in our primary net Default to Claim Rate, we estimated a change of approximately \$17.1 million in our primary loss reserve at December 31, 2021.

3) For every one percentage point change in primary Claim Severity, we estimated a change of approximately \$8.0 million in our total loss reserve at December 31, 2021.

COVID-19 Forbearance Program Summary (as of December 31, 2021)

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

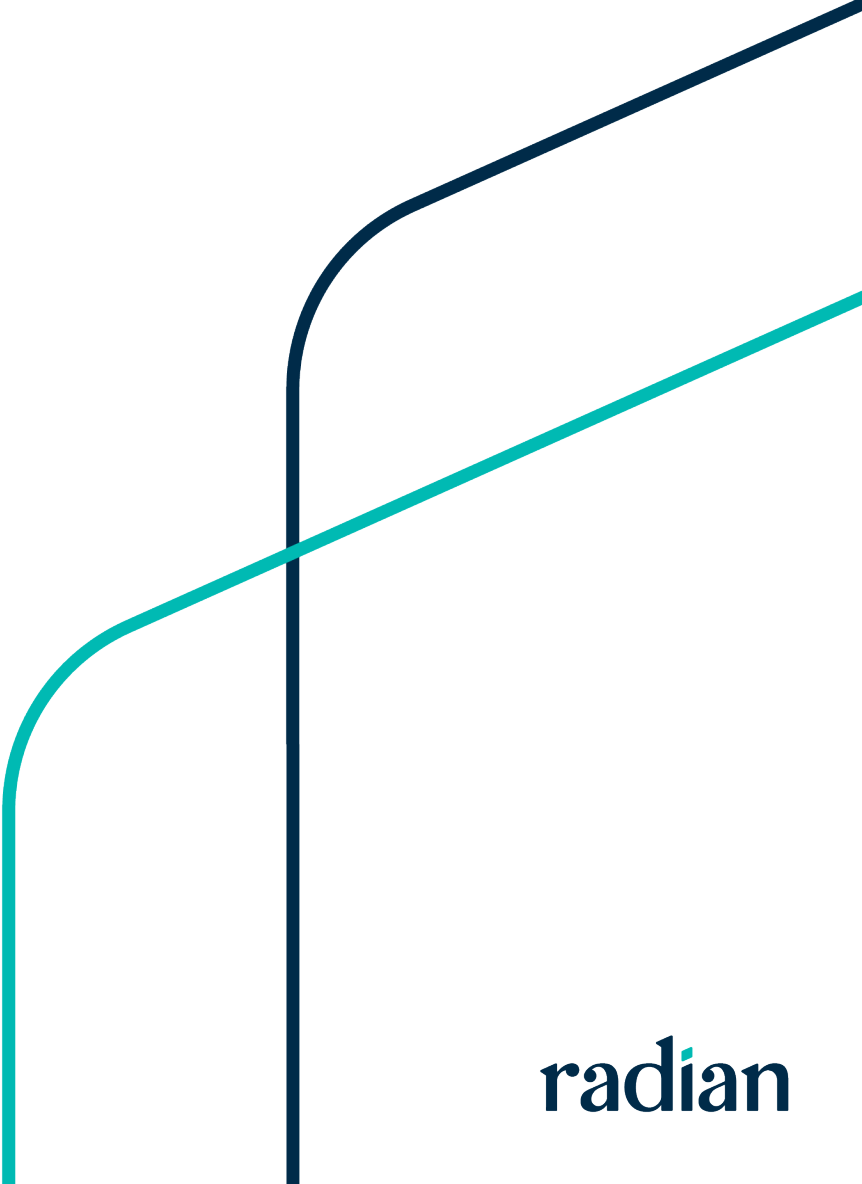
- Borrowers experiencing a financial hardship relating to COVID-19 may request a forbearance to suspend or reduce their mortgage payments for up to 12 months by contacting their servicer. If the borrower's mortgage loan was in a forbearance plan as of February 28, 2021 and the servicer determines the borrower's hardship has not resolved, then the GSEs permit the servicer to grant two additional three-month extensions and provide a maximum total forbearance term of 18 months.
- 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.
- Future availability of forbearances under the CARES Act may depend on the status of the COVID-19 National Emergency (most recently declared a continuing national emergency on February 24, 2021) and on federal agency and GSE guidance updates.
- Based on forbearance reporting that Radian receives, a 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.
- Pursuant to the current applicable guidance from the GSEs, for purposes of determining Minimum Required Assets under PMIERS, defaulted loans in a COVID-19 forbearance plan 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. Notwithstanding the ongoing application of the 0.30 multiplier to such loan, as with all defaulted loans, the asset factor continues to increase as the default ages. The 0.30 multiplier will continue to apply until the loan exits COVID-19 forbearance or the loan exits COVID-19 forbearance and is no longer in a repayment plan or loan modification trial period immediately following the forbearance plan. (For more information, visit <https://singlefamily.fanniemae.com/media/23266/display> and https://sf.freddie-mac.com/content/_assets/resources/pdf/requirements/freddie-mac-pmie.rs-guidance-2021-1.pdf.)
- The benefit to our PMIERS Cushion at December 31, 2021 related to the 0.30 multiplier is approximately \$300 million, taking into consideration our risk distribution structures in effect as of that date.

Radian Summary Data

	As of December 31, 2021
Number of Insured Loans	999,203
Number of Loans in Default	29,061
% of Loans in Default	2.9 %
% of Loans in Default in Forbearance Programs	57.5 %
% of New Q4 Defaults in Forbearance Programs	45.3 %

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.

Financial Strength and Risk Distribution Overview



Capital, Investments & Ratings

Total Capitalization as of December 31, 2021

Coupon	Description	Carrying Value (\$'000)	Principal (\$'000)	% of Total Capitalization ⁽¹⁾
4.500 %	Senior Notes due October 2024	\$446,631	\$450,000	7.9 %
6.625 %	Senior Notes due March 2025	\$518,405	\$525,000	9.2 %
4.875 %	Senior Notes due March 2027	\$444,437	\$450,000	7.8 %
Total		\$1,409,473	\$1,425,000	24.9 %
Stockholders' Equity		\$4,258,796		75.1 %
Total Capitalization		\$5,668,269		100.0 %

Investment Portfolio by Rating as of December 31, 2021

<i>(\$ in millions)</i>	Fair Value	Percent
U.S. government / AAA	\$2,477	37.4 %
AA	\$1,016	15.3 %
A	\$1,940	29.3 %
BBB	\$895	13.5 %
BB and below	\$64	1.0 %
Equity securities	\$222	3.4 %
Other invested assets	\$4	0.1 %
Total ⁽²⁾	\$6,618	100.0 %

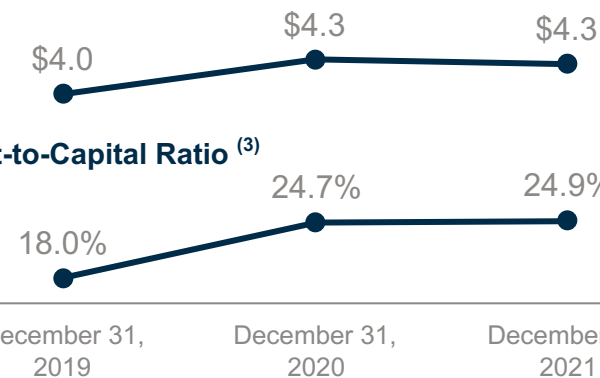
Current Radian Group Senior Debt Ratings

S&P	BB+ with Stable outlook Based on April 28, 2021 update
Moody's	Ba1 with Stable outlook Based on August 27, 2021 update
Fitch	BBB- with Stable outlook Based on May 3, 2021 update

- 1) Based on carrying value of our outstanding senior notes and stockholders' equity.
- 2) Includes \$104 million of securities loaned to third-party borrowers under securities lending agreements.
- 3) Calculated as carrying value of senior notes divided by carrying value of senior notes and stockholders' equity.

Stockholders' Equity

(\$ in billions)



Share Repurchase Activity

During the three months ended December 31, 2021, the Company purchased 6.4 million shares at an average price of \$22.23, including commissions. As of December 31, 2021, no purchase authority remained available under this program.

Credit Facility

In December 2021, Radian Group entered into a new \$275 million unsecured revolving credit facility with a syndicate of bank lenders. This replaced the Radian Group \$267.5 million unsecured revolving credit facility with a syndicate of bank lenders, which had a maturity date of January 2022.

Statutory Capital - Radian Guaranty Inc.

(\$ in millions)	Pro Forma ⁽¹⁾	As of:				
	December 31, 2021	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
Statutory Financial Information:						
Risk-to-capital ratio	12.5:1	11.1:1	11.4:1	11.4:1	11.9:1	12.7:1
Common stock and paid-in surplus ⁽²⁾	\$741	\$1,241	\$1,241	\$1,241	\$1,041	\$1,041
Surplus notes	100	100	100	100	300	300
Unassigned funds ⁽³⁾	(563)	(563)	(694)	(745)	(814)	(860)
Statutory policyholders' surplus	\$278	\$778	\$647	\$596	\$527	\$481
Contingency reserve ⁽⁴⁾	3,887	3,887	3,765	3,648	3,527	3,397
Total statutory capital	\$4,165	\$4,665	\$4,412	\$4,244	\$4,054	\$3,878
Reserve for losses	756	756	813	806	807	772
Total	\$4,921	\$5,421	\$5,225	\$5,050	\$4,861	\$4,650
PMIERS Financial Requirements:						
PMIERS available assets	\$4,906	\$5,406	\$5,262	\$5,042	\$4,909	\$4,700
PMIERS minimum required assets	3,329	3,329	3,521	3,185	3,458	3,362
PMIERS excess available assets	\$1,577	\$2,077	\$1,741	\$1,857	\$1,451	\$1,338

(\$ in millions)	Scheduled Contingency Reserve Releases ⁽⁴⁾
2022	\$—
2023	10
2024	426
2025	461
2026	451
2027	458
2028	498
2029	558
2030	535
2031	490
Total	\$3,887

- 1) Pro forma results reflect the impact of the \$500 million return of capital from Radian Guaranty to Radian Group approved by the Pennsylvania Insurance Department in February 2022 and paid on February 11, 2022.
- 2) Common stock and paid-in surplus can only be affected by direct capital contributions and returns of capital approved by Pennsylvania Insurance Department.
- 3) Unassigned funds are enhanced by earnings (net of contingency reserve inflows and outflows) and is a regulatory constraint on the ability to pay an ordinary dividend, since unassigned funds must be positive in order to pay such a dividend. Assuming the continuation of the current positive trends in our mortgage insurance business, we currently expect this transition from negative to positive unassigned funds to occur for Radian Guaranty in 2024. While all proposed dividends and distributions to stockholders must be filed with the Pennsylvania Insurance Department prior to payment, if a Pennsylvania domiciled insurer has positive unassigned funds, such insurer can pay dividends or other distributions out of such funds during any 12-month period in an aggregate amount less than or equal to the greater of: (i) 10% of the preceding year-end statutory policyholders' surplus or (ii) the preceding year's statutory net income, in each case without the prior approval of the Pennsylvania Insurance Department.
- 4) Contingency reserves are established by contributing 50% of earned premiums every year. Releases of contingency reserves occur with either an annual loss ratio greater than 35% or after 10 years on a first-in, first-out basis, and are released into unassigned funds.

Eagle Re Mortgage Insurance-Linked Notes Reinsurance Key Metrics ⁽¹⁾

(\$ in millions)

Coverage dates for policies issued between	Eagle Re 2021-2 1/21-7/21	Eagle Re 2021-1 8/20-12/20	Eagle Re 2020-2 10/19-7/20	Eagle Re 2020-1 1/19-9/19	Eagle Re 2019-1 1/18-12/18	Eagle Re 2018-1 1/17-12/17
Initial Risk In Force	\$10,758	\$11,061	\$13,011	\$9,866	\$10,705	\$9,109
Current Risk In Force	\$10,379	\$9,496	\$7,623	\$3,241	\$2,429	\$2,117
Initial coverage at issuance date	\$484	\$498	\$390	\$488	\$562	\$434
Current coverage	\$484	\$498	\$144	\$488	\$385	\$276
Radian's initial retention layer	\$242	\$221	\$423	\$202	\$268	\$205
Radian's current retention layer	\$242	\$221	\$423	\$202	\$264	\$201
Claims paid under Radian's retention layer	\$—	\$—	\$—	\$—	\$4	\$4
Current PMIERS MRA Reduction ⁽²⁾	\$463	\$403	\$76	\$53	\$—	\$—
Delinquency % ⁽³⁾	0.27 %	0.76 %	1.24 %	4.70 %	8.17 %	5.96 %
Delinquency trigger % ^{(4) (5)}	5.25 %	5.68 %	5.75 %	4.00 %	4.00 %	4.00 %
Initial attachment % ⁽⁶⁾	2.25 %	2.00 %	3.25 %	2.05 %	2.50 %	2.25 %
Initial detachment % ⁽⁷⁾	6.75 %	6.50 %	6.25 %	7.00 %	7.75 %	7.25 %
Current attachment % ⁽⁶⁾	2.33 %	2.33 %	5.55 %	6.24 %	10.86 %	9.50 %
Current detachment % ⁽⁷⁾	7.00 %	7.57 %	7.44 %	21.31 %	26.70 %	23.54 %

- 1) Through December 31, 2021, Radian Guaranty has entered into six 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) PMIERS MRA Reduction represents the reduction in the Minimum Required Assets as of Q4 2021, which is a risk-based minimum required asset amount, as defined in PMIERS.
- 3) Delinquency % represents the percentage of risk in force that is 60 or more days delinquent.
- 4) When delinquency trigger % is reached then the amortization of the issued notes stops and coverage remains constant.
- 5) Based on the current level of defaults reported to us, the Eagle Re 2020-1, Eagle Re 2019-1 and Eagle Re 2018-1 ILNs are currently subject to a delinquency trigger event. 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.
- 6) Attachment % represents the amount of cumulative paid losses as a percentage of initial and current risk in force, respectively, that Radian retains prior to the Insurance-Linked Notes structure absorbing losses.
- 7) Detachment % represents the amount of cumulative paid losses as a percentage of initial and current risk in force, respectively, that must be reached before Radian restarts absorbing losses again.

ILN Current Totals

Policies issued between 1/17-7/21

Risk In Force	Coverage	PMIERS MRA Reduction ⁽²⁾
\$35,285	\$2,275	\$995

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

(\$ in millions)

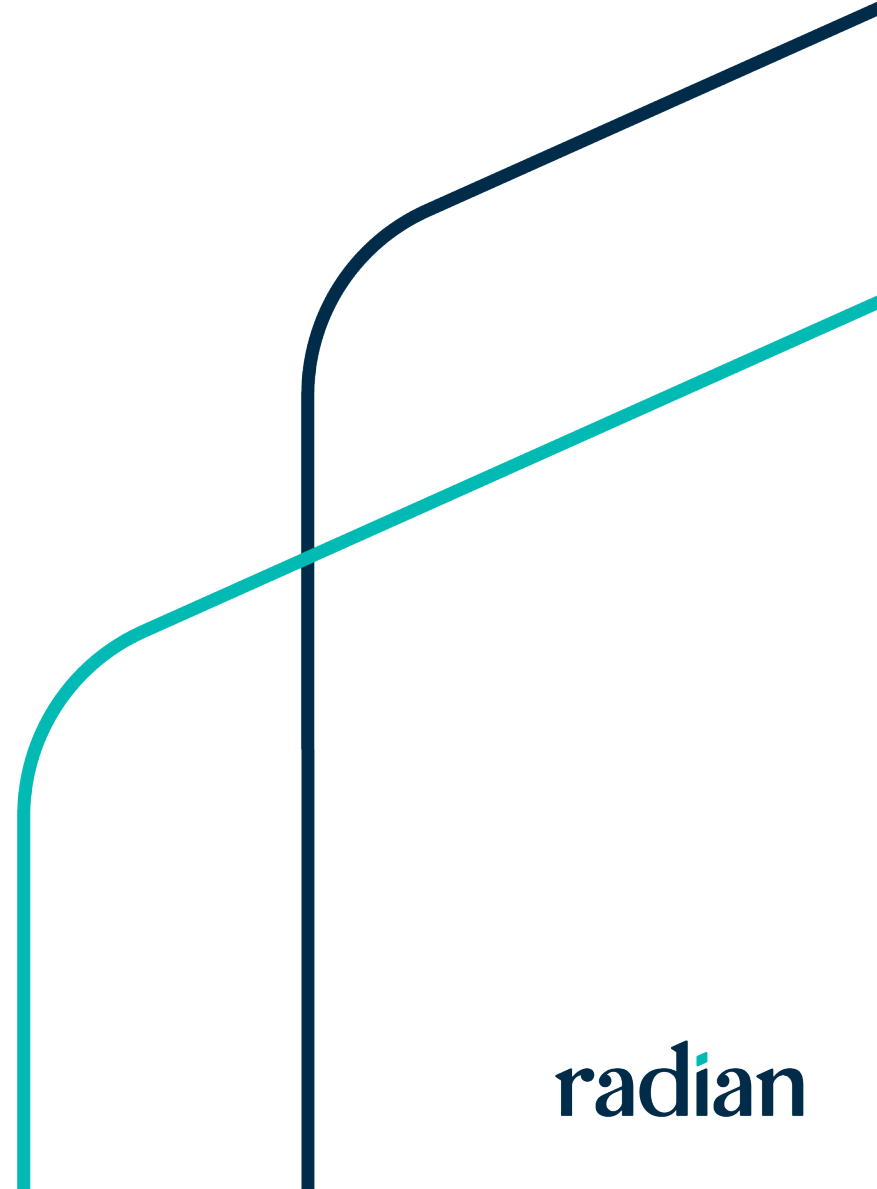
		Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
2016 Single Premium QSR Agreement		2012 – 2017				
	<i>NIW Policy Dates</i>					
Quota Share — 20% - 65% ⁽²⁾	Ceded Risk in Force	\$1,913	\$2,115	\$2,366	\$2,683	\$3,071
Ceding / Profit Commission — 25% / Up to 55%	PMIERS MRA Reduction ⁽³⁾	\$115	\$127	\$145	\$166	\$189
2018 Single Premium QSR Agreement		2018 – 2019				
	<i>NIW Policy Dates</i>					
Quota Share — 65%	Ceded Risk in Force	\$1,117	\$1,279	\$1,465	\$1,698	\$1,979
Ceding / Profit Commission — 25% / Up to 56%	PMIERS MRA Reduction ⁽³⁾	\$79	\$91	\$109	\$129	\$149
2020 Single Premium QSR Agreement		2020 – 2021				
	<i>NIW Policy Dates</i>					
Quota Share — 65%	Ceded Risk in Force	\$2,198	\$2,046	\$1,897	\$1,767	\$1,597
Ceding / Profit Commission — 25% / Up to 56%	PMIERS MRA Reduction ⁽³⁾	\$120	\$110	\$101	\$94	\$86
Total of QSRs as of Q4 2021						
		Ceded Risk in Force	PMIERS MRA Reduction ⁽³⁾			
		\$5,228	\$314			

1) Analysis excludes the impact of the 2012 QSR Program with a third-party reinsurance provider, which provided a reduction of \$13 million in PMIERS Minimum Required Assets as of December 31, 2021.

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.

homegenius



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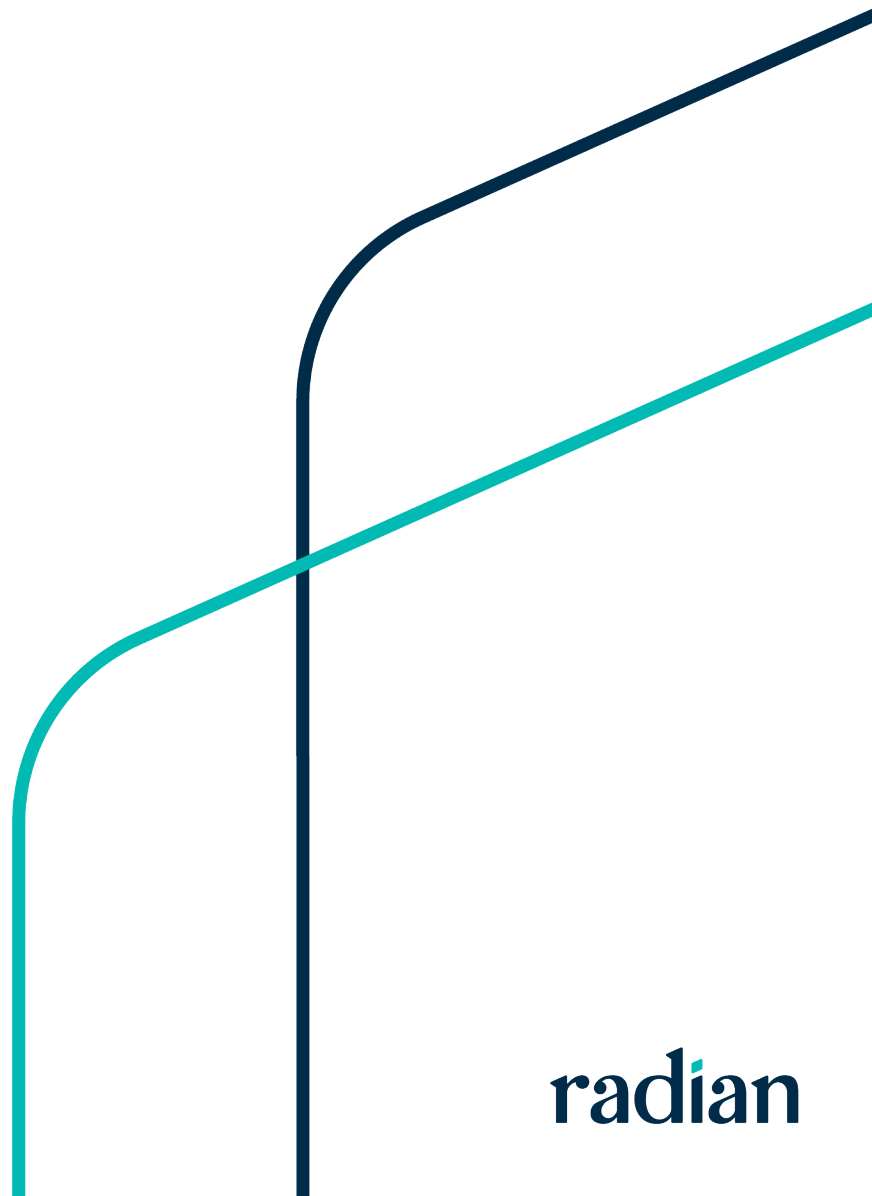
homegenius Highlights

(\$ in millions)	Q4 2021	Q3 2021	Q2 2021	Q1 2021	YTD 2021	
Revenue / % of Total Revenue						
Title	\$21.6	\$25.2	\$17.1	\$15.3	\$79.2	53%
Real estate ⁽¹⁾	23.1	19.9	16.4	10.5	69.9	47%
Total Revenue	\$44.7	\$45.1	\$33.5	\$25.8	\$149.1	
Adjusted Gross Profit / Adjusted Gross Profit % ⁽²⁾	\$19.7	\$17.9	\$11.7	\$8.5	\$57.8	39%
Adjusted Pretax Operating Income (Loss) before Allocated Corporate Operating Expenses ⁽²⁾	\$2.7	\$(0.6)	\$(4.5)	\$(6.5)	\$(8.9)	(6)%
(units in thousands)						
Title Closed Orders	17	19	12	10	58	

1) Includes valuation, single family rental, REO, asset management workflow platform and other real estate services. Q4 2021 also includes \$1.5 million net gains on investments.

2) Adjusted results, including homegenius adjusted gross profit, homegenius adjusted gross profit margin and homegenius adjusted pretax operating income (loss) before allocated corporate operating expenses, 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 homegenius adjusted gross profit, homegenius adjusted gross profit margin and homegenius adjusted pretax operating margin before allocated corporate operating expenses, see Appendix, Slides 26-30.

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, except for certain investments attributable to our reportable segments; (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 impairment of internal-use software, 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. Except for certain investments attributable to our reportable segments, 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) impairment of internal-use software and other long-lived assets; (ii) gains (losses) from the sale of lines of business; and (iii) acquisition-related income and expenses.

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. In addition, homegenius adjusted pretax operating margin before allocated corporate operating expenses and adjusted gross profit margin are calculated by dividing homegenius adjusted pretax operating margin before allocated corporate operating expenses and adjusted gross profit, respectively, by GAAP total revenue for the homegenius segment. For the homegenius segment, adjusted pretax operating income (loss) before allocated corporate operating expenses, adjusted gross profit, and the related profit margins 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 Slides 27 through 29 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. Slide 30 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 and homegenius adjusted pretax operating income (loss) before allocated corporate operating expenses, homegenius adjusted gross profit, homegenius adjusted pretax operating margin before allocated corporate operating expenses or homegenius adjusted gross profit margin may not be comparable to similarly-named measures reported by other companies.

Reconciliation of Consolidated Pretax Income to Adjusted Pretax Operating Income

(\$ in thousands)	2021				2020
	Q4	Q3	Q2	Q1	Q4
Consolidated pretax income	\$246,506	\$161,641	\$195,496	\$161,189	\$179,167
Less reconciling income (expense) items:					
Net gains (losses) on investments and other financial instruments ⁽¹⁾	1,516	2,098	15,661	(5,181)	17,376
Amortization and impairment of other acquired intangible assets	(863)	(862)	(863)	(862)	(2,225)
Impairment of other long-lived assets and other non-operating items ⁽²⁾	788	(244)	(4,021)	(84)	(6,971)
Total adjusted pretax operating income ⁽³⁾	\$245,065	\$160,649	\$184,719	\$167,316	\$170,987

1) For the fourth quarter of 2021, excludes \$1.5 million in net gains on investments attributable to our homegenius segment and included in adjusted pretax operating income (loss) for that reportable segment.

2) The amounts for all the periods are included in other operating expenses and primarily relate to impairments of other long-lived assets.

3) Please see slide 26 for the definition of this line item and additional information regarding our use of non-GAAP financial measures.

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

	2021				2020
	Q4	Q3	Q2	Q1	Q4
Diluted net income per share	\$1.07	\$0.67	\$0.80	\$0.64	\$0.76
Less per-share impact of reconciling income (expense) items:					
Net gains (losses) on investments and other financial instruments	0.01	0.01	0.08	(0.03)	0.09
Amortization and impairment of other acquired intangible assets	—	—	—	—	(0.01)
Impairment of other long-lived assets and other non-operating items	—	—	(0.02)	—	(0.04)
Income tax (provision) benefit on reconciling income (expense) items ⁽¹⁾	—	—	(0.01)	0.01	(0.01)
Difference between statutory and effective tax rates	(0.01)	(0.01)	—	(0.02)	0.04
Per-share impact of reconciling income (expense) items	—	—	0.05	(0.04)	0.07
Adjusted diluted net operating income per share ^{(1) (2)}	\$1.07	\$0.67	\$0.75	\$0.68	\$0.69

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 26 for additional information regarding our use of non-GAAP financial measures.

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

	2021				2020
	Q4	Q3	Q2	Q1	Q4
Return on equity ⁽¹⁾	18.2 %	11.8 %	14.5 %	11.8 %	14.1 %
Less impact of reconciling income (expense) items: ⁽²⁾					
Net gains (losses) on investments and other financial instruments	0.1	0.2	1.5	(0.5)	1.7
Amortization and impairment of other acquired intangible assets	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)
Impairment of other long-lived assets and other non-operating items	0.1	—	(0.4)	—	(0.7)
Income tax (provision) benefit on reconciling income (expense) items ⁽³⁾	—	—	(0.2)	0.1	(0.2)
Difference between statutory and effective tax rates	(0.1)	(0.1)	0.1	(0.1)	0.6
Impact of reconciling income (expense) items	—	—	0.9	(0.6)	1.2
Adjusted net operating return on equity ⁽⁴⁾	18.2 %	11.8 %	13.6 %	12.4 %	12.9 %

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 26 for additional information regarding our use of non-GAAP financial measures.

Reconciliation of homegenius Adjusted Pretax Operating Income (Loss) to homegenius Adjusted Gross Profit

(\$ in thousands)	2021				2020	YTD
	Q4	Q3	Q2	Q1	Q4	2021
homegenius adjusted pretax operating income (loss)	\$(2,116)	\$(5,557)	\$(9,198)	\$(10,453)	\$(11,132)	\$(27,324)
Less reconciling income (expense) items:						
Allocation of corporate operating expenses to homegenius	(4,847)	(4,918)	(4,721)	(3,996)	(3,369)	(18,482)
homegenius adjusted pretax operating income (loss) before allocated corporate operating expenses ⁽¹⁾	2,731	(639)	(4,477)	(6,457)	(7,763)	(8,842)
Less reconciling income (expense) items:						
Other operating expenses before allocated corporate operating expenses	(16,998)	(18,544)	(16,160)	(14,928)	(15,238)	(66,630)
homegenius adjusted gross profit ⁽¹⁾	\$19,729	\$17,905	\$11,683	\$8,471	\$7,475	\$57,788

1) Please see slide 26 for the definition of this line item and additional information regarding our use of non-GAAP financial measures.

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