



## NMI Holdings, Inc. Announces New Quota Share Reinsurance Agreement and Releases Monthly Operating Statistics for December 2020

January 4, 2021

EMERYVILLE, Calif., Jan. 04, 2021 (GLOBE NEWSWIRE) -- NMI Holdings, Inc. (Nasdaq: NMIH) today announced that National Mortgage Insurance Corporation (National MI), its wholly-owned insurance subsidiary, has entered into a new quota share reinsurance agreement, subject to customary approvals, with a broad panel of highly rated reinsurers.

Under the new agreement, National MI will cede, subject to certain limitations, exclusions and conditions, 22.5% of its primary new insurance written for the period from January 1, 2021 through December 31, 2021. The company will receive a ceding commission equal to 20% of ceded premiums, as well as a profit commission of up to 57.5% of ceded premiums, reduced by any losses ceded under the agreement.

National MI also reported selected operating statistics for the month of December 2020. At December 31, 2020, the company reported 12,209 loans in default and a default rate of 3.06%.

Adam Pollitzer, Executive Vice President and Chief Financial Officer of National MI, said, "We are pleased with our ability to secure additional reinsurance capacity on constructive terms from a high-quality panel of reinsurance partners. Our new quota share agreement builds upon the success we have achieved in the risk transfer markets to date and extends our comprehensive reinsurance coverage across our production in 2021. The treaty highlights the confidence that reinsurers have in our front-end pricing and credit risk management approach, and furthers our ability to pursue incremental, high-quality new business and support lenders and borrowers in the current market." Pollitzer added, "We are also encouraged by the credit performance of our in-force portfolio and the continued decline in the size of our default population through year end."

### Selected operating statistics

	Default Activity as of:					
	3/31/2020	6/30/2020	9/30/2020	10/31/2020	11/30/2020	12/31/2020
Number of loans in default (1)	1,449	10,816	13,765	13,108	12,532	12,209
Default rate (2)	0.38%	2.90%	3.60%	3.41%	3.23%	3.06%

	New Insurance Written During:					
	Quarter Ended 3/31/2020	Quarter Ended 6/30/2020	Quarter Ended 9/30/2020	Month Ended 10/31/2020	Month Ended 11/30/2020	Month Ended 12/31/2020
<b>Weighted average composition</b>						
FICO	757	762	764	764	762	758
Loan-to-value (LTV)	91.3%	90.7%	90.7%	90.6%	90.9%	91.0%
Debt-to-income (DTI)	34.4%	33.3%	32.8%	32.7%	33.2%	33.6%

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### In-focus risk segments

95.01-97.0% LTV	6.4%	4.2%	3.2%	7.7%	10.4%	10.2%
<680 FICO	1.9%	1.0%	0.7%	0.9%	1.0%	1.2%
>45% DTI	10.3%	7.0%	4.9%	5.5%	5.9%	6.7%
Layered risk (3)	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%

(1) Loans are considered to be in default as of the payment date at which a borrower has missed the preceding two or more consecutive monthly payments

(2) Default rate is calculated as total loans in default divided by total policies in force

(3) Layered risk includes loans with more than one in-focus risk factor

The information concerning the Company's default inventory is compiled from reports received from loan servicers and can be influenced by, among other things, the date on which a servicer generates its report, the number of business days in a month, and transfers of servicing rights between loan servicers. While our total default population declined from November 30, 2020 to December 31, 2020, our default population may increase going forward if additional borrowers face challenges related to the COVID-19 outbreak and choose to access the forbearance program for federally backed loans codified under the CARES Act or other programs made available by private lenders.

### About NMI Holdings

NMI Holdings, Inc. (NASDAQ: NMIH), is the parent company of National Mortgage Insurance Corporation (National MI), a U.S.-based, private mortgage insurance company enabling low down payment borrowers to realize home ownership while protecting lenders and investors against losses related to a borrower's default. To learn more, please visit [www.nationalmi.com](http://www.nationalmi.com).

### Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this press release may be deemed to be forward-looking statements within the meaning of Section 27A of the

Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the U.S. Private Securities Litigation Reform Act of 1995 (the "PSLRA"). The PSLRA provides a "safe harbor" for any forward-looking statements. All statements other than statements of historical fact included in or incorporated by reference in this release are forward-looking statements, including any statements about our expectations, outlook, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance. These statements are often, but not always, made through the use of words or phrases such as "anticipate," "believe," "can," "could," "may," "predict," "assume," "potential," "should," "will," "estimate," "plan," "project," "continuing," "ongoing," "expect," "intend" and similar words or phrases. All forward-looking statements are only predictions and involve estimates, known and unknown risks, assumptions and uncertainties that may turn out to be inaccurate and could cause actual results to differ materially from those expressed in them. Many risks and uncertainties are inherent in our industry and markets. Others are more specific to our business and operations. Important factors that could cause actual events or results to differ materially from those indicated in such statements include, but are not limited to: uncertainty relating to the coronavirus ("COVID-19") pandemic and the measures taken by governmental authorities and other third parties to combat it, including their impact on the global economy, the U.S. housing, real estate, housing finance and mortgage insurance markets, and the Company's business, operations and personnel, changes in the business practices of Fannie Mae and Freddie Mac (collectively, the "GSEs"), including decisions that have the impact of decreasing or discontinuing the use of mortgage insurance as credit enhancement generally, or with first time homebuyers or on very high loan-to-value mortgages; our ability to remain an eligible mortgage insurer under the private mortgage insurer eligibility requirements ("PMIERS") and other requirements imposed by the GSEs, which they may change at any time; retention of our existing certificates of authority in each state and the District of Columbia ("D.C.") and our ability to remain a mortgage insurer in good standing in each state and D.C.; our future profitability, liquidity and capital resources; actions of existing competitors, including other private mortgage insurers and government mortgage insurers, such as the Federal Housing Administration, U.S. Department of Agriculture's Rural Housing Service and the U.S. Department of Veterans Affairs, and potential market entry by new competitors or consolidation of existing competitors; developments in the world's financial and capital markets and our access to such markets, including reinsurance; adoption of new or changes to existing laws and regulations that impact our business or financial condition directly or the mortgage insurance industry generally or their enforcement and implementation by regulators, including any action by the Consumer Financial Protection Bureau to address the planned expiration of the "QM Patch" under the Dodd-Frank Act Ability to Repay/Qualified Mortgage Rule; legislative or regulatory changes to the GSEs' role in the secondary mortgage market or other changes that could affect the residential mortgage industry generally or mortgage insurance industry in particular; potential future lawsuits, investigations or inquiries or resolution of current lawsuits or inquiries; changes in general economic, market and political conditions and policies, interest rates, inflation and investment results or other conditions that affect the housing market or the markets for home mortgages or mortgage insurance; our ability to successfully execute and implement our capital plans, including our ability to access the capital, credit and reinsurance markets and to enter into, and receive approval of, reinsurance arrangements on terms and conditions that are acceptable to us, the GSEs and our regulators; our ability to implement our business strategy, including our ability to write mortgage insurance on high quality low-down payment residential mortgage loans, implement successfully and on a timely basis, complex infrastructure, systems, procedures, and internal controls to support our business and regulatory and reporting requirements of the insurance industry; our ability to attract and retain a diverse customer base, including the largest mortgage originators; failure of risk management or pricing or investment strategies; emergence of unexpected claim and coverage issues, including claims exceeding our reserves or amounts we had expected to experience; potential adverse impacts arising from natural disasters, including, with respect to affected areas, a decline in new business, adverse effects on home prices, and an increase in notices of default on insured mortgages; the inability of our counterparties, including third party reinsurers, to meet their obligations to us; failure to maintain, improve and continue to develop necessary information technology systems or the failure of technology providers to perform; and, our ability to recruit, train and retain key personnel. These risks and uncertainties also include, but are not limited to, those set forth under the heading "Risk Factors" detailed in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2019 and in Part II, Item 1A of our Quarterly Reports on Form 10-Q for the quarters ended June 30 and September 30, 2020, as subsequently updated through other reports we file with the SEC. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. We caution you not to place undue reliance on any forward-looking statement, which speaks only as of the date on which it is made, and we undertake no obligation to publicly update or revise any forward-looking statement to reflect new information, future events or circumstances that occur after the date on which the statement is made or to reflect the occurrence of unanticipated events except as required by law.

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