Radian Group Inc.

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RADIAN

News Release

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Radian Announces Second Quarter 2018 Financial Results

-- GAAP net income increases to $208.9 million;
diluted net income per share grows to $0.96 --
-- Adjusted diluted net operating income per share
increases 44% year-over-year to $0.69 --
-- Writes new MI business of $16.4 billion, setting a company record
for highest quarterly volume of flow MI;
MI in force increases 10% year-over-year to $210.7 billion --
-- Book value per share grows 11% year-over-year --

PHILADELPHIA, July 26, 2018 - Radian Group Inc. (NYSE: RDN) today reported net income for the quarter ended June 30, 2018, of $208.9 million, or $0.96 per diluted share, which includes the impact of tax benefits related to the previously disclosed expected settlement with the IRS as well as the reversal of certain previously accrued state and local tax liabilities. This compares to a net loss for the quarter ended June 30, 2017, of $27.3 million, or $0.13 per diluted share.

Key Financial Highlights *(dollars in millions, except per-share data)*

	Quarter Ended June 30, 2018	Quarter Ended June 30, 2017	Percent Change
Net income (loss) [(1)]	$208.9	$(27.3)	N/M [(2)]
Diluted net income (loss) per share	$0.96	$(0.13)	N/M [(2)]
Consolidated pretax income (loss)	$180.6	$(35.5)	N/M [(2)]
Adjusted pretax operating income [(3)]	$191.0	$163.7	17%
Adjusted diluted net operating income per share [(3) (4)]	$0.69	$0.48	44%
Net premiums earned - mortgage insurance	$249.0	$229.1	9%
MI New Insurance Written (NIW)	$16,417	$14,342	14%
MI primary insurance in force	$210,741	$191,637	10%
Book value per share	$15.01	$13.54	11%
Tangible book value per share [(3)]	$14.73	$13.22	11%
Return on Equity [(5)]	26.7%	(3.7)%	N/M [(2)]
Adjusted Net Operating Return on Equity [(3)]	19.3%	14.6 %	32%

(1) *Net income for the second quarter of 2018 includes the impact of tax benefits related to the previously disclosed settlement with the IRS and the reversal of certain related previously accrued state and local tax liabilities, as well as a pretax net loss on investments and other financial instruments of $7.4 million and $0.9 million of pretax restructuring and other exit costs related to the Mortgage and Real Estate Services segment.*

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(2) *N/M - Calculation results are not meaningful. The net loss in the second quarter of 2017 was attributed to after-tax, non-cash impairment charges of $130.9 million associated with an impairment of goodwill and other intangible assets related to the Mortgage and Real Estate Services segment.*

(3) *Adjusted results, including adjusted pretax operating income, adjusted diluted net operating income per share, tangible book value per share and adjusted net operating return on equity, are non-GAAP financial measures. For definitions and a reconciliation of these measures to the comparable GAAP measures, see Exhibits F and G.*

(4) *Adjusted diluted net operating income per share is calculated using the company's statutory tax rates of 21 percent in 2018 and 35 percent in 2017.*

(5) *Calculated by dividing annualized net income by average stockholders' equity, based on the average of the beginning and ending balances for each period presented.*

Adjusted pretax operating income for the quarter ended June 30, 2018, was $191.0 million, compared to $163.7 million for the quarter ended June 30, 2017. Adjusted diluted net operating income per share for the quarter ended June 30, 2018, was $0.69, an increase of 44 percent compared to $0.48 for the quarter ended June 30, 2017.

Book value per share at June 30, 2018, was $15.01, an increase of 6 percent compared to $14.16 at March 31, 2018, and an increase of 11 percent compared to $13.54 at June 30, 2017. Tangible book value per share at June 30, 2018, was $14.73, an increase of 6 percent compared to $13.88 at March 31, 2018, and an increase of 11 percent compared to $13.22 at June 30, 2017.

"We reported outstanding financial results for the second quarter, with net income of $209 million, adjusted net operating ROE of 19%, record-breaking NIW of $16.4 billion, growth in our Services segment, 10% growth in MI insurance in force and 11% growth in book value," said Radian's Chief Executive Officer Rick Thornberry. "These results reflect the success of our business strategy as one Radian, the breadth and depth of our customer relationships, the strength and flexibility of our financial position, the value of our $211 billion insurance portfolio and the hard work of our outstanding team."

SECOND QUARTER HIGHLIGHTS AND RECENT EVENTS

Mortgage Insurance

- Mortgage insurance new insurance written (NIW) was $16.4 billion for the quarter, representing record volume of NIW on a flow basis for the company, and an increase of 41 percent compared to $11.7 billion in the first quarter of 2018 as well as an increase of 14 percent compared to $14.3 billion in the prior-year quarter. Purchase originations accounted for 95 percent of total NIW in the second quarter of 2018, compared to 89 percent in the first quarter of 2018, and 91 percent a year ago.

- Total primary mortgage insurance in force as of June 30, 2018, grew to $210.7 billion, an increase of 3 percent compared to $204.0 billion as of March 31, 2018, and an increase of 10 percent compared to $191.6 billion as of June 30, 2017.
  - The composition of Radian's mortgage insurance portfolio continues to improve, with 93 percent consisting of new business written after 2008,

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including those loans that successfully completed the Home Affordable Refinance Program (HARP).
  - Persistency, which is the percentage of mortgage insurance that remains in force after a 12-month period, was 80.9 percent as of June 30, 2018, compared to 81.0 percent as of March 31, 2018, and 78.5 percent as of June 30, 2017.
  - Annualized persistency for the three months ended June 30, 2018, was 82.3 percent, compared to 84.3 percent for the three months ended March 31, 2018, and 82.8 percent for the three months ended June 30, 2017.

- Net mortgage insurance premiums earned were $249.0 million for the quarter ended June 30, 2018, compared to $242.6 million for the quarter ended March 31, 2018, and $229.1 million for the quarter ended June 30, 2017.
  - Mortgage insurance in force premium yield was 48.4 basis points in the second quarter of 2018, a slight decrease compared to 48.7 basis points in the first quarter of 2018 and in the second quarter of 2017.
  - Total net mortgage insurance premium yield, which includes the impact of ceded premiums and accrued profit commission, was 48.0 basis points in the second quarter of 2018, compared to 47.9 basis points in the first quarter of 2018, and 48.5 basis points in the second quarter of 2017.
  - Additional details regarding notable variable items impacting premiums earned may be found in Exhibit D.

- The mortgage insurance provision for losses was $19.4 million in the second quarter of 2018, compared to $37.4 million in the first quarter of 2018, and $17.7 million in the prior-year quarter.
  - The number of primary delinquent loans was 22,088 as of June 30, 2018, a decrease of 10 percent compared to 24,597 as of March 31, 2018 and a decrease of 7 percent compared to 23,755 as of June 30, 2017.
    - Excluding the impact of delinquent loans from areas affected by major 2017 hurricanes, the total number of primary delinquent loans of 17,956 decreased by 15 percent from 21,006 as of June 30, 2017. Based on past experience, the company continues to expect that these delinquencies will not result in a material number of new paid claims.
  - The primary mortgage insurance delinquency rate decreased to 2.2 percent in the second quarter of 2018, compared to 2.5 percent in the first quarter of 2018, and 2.6 percent in the second quarter of 2017.
  - The loss ratio in the second quarter of 2018 was 7.8 percent, compared to 15.4 percent in the first quarter of 2018, and 7.7 percent in the second quarter of 2017.
  - Mortgage insurance loss reserves were $448.1 million as of June 30, 2018, compared to $485.2 million as of March 31, 2018, and $651.6 million as of June 30, 2017.

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- Total mortgage insurance claims paid were $56.5 million in the second quarter of 2018, compared to $59.9 million in the first quarter of 2018, and $91.3 million in the second quarter of 2017. In addition, the company's pending claim inventory declined 43 percent from June 30, 2017.

Mortgage and Real Estate Services

- Total revenues for the second quarter of 2018 were $40.5 million, compared to $34.2 million for the first quarter of 2018, and $40.0 million for the second quarter of 2017.

- Adjusted pretax operating income before corporate allocations for the quarter ended June 30, 2018, was $1.0 million, which includes $1.1 million in restructuring and other exit costs as well as a loss of $0.9 million related to Radian's recently acquired national title insurance and settlement company. This compares to a loss of $0.4 million for the quarter ended March 31, 2018, which includes $0.5 million in restructuring and other exit costs, and income of $1.2 million for the quarter ended June 30, 2017.

- Adjusted earnings before interest, income taxes, depreciation and amortization (Services adjusted EBITDA) for the quarter ended June 30, 2018, was $2.0 million, which includes $1.1 million in restructuring and other exit costs as well as a loss of $0.9 million related to Radian's recently acquired national title insurance and settlement company. This compares to $0.5 million for the quarter ended March 31, 2018, which includes $0.5 million in restructuring and other exit costs, and $2.0 million for the quarter ended June 30, 2017. Additional details regarding the non-GAAP measure Services adjusted EBITDA may be found in Exhibits E, F and G.

Consolidated Expenses and Operating Leverage

Other operating expenses were $70.2 million in the second quarter of 2018, compared to $63.2 million in the first quarter of 2018, and $68.8 million in the second quarter of 2017. Beginning in the second quarter of 2018, operating expenses include expenses related to Radian's national title insurance and settlement services company acquired in March 2018, which were $3.7 million in the quarter. Additionally, consistent with prior years, operating expenses in the second quarter also include the seasonal impact associated with the annual grant of the company's long-term equity awards.

Revenue in the second quarter of 2018 grew 5 percent year over year, driven by a 10 percent increase in net premiums earned, while other operating expenses increased 2 percent. These results are consistent with Radian's long-term strategic objective of generating positive operating leverage through accretive revenue growth and disciplined expense management.

CAPITAL AND LIQUIDITY UPDATE

Radian Group maintained approximately $200 million of available liquidity as of June 30, 2018, which excludes the $31 million expected to be submitted to the U.S. Department of the Treasury for the IRS settlement. Total liquidity, which includes the company's $225 million unsecured revolving credit facility entered into in October 2017, was approximately $425 million as of June 30, 2018. The company remains focused on improving its capital position, enhancing its return on capital, and increasing its financial flexibility, as well as positioning Radian Group for a return to investment grade ratings.

- During the second quarter, Radian repurchased 2,491,843 shares, or approximately $40 million, of Radian Group common stock.
- As previously announced, in December 2017 Radian Guaranty received the proposed changes to the Private Mortgage Insurer Eligibility Requirements (PMIERs) of Fannie Mae and Freddie Mac (the GSEs), referred to as PMIERs 2.0. In June 2018, the company received revisions to PMIERs 2.0 that take into consideration, among other items, the comments previously provided by the private mortgage insurance industry to the GSEs and FHFA.
    - The company expects that PMIERs 2.0 will be finalized in the third quarter of 2018 and, after an implementation period, will become effective at the end of the first quarter of 2019.
    - Based on the most recent version of PMIERs 2.0, as of the effective date, Radian expects to be able to fully comply with PMIERs 2.0 and to maintain substantially the same excess of Available Assets over Minimum Required Assets under PMIERs 2.0 as it does today under the current PMIERs, without a need to take further actions to do so.
    - Radian's expectation is based on the company's current understanding of the most recent version of PMIERs 2.0, its forecasted NIW, its projections for ongoing positive operating results, its strong capital position and the benefits of its reinsurance programs.

CONFERENCE CALL

Radian will discuss second quarter financial results in a conference call today, Thursday, July 26, 2018, at 10:00 a.m. Eastern time. The conference call will be broadcast live over the Internet at http://www.radian.biz/page?name=Webcasts or at www.radian.biz. The call may also be accessed by dialing 800.288.8976 inside the U.S., or 612.332.0228 for international callers, using passcode 451857 or by referencing Radian.

A replay of the webcast will be available on the Radian website approximately two hours after the live broadcast ends for a period of one year. A replay of the conference call will be available approximately two and a half hours after the call ends for a period of two weeks, using the following dial-in numbers and passcode: 800.475.6701 inside the U.S., or 320.365.3844 for international callers, passcode 451857.

In addition to the information provided in the company's earnings news release, other statistical and financial information, which is expected to be referred to during the conference call, will be available on Radian's website under Investors > Quarterly Results, or by clicking on http://www.radian.biz/page?name=QuarterlyResults.

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NON-GAAP FINANCIAL MEASURES

Radian believes that adjusted pretax operating income, adjusted diluted net operating income per share and adjusted net operating return on equity (non-GAAP measures) facilitate evaluation of the company's fundamental financial performance and provide relevant and meaningful information to investors about the ongoing operating results of the company. On a consolidated basis, these measures are not recognized in accordance with accounting principles generally accepted in the United States of America (GAAP) and should not be considered in isolation or viewed as substitutes for GAAP measures of performance. The measures described below have been established in order to increase transparency for the purpose of evaluating the company's operating trends and enabling more meaningful comparisons with Radian's competitors.

Adjusted pretax operating income is defined as earnings excluding the impact of certain items that are not viewed as part of the operating performance of the company's primary activities, or not expected to result in an economic impact equal to the amount reflected in pretax income (loss). Adjusted pretax operating income adjusts GAAP pretax income (loss) to remove the effects of: (i) net gains (losses) on investments and other financial instruments; (ii) loss on induced conversion and debt extinguishment; (iii) acquisition-related expenses; (iv) amortization or impairment of goodwill and other intangible assets; and (v) net impairment losses recognized in earnings and losses from the sale of business lines. Adjusted diluted net operating income per share represents a diluted net income per share calculation using as its basis adjusted pretax operating income, net of taxes at the company's statutory tax rate for the period. Adjusted net operating return on equity is calculated by dividing annualized adjusted pretax operating income, net of taxes computed using the company's statutory tax rate, by average stockholders' equity, based on the average of the beginning and ending balances for each period presented.

The company has also presented a non-GAAP measure for tangible book value per share, which represents book value per share less the per-share impact of goodwill and other intangible assets, net. The company uses this measure to assess the quality and growth of its capital. Because tangible book value per share is a widely used financial measure which focuses on the underlying fundamentals of the company's financial position and operating trends without the impact of goodwill and other intangible assets, the company believes that current and prospective investors may find it useful in their analysis.

In addition to the above non-GAAP measures for the consolidated company, the company also presents as supplemental information a non-GAAP measure for the Services segment, representing earnings before interest, income tax provision (benefit), depreciation and amortization (EBITDA). Services adjusted EBITDA is calculated by using the Services segment's adjusted pretax operating income as described above, further adjusted to remove the impact of depreciation and corporate allocations for interest and operating expenses. In addition, the company also has presented a related non-GAAP measure, Services adjusted EBITDA margin, which is calculated by dividing Services adjusted EBITDA by GAAP total revenue for the Services segment. Services adjusted EBITDA and Services adjusted EBITDA margin are presented to facilitate

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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 Services segment.

See Exhibit F or Radian's website for a description of these items, as well as Exhibit G for reconciliations to the most comparable consolidated GAAP measures.

ABOUT RADIAN

Radian Group Inc. (NYSE: RDN), headquartered in Philadelphia, provides private mortgage insurance, risk management products and real estate services to financial institutions. Radian offers products and services through two business segments:

- **Mortgage Insurance**, through its principal mortgage insurance subsidiary Radian Guaranty Inc. This private mortgage insurance helps protect lenders from default-related losses, facilitates the sale of low-downpayment mortgages in the secondary market and enables homebuyers to purchase homes more quickly with downpayments less than 20%.
- **Mortgage and Real Estate Services**, through its principal services subsidiary Clayton, as well as Entitle Direct, Green River Capital, Red Bell Real Estate and ValuAmerica. These solutions include information and services that financial institutions, investors and government entities use to evaluate, acquire, securitize, service and monitor loans and asset-backed securities.

Additional information may be found at www.radian.biz.

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FINANCIAL RESULTS AND SUPPLEMENTAL INFORMATION CONTENTS
(Unaudited)

For historical trend information, refer to Radian's quarterly financial statistics at http://www.radian.biz/page?name=FinancialReportsCorporate.

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

	2018		2017		
(In thousands, except per-share amounts)	**Qtr 2**	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Revenues:					
Net premiums earned - insurance	**$ 251,344**	$ 242,550	$ 245,175	$ 236,702	$ 229,096
Services revenue	**36,828**	33,164	39,703	39,571	37,802
Net investment income	**37,473**	33,956	33,605	32,540	30,071
Net gains (losses) on investments and other financial instruments	**(7,404)**	(18,887)	(1,339)	2,480	5,331
Other income	**1,016**	807	768	760	612
Total revenues	**319,257**	291,590	317,912	312,053	302,912
Expenses:					
Provision for losses	**19,337**	37,283	35,178	35,841	17,222
Policy acquisition costs	**5,996**	7,117	5,871	5,554	6,123
Cost of services	**24,205**	23,126	23,349	27,240	25,635
Other operating expenses	**70,184**	63,243	65,999	64,195	68,750
Restructuring and other exit costs	**925**	551	5,230	12,038	—
Interest expense	**15,291**	15,080	14,929	15,715	16,179
Loss on induced conversion and debt extinguishment	**—**	—	—	45,766	1,247
Impairment of goodwill	**—**	—	—	—	184,374
Amortization and impairment of other intangible assets	**2,748**	2,748	2,629	2,890	18,856
Total expenses	**138,686**	149,148	153,185	209,239	338,386
Pretax income (loss)	**180,571**	142,442	164,727	102,814	(35,474)
Income tax provision (benefit)	**(28,378)**	27,956	157,911	37,672	(8,132)
Net income (loss)	**$ 208,949**	$ 114,486	$ 6,816	$ 65,142	$ (27,342)
Diluted net income (loss) per share	**$ 0.96**	$ 0.52	$ 0.03	$ 0.30	$ (0.13)
Selected Mortgage Insurance Key Ratios					
Loss ratio (1)	**7.8%**	15.4%	14.4%	15.2%	7.7%
Expense ratio (1)	**23.9%**	23.7%	23.0%	22.9%	26.2%

(1) Calculated on a GAAP basis using net premiums earned.

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

The calculation of basic and diluted net income (loss) per share was as follows:

	2018		2017		
(In thousands, except per-share amounts)	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Net income (loss)—basic and diluted	**$ 208,949**	$ 114,486	$ 6,816	$ 65,142	$ (27,342)
Average common shares outstanding—basic	**213,976**	215,967	215,623	215,279	215,152
Dilutive effect of Convertible Senior Notes due 2017 (1)	**—**	—	9	16	—
Dilutive effect of stock-based compensation arrangements (1)	**3,854**	3,916	4,618	4,096	—
Adjusted average common shares outstanding—diluted	**217,830**	219,883	220,250	219,391	215,152
Basic net income (loss) per share	**$ 0.98**	$ 0.53	$ 0.03	$ 0.30	$ (0.13)
Diluted net income (loss) per share	**$ 0.96**	$ 0.52	$ 0.03	$ 0.30	$ (0.13)

(1) There are no Convertible Senior Notes outstanding at December 31, 2017, or in subsequent periods. There were no dilutive shares for the three months ended June 30, 2017, as a result of our net loss for the period. The following number of shares of our common stock equivalents issued under our share-based compensation arrangements and our convertible debt were not included in the calculation of diluted net income (loss) per share because they were anti-dilutive:

	2018		2017		
(In thousands)	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Shares of common stock equivalents	**484**	170	170	676	5,975
Shares of Convertible Senior Notes due 2017	**—**	—	—	—	509

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

(In thousands, except per-share data)	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Assets:					
Investments	$ 4,873,919	$ 4,668,217	$ 4,643,942	$ 4,546,664	$ 4,583,842
Cash	95,573	122,481	80,569	61,917	56,918
Restricted cash	9,152	7,623	15,675	36,888	25,486
Accounts and notes receivable	94,848	80,068	72,558	97,020	78,540
Deferred income taxes, net	171,293	253,381	229,567	356,181	389,759
Goodwill and other intangible assets, net	59,179	61,465	64,212	66,967	69,857
Prepaid reinsurance premium	405,447	390,241	386,509	239,620	235,349
Other assets	430,077	426,773	407,849	439,016	377,355
Total assets	$ 6,139,488	$ 6,010,249	$ 5,900,881	$ 5,844,273	$ 5,817,106
Liabilities and stockholders' equity:					
Unearned premiums	$ 741,296	$ 723,100	$ 723,938	$ 717,589	$ 702,210
Reserve for losses and loss adjustment expense	451,542	488,656	507,588	556,488	651,591
Senior notes	1,028,687	1,027,875	1,027,074	1,026,806	989,010
Reinsurance funds withheld	331,776	305,409	288,398	194,353	180,991
Other liabilities	385,051	412,793	353,845	360,835	379,144
Total liabilities	2,938,352	2,957,833	2,900,843	2,856,071	2,902,946
Equity component of currently redeemable convertible senior notes	—	—	—	—	16
Common stock	231	233	233	233	233
Treasury stock	(894,610)	(894,191)	(893,888)	(893,754)	(893,531)
Additional paid-in capital	2,715,426	2,748,233	2,754,275	2,747,393	2,743,872
Retained earnings	1,438,032	1,229,616	1,116,333	1,110,057	1,045,453
Accumulated other comprehensive income (loss)	(57,943)	(31,475)	23,085	24,273	18,117
Total stockholders' equity	3,201,136	3,052,416	3,000,038	2,988,202	2,914,144
Total liabilities and stockholders' equity	$ 6,139,488	$ 6,010,249	$ 5,900,881	$ 5,844,273	$ 5,817,106
Shares outstanding	213,232	215,543	215,814	215,299	215,175
Book value per share	$ 15.01	$ 14.16	$ 13.90	$ 13.88	$ 13.54
Tangible book value per share (See Exhibit G)	$ 14.73	$ 13.88	$ 13.60	$ 13.57	$ 13.22
Statutory Capital Ratios					
Risk to capital ratio-Radian Guaranty only	12.5:1 (1)	12.6:1	12.8:1	14.4:1	14.3:1
Risk to capital ratio-Mortgage Insurance combined	11.8:1 (1)	11.9:1	12.1:1	13.4:1	13.4:1

(1) Preliminary.

Radian Group Inc. and Subsidiaries
Net Premiums Earned - Insurance and Restructuring and Other Exit Costs
Exhibit D

	2018		2017		
(In thousands)	**Qtr 2**	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Premiums earned - insurance: (1)					
Direct	**$ 265,581**	$ 258,743	$ 260,184	$ 250,541	$ 243,229
Assumed	**7**	6	7	7	7
Ceded	**(16,620)**	(16,199)	(15,016)	(13,846)	(14,140)
Net premiums earned - insurance	**$ 248,968**	$ 242,550	$ 245,175	$ 236,702	$ 229,096
Notable variable items: (2)					
Single Premium Policy cancellations, direct	**$ 14,776**	$ 12,335	$ 21,172	$ 15,415	$ 13,346
Single Premium Policy cancellations, ceded (3)	**(4,046)**	(3,301)	(3,934)	(3,075)	(2,622)
Single Premium Policy cancellations, net	**$ 10,730**	$ 9,034	$ 17,238	$ 12,340	$ 10,724
Profit commission - other (4)	**$ 7,917**	$ 7,405	$ 4,272	$ 4,876	$ 4,521
Restructuring and other exit costs: (5)					
Employee severance, related benefits and other exit costs (6)	**$ 1,055**	$ 525	$ 1,365	$ 5,463	$ —
Impairment of other long-lived assets and loss from the sale of a business line (7)	**(130)**	26	3,865	6,575	—
Total restructuring and other exit costs	**$ 925**	$ 551	$ 5,230	$ 12,038	$ —

(1) These amounts are related to our Mortgage Insurance segment.
(2) These amounts are included in net premiums earned - insurance, in our Mortgage Insurance segment.
(3) Includes the impact of related profit commissions.
(4) The amounts represent the profit commission on the Single Premium QSR Program, excluding the impact of Single Premium Policy cancellations.
(5) Represents the charges associated with our plan to restructure the Services business.
(6) Employee severance, related benefits and other exit costs are components of adjusted pretax operating income.
(7) Impairment of other long-lived assets and loss from the sale of a business line are not components of adjusted pretax operating income. The amounts for the three months ended June 30, 2018 and December 31, 2017 primarily relate to the loss on the sale of our EuroRisk business, which was completed during the fourth quarter of 2017. The amounts for the three months ended March 31, 2018 and September 30, 2017 relate to the impairment of other long-lived assets. See Exhibit F for additional information on our non-GAAP financial measures.

Radian Group Inc. and Subsidiaries
Segment Information
Exhibit E (page 1 of 2)

Summarized financial information concerning our operating segments as of and for the periods indicated is as follows. For a definition of adjusted pretax operating income and Services adjusted EBITDA, along with reconciliations to consolidated GAAP measures, see Exhibits F and G.

	Mortgage Insurance				
	2018		2017		
(In thousands)	**Qtr 2**	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Net premiums written - insurance	**$ 251,958**	$ 237,980	$ 104,635 (1)	$ 247,810	$ 241,307
(Increase) decrease in unearned premiums	**(2,990)**	4,570	140,540	(11,108)	(12,211)
Net premiums earned - insurance	**248,968**	242,550	245,175	236,702	229,096
Net investment income	**37,447**	33,956	33,605	32,540	30,071
Other income	**621**	807	768	760	612
Total	**287,036**	277,313	279,548	270,002	259,779
Provision for losses	**19,362**	37,391	35,257	35,980	17,714
Policy acquisition costs	**5,996**	7,117	5,871	5,554	6,123
Other operating expenses before corporate allocations	**33,262**	31,888	36,806	36,941	37,939
Total (2)	**58,620**	76,396	77,934	78,475	61,776
Adjusted pretax operating income before corporate allocations	**228,416**	200,917	201,614	191,527	198,003
Allocation of corporate operating expenses	**20,136**	18,577	13,624	11,737	15,894
Allocation of interest expense	**10,840**	10,629	10,477	11,282	11,748
Adjusted pretax operating income	**$ 197,440**	$ 171,711	$ 177,513	$ 168,508	$ 170,361

	Services				
	2018		2017		
(In thousands)	**Qtr 2**	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Net premiums earned - insurance	**$ 2,376**	$ —	$ —	$ —	$ —
Services revenue (2)	**37,713**	34,166	40,707	41,062	39,975
Net investment income	**26**	—	—	—	—
Other income	**395**	—	—	—	—
Total	**40,510**	34,166	40,707	41,062	39,975
Provision for losses	**53**	—	—	—	—
Cost of services	**24,357**	23,270	23,616	27,544	25,962
Other operating expenses before corporate allocations	**14,015**	10,744	12,781	12,781	12,803
Restructuring and other exit costs (3)	**1,055**	525	1,365	5,463	—
Total	**39,480**	34,539	37,762	45,788	38,765
Adjusted pretax operating income (loss) before corporate allocations (4)	**1,030**	(373)	2,945	(4,726)	1,210
Allocation of corporate operating expenses	**3,010**	2,784	3,467	3,730	3,404
Allocation of interest expense	**4,451**	4,451	4,452	4,433	4,431
Adjusted pretax operating income (loss)	**$ (6,431)**	$ (7,608)	$ (4,974)	$ (12,889)	$ (6,625)

(1) Effective December 31, 2017, we amended the 2016 Single Premium QSR Agreement to increase the amount of ceded risk for 2015 through 2017 vintages under the agreement from 35% to 65%, resulting in a reduction of $145.7 million in net premiums written for the fourth quarter of 2017.

See notes continued on next page.

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

Notes continued from prior page.

(2) Inter-segment information:

	2018	2017			
	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Inter-segment expense included in Mortgage Insurance segment	**$ 885**	$ 1,002	$ 1,004	$ 1,491	$ 2,173
Inter-segment revenue included in Services segment	**885**	1,002	1,004	1,491	2,173

(3) Primarily includes employee severance and related benefit costs. Does not include impairment of long-lived assets and loss from the sale of a business line, which are not considered components of adjusted pretax operating income (loss).

(4) Supplemental information for Services adjusted EBITDA (see definition in Exhibit F):

	2018	2017			
	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Adjusted pretax operating income (loss) before corporate allocations	**$ 1,030**	$ (373)	$ 2,945	$ (4,726)	$ 1,210
Depreciation and amortization	**920**	867	893	1,172	835
Services adjusted EBITDA	**$ 1,950**	$ 494	$ 3,838	$ (3,554)	$ 2,045

Selected balance sheet information for our segments, as of the periods indicated, is as follows:

	At June 30, 2018		
(In thousands)	**Mortgage Insurance**	**Services**	**Total**
Total assets	**$ 5,949,845**	**$ 189,643**	**$ 6,139,488**

	At December 31, 2017		
(In thousands)	Mortgage Insurance	Services	Total
Total assets	$ 5,733,918	$ 166,963	$ 5,900,881

Radian Group Inc. and Subsidiaries
Definition of Consolidated Non-GAAP Financial Measures
Exhibit F (page 1 of 2)

Use of Non-GAAP Financial Measures

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

Adjusted pretax operating income is defined as GAAP consolidated pretax income (loss) excluding the effects of: (i) net gains (losses) on investments and other financial instruments; (ii) loss on induced conversion and debt extinguishment; (iii) acquisition-related expenses; (iv) amortization or impairment of goodwill and other intangible assets; and (v) net impairment losses recognized in earnings and losses from the sale of lines of business. Adjusted diluted net operating income per share is calculated by dividing (i) adjusted pretax operating income attributable to common shareholders, 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. Interest expense on convertible debt, share dilution from convertible debt and the impact of share-based compensation arrangements have been reflected in the per share calculations consistent with the accounting standard regarding earnings per share, whenever the impact is dilutive. Adjusted net operating return on equity is calculated by dividing annualized adjusted pretax operating income, net of taxes computed using the company's statutory tax rate, by average stockholders' equity, based on the average of the beginning and ending balances for each period presented.

Although adjusted pretax operating income excludes certain items that have occurred in the past and are expected to occur in the future, the excluded items represent those that are: (i) not viewed as part of the operating performance of our primary activities or (ii) not expected to result in an economic impact equal to the amount reflected in pretax income (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 investment 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. We do not view them to be indicative of our fundamental operating activities. Therefore, these items are excluded from our calculation of adjusted pretax operating income (loss).

(2) *Loss on induced conversion and debt extinguishment.* Gains or losses on early extinguishment of debt and losses incurred to purchase our convertible 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. Therefore, these items are excluded from our calculation of adjusted pretax operating income (loss).

(3) *Acquisition-related expenses.* Acquisition-related expenses represent the costs incurred to effect an acquisition of a business (i.e., a business combination). Because we pursue acquisitions on a strategic and selective basis and not in the ordinary course of our business, we do not view acquisition-related expenses as a consequence of a primary business activity. Therefore, we do not consider these expenses to be part of our operating performance and they are excluded from our calculation of adjusted pretax operating income (loss).

(4) *Amortization or impairment of goodwill and other intangible assets.* Amortization of intangible assets represents the periodic expense required to amortize the cost of intangible assets over their estimated useful lives. Intangible assets with an indefinite useful life are also periodically reviewed for potential impairment, and impairment adjustments are made whenever appropriate. These charges are not viewed as part of the operating performance of our primary activities and therefore are excluded from our calculation of adjusted pretax operating income (loss).

(5) *Net impairment losses recognized in earnings and losses from the sale of lines of business*. The recognition of net impairment losses on investments and the impairment of other long-lived assets does not result in a cash payment and can vary significantly in both amount and frequency, depending on market credit cycles and other factors. Losses from the sale of lines of business are highly discretionary as a result of strategic restructuring decisions, and generally do not occur in the normal course of our business. We do not view these losses to be indicative of our fundamental operating activities. Therefore, whenever these losses occur, we exclude them from our calculation of adjusted pretax operating income (loss).

We have also presented a non-GAAP measure for tangible book value per share, which represents book value per share less the per-share impact of goodwill and other intangible assets, net. We use this measure to assess the quality and growth of our capital. Because tangible book value per share is a widely-used financial measure which focuses on the underlying fundamentals of our financial position and operating trends without the impact of goodwill and other intangible assets, we believe that current and prospective investors may find it useful in their analysis of the Company.

In addition to the above non-GAAP measures for the consolidated company, we also have presented as supplemental information a non-GAAP measure for our Services segment, representing a measure of earnings before interest, income tax provision (benefit), depreciation and amortization ("EBITDA"). We calculate Services adjusted EBITDA by using adjusted pretax operating income as described above, further adjusted to remove the impact of depreciation and corporate allocations for interest and operating expenses. In addition, we also have presented a related non-GAAP measure, Services adjusted EBITDA margin, which we calculate by dividing Services adjusted EBITDA by GAAP total revenue for the Services segment. We have presented Services adjusted EBITDA and Services adjusted EBITDA margin 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 Services segment.

See Exhibit G for the reconciliation of the most comparable GAAP measures, consolidated pretax income (loss), diluted net income (loss) per share, return on equity and book value per share, to our non-GAAP financial measures for the consolidated company, adjusted pretax operating income, adjusted diluted net operating income per share, adjusted net operating return on equity, and tangible book value per share, respectively. Exhibit G also contains the reconciliation of the most comparable GAAP measure, net income (loss), to Services adjusted EBITDA.

Total adjusted pretax operating income, adjusted diluted net operating income per share, adjusted net operating return on equity, tangible book value per share, Services adjusted EBITDA and Services adjusted EBITDA margin should not be considered in isolation or viewed as substitutes for GAAP pretax income (loss), diluted net income (loss) per share, return on equity, book value per share or net income (loss). Our definitions of adjusted pretax operating income, adjusted diluted net operating income per share, adjusted net operating return on equity, tangible book value per share, Services adjusted EBITDA or Services adjusted EBITDA margin may not be comparable to similarly-named measures reported by other companies.

Radian Group Inc. and Subsidiaries
Consolidated Non-GAAP Financial Measure Reconciliations
Exhibit G (page 1 of 4)

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

	2018		2017		
(In thousands)	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Consolidated pretax income (loss)	**$ 180,571**	$ 142,442	$ 164,727	$ 102,814	$ (35,474)
Less reconciling income (expense) items:					
Net gains (losses) on investments and other financial instruments	**(7,404)**	(18,887)	(1,339)	2,480	5,331
Loss on induced conversion and debt extinguishment	**—**	—	—	(45,766)	(1,247)
Acquisition-related expenses (1)	**(416)**	—	21	(54)	(64)
Impairment of goodwill	**—**	—	—	—	(184,374)
Amortization and impairment of other intangible assets	**(2,748)**	(2,748)	(2,629)	(2,890)	(18,856)
Impairment of other long-lived assets and loss from the sale of a business line (2)	**130**	(26)	(3,865)	(6,575)	—
Total adjusted pretax operating income (3)	**$ 191,009**	$ 164,103	$ 172,539	$ 155,619	$ 163,736

(1) Please see Exhibit F for the definition of this line item. This item is included within other operating expenses on the Condensed Consolidated Statement of Operations in Exhibit A.
(2) This item is included within restructuring and other exit costs on the Condensed Consolidated Statement of Operations in Exhibit A.
(3) Total adjusted pretax operating income consists of adjusted pretax operating income (loss) for each segment as follows:

	2018		2017		
(In thousands)	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Adjusted pretax operating income (loss) (1):					
Mortgage Insurance	**$ 197,440**	$ 171,711	$ 177,513	$ 168,508	$ 170,361
Services (2)	**(6,431)**	(7,608)	(4,974)	(12,889)	(6,625)
Total adjusted pretax operating income	**$ 191,009**	$ 164,103	$ 172,539	$ 155,619	$ 163,736

(1) Please see Exhibit E for additional segment-level detail.
(2) Please see Exhibit G, page 4 of 4, for Services Adjusted EBITDA, a supplemental metric used to facilitate comparisons with other services companies.

Radian Group Inc. and Subsidiaries
Consolidated Non-GAAP Financial Measure Reconciliations
Exhibit G (page 2 of 4)

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

	2018		2017		
	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Diluted net income (loss) per share	**$ 0.96**	$ 0.52	$ 0.03	$ 0.30	$ (0.13)
Less per-share impact of reconciling income (expense) items:					
Net gains (losses) on investments and other financial instruments	**(0.03)**	(0.09)	(0.01)	0.01	0.02
Loss on induced conversion and debt extinguishment	**—**	—	—	(0.14)	(0.01)
Acquisition-related expenses	**—**	—	—	—	—
Impairment of goodwill	**—**	—	—	—	(0.86)
Amortization and impairment of other intangible assets	**(0.01)**	(0.01)	(0.01)	(0.01)	(0.09)
Impairment of other long-lived assets and loss from the sale of a business line	**—**	—	(0.02)	(0.03)	—
Income tax provision (benefit) on reconciling income (expense) items (1)	**(0.01)**	(0.02)	(0.01)	(0.01)	(0.32)
Difference between statutory and effective tax rate	**0.30** (2)	0.01	(0.45) (3)	—	—
Per-share impact of reconciling income (expense) items	**0.27**	(0.07)	(0.48)	(0.16)	(0.62)
Add per-share impact of share dilution	**—**	—	—	—	(0.01)
Adjusted diluted net operating income per share (1)	**$ 0.69**	$ 0.59	$ 0.51	$ 0.46	$ 0.48

(1) Calculated using the company's federal statutory tax rates of 21% and 35% for 2018 and 2017, respectively. Any permanent tax adjustments and state income taxes on these items have been deemed immaterial and are not included.

(2) Includes $0.34 of tax benefit related to the settlement of the IRS Matter, which includes both the impact of the settlement with the IRS as well as the reversal of certain related previously accrued state and local tax liabilities.

(3) Includes $0.47 in additional tax expense related to the remeasurement of our net deferred tax assets as a result of the Tax Cuts and Jobs Act enacted in December 2017.

Radian Group Inc. and Subsidiaries
Consolidated Non-GAAP Financial Measure Reconciliations
Exhibit G (page 3 of 4)

Reconciliation of Return on Equity to Adjusted Net Operating Return on Equity (1)

	2018		2017		
	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Return on equity (1)	**26.7%**	15.1%	0.9%	8.8%	(3.7)%
Less impact of reconciling income (expense) items: (2)					
Net gains (losses) on investments and other financial instruments	**(0.9)**	(2.5)	(0.2)	0.3	0.7
Loss on induced conversion and debt extinguishment	**—**	—	—	(6.2)	(0.2)
Acquisition-related expenses	**(0.1)**	—	—	—	—
Impairment of goodwill	**—**	—	—	—	(25.3)
Amortization and impairment of other intangible assets	**(0.4)**	(0.4)	(0.4)	(0.4)	(2.6)
Impairment of other long-lived assets and loss from the sale of a business line	**—**	—	(0.5)	(0.9)	—
Income tax provision (benefit) on reconciling income (expense) items (3)	**(0.3)**	(0.6)	(0.4)	(2.5)	(9.6)
Difference between statutory and effective tax rate	**8.5** (4)	0.3	(13.4)	(0.2)	(0.5)
Impact of reconciling income (expense) items	**7.4**	(2.0)	(14.1)	(4.9)	(18.3)
Adjusted net operating return on equity	**19.3%**	17.1%	15.0%	13.7%	14.6 %

(1) Calculated by dividing annualized net income by average stockholders' equity, based on the average of the beginning and ending balances for each period presented.
(2) Annualized, as a percentage of average stockholders' equity.
(3) Calculated using the company's federal statutory tax rates of 21% and 35% for 2018 and 2017, respectively. Any permanent tax adjustments and state income taxes on these items have been deemed immaterial and are not included.
(4) Includes 9.4% of tax benefit related to the settlement of the IRS Matter, which includes both the impact of the settlement with the IRS as well as the reversal of certain related previously accrued state and local tax liabilities.

Reconciliation of Book Value Per Share to Tangible Book Value Per Share (1)

	2018		2017		
	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Book value per share	**$ 15.01**	$ 14.16	$ 13.90	$ 13.88	$ 13.54
Less: Goodwill and other intangible assets, net per share	**0.28**	0.28	0.30	0.31	0.32
Tangible book value per share	**$ 14.73**	$ 13.88	$ 13.60	$ 13.57	$ 13.22

(1) All book value per share items are calculated based on the number of shares outstanding at the end of each respective period.

Radian Group Inc. and Subsidiaries
Consolidated Non-GAAP Financial Measure Reconciliations
Exhibit G (page 4 of 4)

Reconciliation of Net Income (Loss) to Services Adjusted EBITDA

	2018		2017		
(In thousands)	**Qtr 2**	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Net income (loss)	**$ 208,949**	$ 114,486	$ 6,816	$ 65,142	$ (27,342)
Less reconciling income (expense) items:					
Net gains (losses) on investments and other financial instruments	**(7,404)**	(18,887)	(1,339)	2,480	5,331
Loss on induced conversion and debt extinguishment	**—**	—	—	(45,766)	(1,247)
Acquisition-related expenses	**(416)**	—	21	(54)	(64)
Impairment of goodwill	**—**	—	—	—	(184,374)
Amortization and impairment of other intangible assets	**(2,748)**	(2,748)	(2,629)	(2,890)	(18,856)
Impairment of other long-lived assets and loss from the sale of a business line	**130**	(26)	(3,865)	(6,575)	—
Income tax provision (benefit)	**(28,378)**	27,956	157,911	37,672	(8,132)
Mortgage Insurance adjusted pretax operating income	**197,440**	171,711	177,513	168,508	170,361
Services adjusted pretax operating income (loss)	**(6,431)**	(7,608)	(4,974)	(12,889)	(6,625)
Less reconciling income (expense) items:					
Allocation of corporate operating expenses to Services	**(3,010)**	(2,784)	(3,467)	(3,730)	(3,404)
Allocation of corporate interest expense to Services	**(4,451)**	(4,451)	(4,452)	(4,433)	(4,431)
Services depreciation and amortization	**(920)**	(867)	(893)	(1,172)	(835)
Services adjusted EBITDA	**$ 1,950**	$ 494	$ 3,838	$ (3,554)	$ 2,045

On a consolidated basis, “adjusted pretax operating income,” “adjusted diluted net operating income per share,” “adjusted net operating return on equity” and “tangible book value per share” are measures not determined in accordance with GAAP. “Services adjusted EBITDA” and “Services adjusted EBITDA margin” are also non-GAAP measures. These measures should not be considered in isolation or viewed as substitutes for GAAP pretax income (loss), diluted net income (loss) per share, return on equity, book value per share or net income (loss). Our definitions of adjusted pretax operating income, adjusted diluted net operating income per share, adjusted net operating return on equity, tangible book value per share, Services adjusted EBITDA or Services adjusted EBITDA margin may not be comparable to similarly-named measures reported by other companies. See Exhibit F for additional information on our consolidated non-GAAP financial measures.

Radian Group Inc. and Subsidiaries
Mortgage Insurance Supplemental Information - New Insurance Written
Exhibit H

	2018	2017			
($ in millions)	**Qtr 2**	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Total primary new insurance written	**$ 16,417**	$ 11,664	$ 14,383	$ 15,125	$ 14,342
Percentage of primary new insurance written by FICO score					
>=740	**60.8%**	61.0%	60.4%	61.1%	61.6%
680-739	**32.5**	32.6	33.1	32.5	32.6
620-679	**6.7**	6.4	6.5	6.4	5.8
Total Primary	**100.0%**	100.0%	100.0%	100.0%	100.0%
Percentage of primary new insurance written					
Direct monthly and other premiums	**76%**	79%	77%	77%	77%
Direct single premiums:					
Lender-paid	**10%**	16%	20%	21%	21%
Borrower-paid (1)	**14%**	5%	3%	2%	2%
Net single premiums (2)	**8%**	7%	15%	15%	15%
NIW for purchases	**95%**	89%	88%	91%	91%
NIW for refinances	**5%**	11%	12%	9%	9%
LTV					
95.01% and above	**16.3%**	15.4%	15.4%	14.3%	12.8%
90.01% to 95.00%	**45.3%**	44.5%	43.9%	45.7%	47.3%
85.01% to 90.00%	**27.5%**	27.5%	27.4%	28.1%	28.8%
85.00% and below	**10.9%**	12.6%	13.3%	11.9%	11.1%

(1) Borrower-paid Single Premium Policies have lower Minimum Required Assets under PMIERs as compared to lender-paid Single Premium Policies.

(2) Represents the percentage of direct Single Premium Policies written, after consideration of the Single Premium NIW ceded under the Single Premium QSR Program (for NIW after the effective dates of the respective agreements). Effective December 31, 2017, we amended the 2016 Single Premium QSR Agreement to increase the amount of ceded risk for 2015 through 2017 vintages under the agreement from 35% to 65%.

Radian Group Inc. and Subsidiaries
Mortgage Insurance Supplemental Information - Primary Insurance in Force and Risk in Force
Exhibit I (page 1 of 2)

($ in millions)	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Primary insurance in force (1)					
Prime	$ 204,537	$ 197,589	$ 193,949	$ 189,340	$ 183,886
Alt-A and A minus and below	6,204	6,436	6,775	7,201	7,751
Total Primary	$ 210,741	$ 204,025	$ 200,724	$ 196,541	$ 191,637
Primary risk in force (1) (2)					
Prime	$ 52,446	$ 50,623	$ 49,674	$ 48,516	$ 47,075
Alt-A and A minus and below	1,476	1,530	1,614	1,721	1,854
Total Primary	$ 53,922	$ 52,153	$ 51,288	$ 50,237	$ 48,929
Percentage of primary risk in force					
Direct monthly and other premiums	70%	69%	69%	69%	69%
Direct single premiums	30%	31%	31%	31%	31%
Net single premiums (3)	18%	19%	19%	24%	25%
Percentage of primary risk in force by FICO score					
>=740	59.3%	59.2%	58.9%	58.8%	58.3%
680-739	31.5	31.4	31.4	31.3	31.1
620-679	8.3	8.4	8.6	8.8	9.3
<=619	0.9	1.0	1.1	1.1	1.3
Total Primary	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage of primary risk in force by LTV					
95.01% and above	10.3%	9.7%	9.2%	8.6%	8.0%
90.01% to 95.00%	53.3	53.2	53.2	53.1	52.9
85.01% to 90.00%	29.7	30.2	30.6	31.1	31.7
85.00% and below	6.7	6.9	7.0	7.2	7.4
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage of primary risk in force by policy year					
2005 and prior	2.8%	3.0%	3.3%	3.6%	4.1%
2006	1.8	2.0	2.1	2.3	2.5
2007	4.4	4.8	5.2	5.6	6.2
2008	2.9	3.2	3.4	3.7	4.2
2009	0.4	0.5	0.6	0.7	0.8
2010	0.4	0.5	0.5	0.6	0.7
2011	1.0	1.2	1.3	1.5	1.7
2012	4.5	5.1	5.5	6.1	6.7
2013	7.4	8.2	8.9	9.8	10.7
2014	7.1	7.9	8.5	9.3	10.2
2015	11.9	13.0	13.8	14.9	16.1
2016	19.2	20.5	21.4	22.5	23.7
2017	23.2	24.5	25.5	19.4	12.4
2018	13.0	5.6	—	—	—
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Primary risk in force on defaulted loans (4)	$ 1,093	$ 1,223	$ 1,389	$ 1,137	$ 1,124

See notes on next page.

Radian Group Inc. and Subsidiaries
Mortgage Insurance Supplemental Information - Primary Insurance in Force and Risk in Force
Exhibit I (page 2 of 2)

Notes to table on preceding page,

(1) Includes amounts ceded under our reinsurance agreements, as well as amounts related to the Freddie Mac Agreement.
(2) Does not include pool risk in force or other risk in force, which combined represent less than 1.0% of our total risk in force for all periods presented.
(3) Represents the percentage of Single Premium RIF, after giving effect to all reinsurance ceded. Effective December 31, 2017, we amended the 2016 Single Premium QSR Agreement to increase the amount of ceded risk for 2015 through 2017 vintages under the agreement from 35% to 65%, resulting in a reduction of $2.5 billion in net RIF on Single Premium Policies at December 31, 2017.
(4) Excludes risk related to loans subject to the Freddie Mac Agreement.

Radian Group Inc. and Subsidiaries
Mortgage Insurance ("MI") Supplemental Information - Claims and Reserves
Exhibit J (page 1 of 2)

	2018		2017		
($ in thousands)	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Net claims paid: (1)					
Prime	$ 30,936	$ 37,142	$ 37,191	$ 47,541	$ 45,562
Alt-A and A minus and below	17,156	21,416	19,384	26,807	24,286
Total primary claims paid	48,092	58,558	56,575	74,348	69,848
Pool	954	1,152	2,458	2,148	1,901
Second-lien and other	157	148	(110)	32	(1,937)
Subtotal	49,203	59,858	58,923	76,528	69,812
Impact of captive terminations	—	(36)	—	—	645
Impact of commutations (2)	7,331	104	26,590	54,956	20,838
Total net claims paid	$ 56,534	$ 59,926	$ 85,513	$ 131,484	$ 91,295
Average net claims paid: (1) (3)					
Prime	$ 50.1	$ 50.0	$ 49.7	$ 48.4	$ 48.2
Alt-A and A minus and below	65.7	63.0	56.5	56.3	51.0
Total average net primary claims paid	54.8	54.1	51.8	51.0	49.1
Pool	73.4	52.4	102.4	59.7	47.5
Total average net claims paid	$ 54.1	$ 53.2	$ 52.3	$ 51.0	$ 47.3
Average direct primary claims paid (3) (4)	$ 55.5	$ 54.5	$ 52.2	$ 51.4	$ 49.4
Average total direct claims paid (3) (4)	$ 54.8	$ 53.6	$ 52.7	$ 51.4	$ 47.6

(1) Net of reinsurance recoveries.
(2) Includes payments to commute mortgage insurance coverage on certain performing and non-performing loans. For the three months ended September 30, 2017, primarily includes payments made under the Freddie Mac agreement, as the final settlement date was reached during the quarter.
(3) Calculated without giving effect to the impact of the termination of captive transactions and commutations.
(4) Before reinsurance recoveries.

Radian Group Inc. and Subsidiaries
Mortgage Insurance ("MI") Supplemental Information - Claims and Reserves
Exhibit J (page 2 of 2)

($ in thousands, except primary reserve per primary default amounts)	June 30, 2018		March 31, 2018		December 31, 2017		September 30, 2017	June 30, 2017
MI Reserve for losses by category								
Prime	**$ 255,284**		$ 274,595		$ 285,022		$ 296,885	$ 318,169
Alt-A and A minus and below	**144,379**		158,612		170,873		190,081	209,760
IBNR and other (1)	**14,246**		17,164		16,021		13,085	69,620
LAE	**12,228**		13,440		13,349		14,687	15,492
Reinsurance recoverable (2)	**9,317**		8,953		8,315		7,445	7,341
Total primary reserves	**435,454**		472,764		493,580		522,183	620,382
Pool insurance	**11,674**		11,387		12,794		18,630	29,099
IBNR and other	**172**		226		278		14,576	658
LAE	**327**		319		356		550	843
Reinsurance recoverable (2)	**24**		20		35		25	30
Total pool reserves	**12,197**		11,952		13,463		33,781	30,630
Total 1st lien reserves	**447,651**		484,716		507,043		555,964	651,012
Second-lien and other	**443**		476		545		524	579
Total MI reserves	**$ 448,094**		$ 485,192		$ 507,588		$ 556,488	$ 651,591
1st lien reserve per default								
Primary reserve per primary default excluding IBNR and other	**$ 19,070**	**(3)**	$ 18,523	**(3)**	$ 17,103	**(3)**	$ 21,367	$ 23,185

(1) At June 30, 2017, primarily related to expected payments under the Freddie Mac Agreement. However, during the third quarter of 2017, the final settlement date under the Freddie Mac Agreement was reached. Therefore, except for loans with loss mitigation and claims activity already in process, most of the loans subject to the Freddie Mac Agreement were removed from RIF and IIF, because the insurance no longer remains in force.

(2) Represents ceded losses on captive transactions and quota share reinsurance transactions.

(3) Includes the impact of reserves and defaults related to areas designated as individual assistance disaster areas by FEMA ("FEMA Designated Areas") associated with Hurricanes Harvey and Irma. Excluding the impact from defaults received subsequent to Hurricanes Harvey and Irma in these FEMA Designated Areas, this amount would be approximately $20,656, $21,512 and $20,500 at June 30, 2018, March 31, 2018 and December 31, 2017, respectively.

Radian Group Inc. and Subsidiaries
Mortgage Insurance Supplemental Information - Default Statistics
Exhibit K

	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Default Statistics					
Primary Insurance:					
Prime					
Number of insured loans	**947,165**	925,648	913,408	897,253	879,926
Number of loans in default	**15,849**	17,887	20,269	15,953	15,664
Percentage of loans in default	**1.67%**	1.93%	2.22%	1.78%	1.78%
Alt-A and A minus and below					
Number of insured loans	**38,892**	40,661	42,318	45,555	48,953
Number of loans in default	**6,239**	6,710	7,653	7,873	8,091
Percentage of loans in default	**16.04%**	16.50%	18.08%	17.28%	16.53%
Total Primary					
Number of insured loans	**986,057**	966,309	955,726	942,808	928,879
Number of loans in default (1)	**22,088**	24,597	27,922	23,826	23,755
Percentage of loans in default	**2.24%**	2.55%	2.92%	2.53%	2.56%

(1) Included in this amount at June 30, 2018, March 31, 2018 and December 31, 2017 are 4,132, 5,780 and 7,051 defaults, respectively, related to the FEMA Designated Areas associated with Hurricanes Harvey and Irma.

Radian Group Inc. and Subsidiaries
Mortgage Insurance Supplemental Information - QSR Transactions, Captives and Persistency
Exhibit L

	2018	2017			
($ in thousands)	**Qtr 2**	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Quota Share Reinsurance ("QSR") Program					
QSR ceded premiums written (1)	**$ 3,516**	$ 3,931	$ 4,219	$ 4,621	$ 5,059
% of premiums written	**1.2%**	1.5%	1.6%	1.7%	1.9%
QSR ceded premiums earned (1)	**$ 5,258**	$ 5,612	$ 6,439	$ 6,826	$ 7,404
% of premiums earned	**2.0%**	2.2%	2.5%	2.7%	3.1%
Ceding commissions written	**$ 1,012**	$ 1,128	$ 1,208	$ 1,323	$ 1,446
Ceding commissions earned (2)	**$ 2,896**	$ 3,548	$ 2,924	$ 2,925	$ 3,379
Profit commission	**$ —**	$ —	$ —	$ —	$ —
RIF included in QSR Program (3)	**$ 1,044,463**	$ 1,135,597	$ 1,207,426	$ 1,298,954	$ 1,393,038
Single Premium QSR Program					
QSR ceded premiums written (1) (4)	**$ 28,107**	$ 15,791	$ 157,453	$ 13,248	$ 13,856
% of premiums written	**9.8%**	6.1%	59.5%	5.0%	5.3%
QSR ceded premiums earned (1)	**$ 11,160**	$ 10,377	$ 8,342	$ 6,771	$ 6,311
% of premiums earned	**4.2%**	4.0%	3.2%	2.7%	2.6%
Ceding commissions written	**$ 9,880**	$ 6,621	$ 41,331	$ 5,156	$ 5,134
Ceding commissions earned (2)	**$ 5,643**	$ 5,268	$ 4,053	$ 3,536	$ 3,248
Profit commission	**$ 11,414**	$ 10,693	$ 7,870	$ 7,373	$ 6,682
RIF included in Single Premium QSR Program (3) (4)	**$ 7,614,614**	$ 7,176,662	$ 6,941,781	$ 4,286,529	$ 4,103,410
Total RIF included in QSR Program and Single Premium QSR Program	**$ 8,659,077**	$ 8,312,259	$ 8,149,207	$ 5,585,483	$ 5,496,448
1st Lien Captives					
Premiums earned ceded to captives	**$ 31**	$ 35	$ 57	$ 68	$ 242
% of total premiums earned	**0.0%**	0.1%	0.0%	0.1%	0.1%
Persistency Rate (12 months ended) (5) (6)	**80.9%**	81.0%	81.1%	80.0%	78.5%
Persistency Rate (quarterly, annualized) (5) (6) (7)	**82.3%**	84.3%	79.4%	80.4%	82.8%

(1) Net of profit commission.

(2) Includes amounts reported in policy acquisition costs and other operating expenses. Operating expenses include the following ceding commissions, net of deferred policy acquisition costs, for the periods indicated:

	2018	2017			
($ in thousands)	**Qtr 2**	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Ceding commissions	**$ (6,085)**	$ (5,812)	$ (4,624)	$ (4,231)	$ (4,064)

(3) Included in primary RIF.

(4) Effective December 31, 2017, we amended the 2016 Single Premium QSR Agreement to increase the amount of ceded risk for 2015 through 2017 vintages under the agreement from 35% to 65%, resulting in ceded premiums written of $145.7 million for the fourth quarter of 2017 and an increase of $2.5 billion in ceded RIF at December 31, 2017.

(5) During the fourth quarter of 2017, the Persistency Rate was reduced by an increase in cancellations of single premium policies due to increased cancellations identified by our ongoing servicer monitoring process for Single Premium Policies.

(6) During the third quarter of 2017, the final settlement date under the Freddie Mac Agreement was reached, resulting in a negative impact to the Persistency Rate due to the removal from RIF and IIF of most of the loans subject to the Freddie Mac Agreement.

(7) The Persistency Rate on a quarterly, annualized basis may be impacted by seasonality or other factors, and may not be indicative of full-year trends.

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RADIAN

News Release

FORWARD-LOOKING STATEMENTS

All statements in this report 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 Exchange Act 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. 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. 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:

- changes in economic and political conditions 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's ability to remain eligible under the PMIERs and other applicable requirements imposed by the FHFA and by the GSEs to insure loans purchased by the GSEs;
- our ability to successfully execute and implement our capital plans and to maintain sufficient holding company liquidity to meet our short- and long-term liquidity needs;
- our ability to successfully execute and implement our business plans and strategies, including plans and strategies to reposition our Services segment as well as plans and strategies that require GSE and/or regulatory approvals and licenses;
- our ability to maintain an adequate level of capital in our insurance subsidiaries to satisfy existing and future state regulatory requirements;
- 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 potential future changes to the PMIERs requirements which, among other things, may be impacted by the general economic environment and housing market, as well as the proposed Conservator Capital Framework ("CCF") that would establish capital requirements for the GSEs, if and when the CCF is finalized;
- changes in the current housing finance system in the U.S., including the role of the FHA, the GSEs and private mortgage insurers in this system;
- any disruption in the servicing of mortgages covered by our insurance policies, as well as poor servicer performance;
- a significant decrease in the Persistency Rates of our mortgage insurance on monthly premium products;

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- competition in our mortgage insurance business, including price competition and competition from the FHA and VA as well as from other forms of credit enhancement;
- 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;
- 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 interpretations and guidance pertaining to recently enacted tax reform legislation;
- 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 or have other effects on our business;
- the amount and timing of potential settlements, payments or adjustments associated with federal or other tax examinations, including, with respect to the IRS matter, our ability to obtain approval from the U.S. Tax court for the settlement terms and the possibility that our estimated liability may not be accurate due to, among other things, the IRS assessing interest at an amount that is different than our current estimated liability and potential additional true-ups of the settlement amounts;
- the possibility that we may fail to estimate accurately the likelihood, magnitude and timing of losses in establishing loss reserves for our mortgage insurance business or in assessing our ability to comply with the proposed PMIERs when implemented, including the accuracy of our estimates of our Available Assets and Minimum Required Assets under the proposed PMIERs, which will be impacted by, among other things, the size and mix of our IIF, the level of defaults in our portfolio, and the level of cash flow generated by our insurance operations;
- volatility in our results of operations caused by changes in the fair value of our assets and liabilities, including a significant portion of our investment portfolio;
- potential future impairment charges related to our goodwill and other intangible assets, and uncertainties regarding our ability to execute our restructuring plans within expected costs;
- changes in GAAP or SAPP rules and guidance, or their interpretation;
- our ability to attract and retain key employees; and
- legal and other limitations on dividends and other amounts we may receive from our subsidiaries.

For more information regarding these risks and uncertainties as well as certain additional risks that we face, you should refer to the Risk Factors detailed in Item 1A of our 2017 Form 10-K, and to subsequent reports filed from time to time with the SEC. 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 report. We do not intend to, and we disclaim any duty or obligation to, update or revise any forward-looking statements to reflect new information or future events or for any other reason.

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