NMI Holdings, Inc. Reports Third Quarter 2022 Financial Results

November 1, 2022

EMERYVILLE, Calif., Nov. 01, 2022 (GLOBE NEWSWIRE) -- NMI Holdings, Inc. (Nasdaq: NMIH) today reported net income of $76.8 million, or $0.90 per diluted share, for the third quarter ended September 30, 2022, which compares to $75.4 million, or $0.86 per diluted share, in the second quarter ended June 30, 2022 and $60.2 million, or $0.69 per diluted share, in the third quarter ended September 30, 2021. Adjusted net income for the quarter was $76.8 million, or $0.90 per diluted share, which compares to $74.3 million, or $0.86 per diluted share, in the second quarter ended June 30, 2022 and $61.8 million, or $0.71 per diluted share, in the third quarter ended September 30, 2021. The non-GAAP financial measures adjusted net income, adjusted diluted earnings per share and adjusted return on equity are presented in this release to enhance the comparability of financial results between periods. See "Use of Non-GAAP Financial Measures" and our reconciliation of such measures to their most comparable GAAP measures, below.

Adam Pollitzer, President and Chief Executive Officer of National MI, said, "We're proud to have delivered strong results in the third quarter, with significant new business production and increasing persistency driving growth in our high-quality insured portfolio, and favorable credit performance and expense discipline driving record profitability and strong returns. We continue to manage with discipline and a focus on through-the-cycle performance, and took further steps during the quarter to insulate our business from the impact of any economic stress that may emerge. Looking forward, we're well positioned to continue to serve our customers and their borrowers, support our talented team, and deliver sustained performance for our shareholders."

Selected third quarter 2022 highlights include:

- Primary insurance-in-force at quarter end was $179.2 billion, compared to $168.6 billion at the end of the second quarter and $143.6 billion at the end of the third quarter of 2021
- Net premiums earned were $118.3 million, compared to $120.9 million in the second quarter and $113.6 million in the third quarter of 2021. Net premiums earned in the third quarter reflect a $5.5 million impact from ceded premiums related to the company's seasoned quota share reinsurance agreement established during the period
- Underwriting and operating expenses were $27.1 million, compared to $30.7 million in the second quarter and $34.7 million in the third quarter of 2021
- Insurance claims and claim expenses was a benefit of $3.4 million, compared to a benefit of $3.0 million in the second quarter and an expense of $3.2 million in the third quarter of 2021
- Shareholders' equity was $1.5 billion at quarter end and book value per share was $18.21. Book value per share excluding the impact of net unrealized gains and losses in the investment portfolio was $20.85, up 5% compared to $19.91 per share in the second quarter and 19% compared to $17.46 per share in the third quarter of 2021
- Annualized return on equity for the quarter was 20.1%, compared to 19.7% in the second quarter and 16.2% in the third quarter of 2021
- At quarter-end, total PMIERs available assets were $2.3 billion and net risk-based required assets were $1.2 billion

	Quarter Ended 9/30/2022	*Quarter Ended 6/30/2022*	*Quarter Ended 9/30/2021*	*Change[(1)] Q/Q*	*Change[(1)] Y/Y*
INSURANCE METRICS ($billions)					
Primary Insurance-in-Force	$ 179.2	$ 168.6	$ 143.6	*6%*	*25%*
New Insurance Written - NIW					
Monthly premium	16.7	15.7	16.9	*6%*	*(1)%*
Single premium	0.6	0.9	1.2	*(39)%*	*(54)%*
Total[(2)]	17.2	16.6	18.1	*4%*	*(5)%*
FINANCIAL HIGHLIGHTS (Unaudited, $millions, except per share amounts)					
Net Premiums Earned	118.3	120.9	113.6	*(2)%*	*4%*
Insurance Claims and Claim (Benefits) Expenses	(3.4)	(3.0)	3.2	*12%*	*(206)%*
Underwriting and Operating Expenses	27.1	30.7	34.7	*(12)%*	*(22)%*
Net Income	76.8	75.4	60.2	*2%*	*28%*
Adjusted Net Income	76.8	74.3	61.8	*3%*	*24%*

Book Value per Share (excluding net unrealized gains and losses)(3)	20.85	19.91	17.46	*5%*	*19%*
Loss Ratio	(2.9)%	(2.5)%	2.8%		
Expense Ratio	22.9%	25.4%	30.5%		

(1) Percentages may not be replicated based on the rounded figures presented in the table.

(2) Total may not foot due to rounding.

(3) Book value per share (excluding net unrealized gains and losses) is defined as total shareholder's equity, excluding the after-tax effects of unrealized gains and losses on our investment portfolio, divided by shares outstanding.

Conference Call and Webcast Details

The company will hold a conference call, which will be webcast live today, November 1, 2022, at 2:00 p.m. Pacific Time / 5:00 p.m. Eastern Time. The webcast will be available on the company's website, www.nationalmi.com, in the "Investor Relations" section. The conference call can also be accessed by dialing (877) 270-2148 in the U.S., or (412) 902-6510 internationally by referencing NMI Holdings, Inc.

About NMI Holdings, Inc.

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.

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this press release or any other written or oral statements made by or on behalf of the Company in connection therewith may constitute 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," "perceive," "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 contain the spread of COVID-19, including their impact on the global economy, the U.S. housing, real estate, housing finance and mortgage insurance markets, and our business, operations and personnel; changes in the charters, business practices, policy or priorities of Fannie Mae and Freddie Mac (collectively, the GSEs), which may include 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; or changes in the direction of housing policy objectives of the Federal Housing Finance Agency (“FHFA”), such as the FHFA's priority to increase the accessibility to and affordability of homeownership for low-and-moderate income borrowers and underrepresented communities; 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, the 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, capital and credit markets and our access to such markets, including reinsurance; adoption of new or changes to existing laws, rules and regulations that impact our business or financial condition directly or the mortgage insurance industry generally or their enforcement and implementation by regulators, including the implementation of the final rules defining and/or concerning "Qualified Mortgage" and "Qualified Residential Mortgage"; U.S. federal tax reform and other potential changes in tax law and their impact on us and our operations; 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 legal and regulatory claims, investigations, actions, audits or inquiries that could result in adverse judgements, settlements, fines or other reliefs that could require significant expenditures or have other negative effects on our business; changes in general economic, market and political conditions and policies (including rising interest rates and 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; lenders, the GSEs, or other market participants seeking alternatives to private mortgage insurance; 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; decrease in the length of time our insurance policies are in force; 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 those that may be caused or exacerbated by climate change), 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; potential adverse impacts arising from the occurrence of any man-made disasters or public health emergencies, including pandemics; the inability of our counter-parties, 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; effectiveness and security of our information technology systems and digital products and services, including the risks these systems, products or services may fail to operate as expected or planned, or expose us to cybersecurity or third-party risks (including the exposure of our confidential customer and other confidential information); and 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, 2021, 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.

Use of Non-GAAP Financial Measures

We believe the use of the non-GAAP measures of adjusted income before tax, adjusted net income, adjusted diluted EPS, adjusted return-on-equity, adjusted expense ratio, adjusted combined ratio and book value per share (excluding net unrealized gains and losses) and enhances the comparability of our fundamental financial performance between periods, and provides relevant information to investors. These non-GAAP financial measures align with the way the company's business performance is evaluated by management. These measures are not prepared in accordance with GAAP and should not be viewed as alternatives to GAAP measures of performance. These measures have been presented to increase transparency and enhance the comparability of our fundamental operating trends across periods. Other companies may calculate these measures differently; their measures may not be comparable to those we calculate and present.

Adjusted income before tax is defined as GAAP income before tax, excluding the pre-tax effects of the gain or loss related to the change in fair value of our warrant liability, periodic costs incurred in connection with capital markets transactions, net realized gains or losses from our investment portfolio, and other infrequent, unusual or non-operating items in the periods in which such items are incurred.

Adjusted net income is defined as GAAP net income, excluding the after-tax effects of the gain or loss related to the change in fair value of our warrant liability, periodic costs incurred in connection with capital markets transactions, net realized gains or losses from our investment portfolio, and other infrequent, unusual or non-operating items in the periods in which such items are incurred. Adjustments to components of pre-tax income are tax effected using the applicable federal statutory tax rate for the respective periods.

Adjusted diluted EPS is defined as adjusted net income divided by adjusted weighted average diluted shares outstanding. Adjusted weighted average diluted shares outstanding is defined as weighted average diluted shares outstanding, adjusted for changes in the dilutive effect of non-vested shares that would otherwise have occurred had GAAP net income been calculated in accordance with adjusted net income. There will be no adjustment to weighted average diluted shares outstanding in the periods that non-vested shares are anti-dilutive under GAAP.

Adjusted return on equity is calculated by dividing adjusted net income on an annualized basis by the average shareholders' equity for the period.

Adjusted expense ratio is defined as GAAP underwriting and operating expenses, excluding the pre-tax effects of periodic costs incurred in connection with capital markets transactions, divided by net premiums earned.

Adjusted combined ratio is defined as the total of GAAP underwriting and operating expenses, excluding the pre-tax effects of periodic costs incurred in connection with capital markets transactions and insurance claims and claims expenses, divided by net premiums earned.

Book value per share (excluding net unrealized gains and losses) is defined as total shareholder's equity, excluding the after-tax effects of unrealized gains and losses on investments, divided by shares outstanding.

Although adjusted income before tax, adjusted net income, adjusted diluted EPS, adjusted return-on-equity, adjusted expense ratio, adjusted combined ratio and book value per share (excluding net unrealized gains and losses) exclude certain items that have occurred in the past and are expected to occur in the future, the excluded items: (1) are not viewed as part of the operating performance of our primary activities; or (2) are impacted by market, economic or regulatory factors and are not necessarily indicative of operating trends, or both. These adjustments, and the reasons for their treatment, are described below.

(1) *Change in fair value of warrant liability*. Outstanding warrants at the end of each reporting period are revalued, and any change in fair value is reported in the statement of operations in the period in which the change occurred. The change in fair value of our warrant liability can vary significantly across periods and is influenced principally by equity market and general economic factors that do not impact or reflect our current period operating results. Furthermore, all unexercised warrants expired in April 2022 and, as such, no change in fair value will be recognized in future reporting periods. We believe trends in our operating performance can be more clearly identified by excluding fluctuations related to the change in fair value of our warrant liability.

(2) *Capital markets transaction costs.* Capital markets transaction costs result from activities that are undertaken to improve our debt profile or enhance our capital position through activities such as debt refinancing and capital markets reinsurance transactions that may vary in their size and timing due to factors such as market opportunities, tax and capital profile, and overall market cycles.

(3) *Net realized investment gains and losses*. The recognition of the net realized investment gains or losses can vary significantly across periods as the timing is highly discretionary and is influenced by factors such as market opportunities, tax and capital profile, and overall market cycles that do not reflect our current period operating results.

(4) *Other infrequent, unusual or non-operating items*. Items that are the result of unforeseen or uncommon events, and are not expected to recur with frequency in the future. Identification and exclusion of these items provides clarity about the impact special or rare occurrences may have on our current financial performance. Past adjustments under this category include infrequent, unusual or non-operating adjustments related to severance, restricted stock modification and other expenses incurred in connection with the CEO transition announced in September 2021 and the effects of the release of the valuation allowance recorded against our net federal and certain state net deferred tax assets in 2016 and the re-measurement of our net deferred tax assets in connection with tax reform in 2017. We believe such items are infrequent or non-recurring in nature, and are not indicative of the performance of, or ongoing trends in, our primary operating activities or business.

(5) *Net unrealized gains and losses on investments.* The recognition of the net unrealized gains or losses on investment can vary significantly across periods and is influenced by factors such as interest rate movement, overall market and economic conditions, and tax and capital profiles. These valuation adjustments may not necessarily result in economic gains or losses and not reflective of ongoing operations. Trends in the profitability of our fundamental operating activities can be more clearly identified without the fluctuations of these unrealized gains or losses.

Investor Contact
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Consolidated statements of operations and comprehensive income (loss) (unaudited)	**For the three months ended September 30,**		**For the nine months ended September 30,**	
	2022	**2021**	**2022**	**2021**
	($ In Thousands, except for per share data)			
Revenues				
Net premiums earned	$ 118,317	$ 113,594	$ 355,682	$ 330,361
Net investment income	11,945	9,831	33,065	28,027
Net realized investment gains	14	3	475	15
Other revenues	301	613	1,016	1,597
Total revenues	130,577	124,041	390,238	360,000
Expenses				
Insurance claims and claim (benefits) expenses	(3,389)	3,204	(7,044)	12,806
Underwriting and operating expenses	27,144	34,669	90,779	103,460
Service expenses	197	787	963	1,859
Interest expense	8,036	7,930	24,128	23,767
Gain from change in fair value of warrant liability	—	—	(1,113)	(454)
Total expenses	31,988	46,590	107,713	141,438
Income before income taxes	98,589	77,451	282,525	218,562
Income tax expense	21,751	17,258	62,563	47,956
Net income	$ 76,838	$ 60,193	$ 219,962	$ 170,606
Earnings per share				
Basic	$ 0.91	$ 0.70	$ 2.58	$ 1.99
Diluted	$ 0.90	$ 0.69	$ 2.53	$ 1.96
Weighted average common shares outstanding				
Basic	84,444	85,721	85,369	85,563
Diluted	85,485	86,880	86,420	86,794
Loss ratio(1)	(2.9)%	2.8%	(2.0)%	3.9%
Expense ratio(2)	22.9%	30.5%	25.5%	31.3%
Combined ratio(3)	20.1%	33.3%	23.5%	35.2%
Net income	$ 76,838	$ 60,193	$ 219,962	$ 170,606
Other comprehensive loss, net of tax:				
Unrealized losses in accumulated other comprehensive income (loss), net of tax benefit of $15,932 and $2,165 for the three months ended September 30, 2022 and 2021, and $59,112 and $9,168 for the nine month ended September 30, 2022 and 2021, respectively	(59,936)	(8,144)	(222,374)	(34,487)
Reclassification adjustment for realized gains included in net income, net of tax expense of $3 and $1 for the three months ended September 30, 2022 and 2021, and $100 and $3 for the nine months ended September 30, 2022 and 2021, respectively	(10)	(2)	(377)	(12)
Other comprehensive loss, net of tax	(59,946)	(8,146)	(222,751)	(34,499)
Comprehensive income (loss)	$ 16,892	$ 52,047	$ (2,789)	$ 136,107

(1) Loss ratio is calculated by dividing insurance claims and claim expenses by net premiums earned.
(2) Expense ratio is calculated by dividing other underwriting and operating expenses by net premiums earned.
(3) Combined ratio may not foot due to rounding.

Consolidated balance sheets (unaudited)	**September 30, 2022**	**December 31, 2021**
	(In Thousands, except for share data)	
Assets		

Fixed maturities, available-for-sale, at fair value (amortized cost of $2,248,737 and $2,078,773 as of September 30, 2022 and December 31, 2021, respectively)	$ 1,973,931	$ 2,085,931
Cash and cash equivalents (including restricted cash of $2,159 and $3,165 as of September 30, 2022 and December 31, 2021, respectively)	125,812	76,646
Premiums receivable	67,202	60,358
Accrued investment income	13,342	11,900
Prepaid expenses	4,694	3,530
Deferred policy acquisition costs, net	59,483	59,584
Software and equipment, net	32,156	32,047
Intangible assets and goodwill	3,634	3,634
Prepaid reinsurance premiums	1,454	2,393
Reinsurance recoverable	19,755	20,320
Other assets	102,380	94,238
Total assets	$ 2,403,843	$ 2,450,581
Liabilities		
Debt	$ 395,683	$ 394,623
Unearned premiums	130,652	139,237
Accounts payable and accrued expenses	73,945	72,000
Reserve for insurance claims and claim expenses	94,944	103,551
Reinsurance funds withheld	3,716	5,601
Warrant liability, at fair value	—	2,363
Deferred tax liability, net	166,609	164,175
Other liabilities	12,428	3,245
Total liabilities	877,977	884,795
Shareholders' equity		
Common stock - class A shares, $0.01 par value; 86,463,874 shares issued and 83,796,313 shares outstanding as of September 30, 2022 and 85,792,849 shares issued and outstanding as of December 31, 2021 (250,000,000 shares authorized)	865	858
Additional paid-in capital	969,359	955,302
Treasury Stock, at cost: 2,667,561 and 0 common shares as of September 30, 2022 and December 31, 2021, respectively	(51,195)	—
Accumulated other comprehensive (loss) income, net of tax	(221,266)	1,485
Retained earnings	828,103	608,141
Total shareholders' equity	1,525,866	1,565,786
Total liabilities and shareholders' equity	$ 2,403,843	$ 2,450,581

Non-GAAP Financial Measure Reconciliations(unaudited)

	As of and for the three months ended			For the nine months ended	
	9/30/2022	**6/30/2022**	**9/30/2021**	**9/30/2022**	**9/30/2021**
As Reported	*($ In Thousands, except for per share data)*				
Revenues					
Net premiums earned	$ 118,317	$ 120,870	$ 113,594	$ 355,682	$ 330,361
Net investment income	11,945	10,921	9,831	33,065	28,027
Net realized investment gains	14	53	3	475	15
Other revenues	301	376	613	1,016	1,597
Total revenues	130,577	132,220	124,041	390,238	360,000
Expenses					
Insurance claims and claim (benefits) expenses	(3,389)	(3,036)	3,204	(7,044)	12,806
Underwriting and operating expenses	27,144	30,700	34,669	90,779	103,460
Service expenses	197	336	787	963	1,859
Interest expense	8,036	8,051	7,930	24,128	23,767
Gain from change in fair value of warrant liability	—	(1,020)	—	(1,113)	(454)
Total expenses	31,988	35,031	46,590	107,713	141,438
Income before income taxes	98,589	97,189	77,451	282,525	218,562
Income tax expense	21,751	21,745	17,258	62,563	47,956
Net income	$ 76,838	$ 75,444	$ 60,193	$ 219,962	$ 170,606

Adjustments:

Net realized investment gains	(14)	(53)	(3)	(475)	(15)
Gain from change in fair value of warrant liability	—	(1,020)	—	(1,113)	(454)
Capital markets transaction costs	—	(55)	481	205	2,474
Other infrequent, unusual or non-operating items	—	—	1,289	—	1,289
Adjusted income before taxes	98,575	96,061	79,218	281,142	221,856
Income tax expense on adjustments(1)	(3)	(23)	139	(57)	555
Adjusted net income	$ 76,827	$ 74,339	$ 61,821	$ 218,636	$ 173,345
Weighted average diluted shares outstanding	85,485	86,577	86,880	86,420	86,794
Diluted EPS	$ 0.90	$ 0.86	$ 0.69	$ 2.53	$ 1.96
Adjusted diluted EPS	$ 0.90	$ 0.86	$ 0.71	$ 2.53	$ 2.00
Return-on-equity	20.1%	19.7%	16.2%	19.0%	15.8%
Adjusted return-on-equity	20.1%	19.4%	16.6%	18.9%	16.0%
Expense ratio(2)	22.9%	25.4%	30.5%	25.5%	31.3%
Adjusted expense ratio(3)	22.9%	25.4%	29.0%	25.5%	30.2%
Combined ratio(4)	20.1%	22.9%	33.3%	23.5%	35.2%
Adjusted combined ratio(5)	20.1%	22.9%	31.8%	23.5%	34.1%
Book value per share(6)	$ 18.21	$ 18.01	$ 17.68		
Book value per share (excluding net unrealized gains and losses)(7)	$ 20.85	$ 19.91	$ 17.46		

(1) Marginal tax impact of non-GAAP adjustments is calculated based on our statutory U.S. federal corporate income tax rate of 21%, except for those items that are not eligible for an income tax deduction. Such non-deductible items include gains or losses from the change in the fair value of our warrant liability and certain costs incurred in connection with the CEO transition, which are limited under Section 162(m) of the Internal Revenue Code.

(2) Expense ratio is calculated by dividing underwriting and operating expenses by net premiums earned.

(3) Adjusted expense ratio is calculated by dividing adjusted underwriting and operating expense (underwriting and operating expenses excluding costs related to capital markets reinsurance transactions) by net premiums earned.

(4) Combined ratio is calculated by dividing the total of underwriting and operating expenses and insurance claims and claims expense by net premiums earned.

(5) Adjusted combined ratio is calculated by dividing the total of adjusted underwriting and operating expenses (underwriting and operating expenses excluding costs related to capital market reinsurance transaction) and insurance claims and claims expense by net premiums earned.

(6) Book value per share is calculated by dividing total shareholder's equity by shares outstanding.

(7) Book value per share (excluding net unrealized gains and losses) is defined as total shareholder's equity, excluding the after-tax effects of unrealized gains and losses on our investment portfolio, divided by shares outstanding.

Historical Quarterly Data	**2022**			**2021**		
	September 30	**June 30**	**March 31**	**December 31**	**September 30**	**June 30**
Revenues	*($ In Thousands, except for per share data)*					
Net premiums earned	$ 118,317	$ 120,870	$ 116,495	$ 113,933	$ 113,594	$ 110,888
Net investment income	11,945	10,921	10,199	10,045	9,831	9,382
Net realized investment gains	14	53	408	714	3	12
Other revenues	301	376	339	380	613	483
Total revenues	130,577	132,220	127,441	125,072	124,041	120,765
Expenses						
Insurance claims and claim (benefits) expenses	(3,389)	(3,036)	(619)	(500)	3,204	4,640
Underwriting and operating expenses	27,144	30,700	32,935	38,843	34,669	34,725
Service expenses	197	336	430	650	787	481
Interest expense	8,036	8,051	8,041	8,029	7,930	7,922
Gain from change in fair value of warrant liability	—	(1,020)	(93)	(112)	—	(658)
Total expenses	31,988	35,031	40,694	46,910	46,590	47,110
Income before income taxes	98,589	97,189	86,747	78,162	77,451	73,655
Income tax expense	21,751	21,745	19,067	17,639	17,258	16,133

Net income	$ 76,838	$ 75,444	$ 67,680	$ 60,523	$ 60,193	$ 57,522
Earnings per share						
Basic	$ 0.91	$ 0.88	$ 0.79	$ 0.71	$ 0.70	$ 0.67
Diluted	$ 0.90	$ 0.86	$ 0.77	$ 0.69	$ 0.69	$ 0.65
Weighted average common shares outstanding						
Basic	84,444	85,734	85,953	85,757	85,721	85,647
Diluted	85,485	86,577	87,310	87,117	86,880	86,819
Other data						
Loss Ratio(1)	(2.9)%	(2.5)%	(0.5)%	(0.4)%	2.8%	4.2%
Expense Ratio(2)	22.9%	25.4%	28.3%	34.1%	30.5%	31.3%
Combined ratio(3)	20.1%	22.9%	27.7%	33.7%	33.3%	35.5%

(1) Loss ratio is calculated by dividing insurance claims and claim (benefit) expenses by net premiums earned.
(2) Expense ratio is calculated by dividing underwriting and operating expenses by net premiums earned.
(3) Combined ratio may not foot due to rounding.

Portfolio Statistics

The table below highlights trends in our primary portfolio as of the date and for the periods indicated.

Primary portfolio trends	**As of and for the three months ended**					
	September 30, 2022	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**	**September 30, 2021**	**June 30, 2021**
	($ Values In Millions, except as noted below)					
New insurance written	$ 17,239	$ 16,611	$ 14,165	$ 18,342	$ 18,084	$ 22,751
New risk written	4,616	4,386	3,721	4,786	4,640	5,650
Insurance in force (IIF)(1)	179,173	168,639	158,877	152,343	143,618	136,598
Risk in force(1)	46,259	43,260	40,522	38,661	36,253	34,366
Policies in force (count)(1)	580,525	551,543	526,976	512,316	490,714	471,794
Average loan size*($ value in thousands)*(1)	$ 309	$ 306	$ 301	$ 297	$ 293	$ 290
Coverage percentage(2)	25.8%	25.7%	25.5%	25.4%	25.2%	25.2%
Loans in default (count)(1)	4,096	4,271	5,238	6,227	7,670	8,764
Default rate(1)	0.71%	0.77%	0.99%	1.22%	1.56%	1.86%
Risk in force on defaulted loans(1)	$ 284	$ 295	$ 362	$ 435	$ 546	$ 625
Net premium yield(3)	0.27%	0.30%	0.30%	0.31%	0.32%	0.34%
Earnings from cancellations	$ 1.8	$ 2.2	$ 2.9	$ 5.1	$ 7.7	$ 7.0
Annual persistency(4)	80.1%	76.0%	71.5%	63.8%	58.1%	53.9%
Quarterly run-off(5)	4.0%	4.3%	5.0%	6.7%	8.1%	8.0%

(1) Reported as of the end of the period.
(2) Calculated as end of period risk-in-force (RIF) divided by end of period IIF.
(3) Calculated as net premiums earned, divided by average primary IIF for the period, annualized.
(4) Defined as the percentage of IIF that remains on our books after a given twelve-month period.
(5) Defined as the percentage of IIF that is no longer on our books after a given three month period.

New Insurance Written (NIW), Insurance in Force (IIF) and Premiums

The tables below present primary NIW and primary and pool IIF, as of the dates and for the periods indicated.

Primary NIW	**Three months ended**					
	September 30, 2022	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**	**September 30, 2021**	**June 30, 2021**
	(In Millions)					
Monthly	$ 16,676	$ 15,695	$ 13,094	$ 16,972	$ 16,861	$ 19,422
Single	563	916	1,071	1,370	1,223	3,329
Primary	$ 17,239	$ 16,611	$ 14,165	$ 18,342	$ 18,084	$ 22,751

Primary and pool IIF

	As of					
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
	(In Millions)					
Monthly	$ 158,897	$ 148,488	$ 139,156	$ 133,104	$ 124,767	$ 117,629
Single	20,276	20,151	19,721	19,239	18,851	18,969
Primary	179,173	168,639	158,877	152,343	143,618	136,598
Pool	1,078	1,114	1,162	1,229	1,339	1,460
Total	$ 180,251	$ 169,753	$ 160,039	$ 153,572	$ 144,957	$ 138,058

The following table presents the amounts related to the company's quota-share reinsurance transactions (the 2016 QSR Transaction, 2018 QSR Transaction, 2020 QSR Transaction, 2021 QSR Transaction, 2022 QSR Transaction, and 2022 Seasoned QSR Transaction and collectively, the QSR Transactions), insurance-linked note transactions (the 2017 ILN Transaction, 2018 ILN Transaction, 2019 ILN Transaction, 2020-1 ILN Transaction, 2020-2 ILN Transaction, 2021-1 ILN Transaction, and 2021-2 ILN Transaction and collectively, the ILN Transactions), and traditional excess-of-loss reinsurance transactions (2022-1 XOL Transaction and 2022-2 XOL Transaction and collectively, the XOL Transactions) for the periods indicated.

	For the three months ended					
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
	(In Thousands)					
The QSR Transactions						
Ceded risk-in-force	$12,511,797	$ 9,040,944	$ 8,504,853	$ 8,194,604	$ 7,610,870	$ 7,113,707
Ceded premiums earned	(42,265)	(30,231)	(29,005)	(28,490)	(28,366)	(27,537)
Ceded claims and claim expenses	248	(403)	(159)	19	840	1,194
Ceding commission earned	10,193	6,146	5,886	6,208	6,142	5,961
Profit commission	23,899	17,778	16,723	16,142	15,191	14,391
The ILN Transactions						
Ceded premiums	$ (10,730)	$ (10,132)	$ (10,939)	$ (11,344)	$ (10,390)	$ (10,169)
The XOL Transactions						
Ceded Premiums	$ (4,808)	$ (2,907)	$ —	$ —	$ —	$ —

Primary NIW by FICO

	For the three months ended			For the nine months ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	($ In Millions)				
>= 760	$ 6,815	$ 7,990	$ 8,073	$ 21,177	$ 32,377
740-759	3,663	2,900	3,254	8,951	12,812
720-739	2,751	2,056	2,563	6,744	9,678
700-719	2,245	1,650	2,099	5,534	6,255
680-699	1,477	1,277	1,487	3,998	4,139
<=679	288	738	608	1,611	1,971
Total	$ 17,239	$ 16,611	$ 18,084	$ 48,015	$ 67,232
Weighted average FICO	748	751	749	749	753

Primary NIW by LTV

	For the three months ended			For the nine months ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(In Millions)				
95.01% and above	$ 1,610	$ 1,577	$ 1,957	$ 4,553	$ 6,585
90.01% to 95.00%	9,398	8,253	8,344	24,706	29,336
85.01% to 90.00%	4,505	4,772	4,961	13,145	19,071
85.00% and below	1,726	2,009	2,822	5,611	12,240
Total	$ 17,239	$ 16,611	$ 18,084	$ 48,015	$ 67,232
Weighted average LTV	92.6%	92.2%	91.8%	92.3%	91.3%

Primary NIW bypurchase/refinance mix	For the three months ended			For the nine months ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
			(In Millions)		
Purchase	$ 16,944	$ 16,203	$ 16,400	$ 46,545	$ 53,220
Refinance	295	408	1,684	1,470	14,012
Total	$ 17,239	$ 16,611	$ 18,084	$ 48,015	$ 67,232

The table below presents a summary of our primary IIF and RIF by book year as of the date indicated.

Primary IIF and RIF	As of September 30, 2022	
	IIF	RIF
	(In Millions)	
September 30, 2022	$ 46,695	$ 12,385
2021	74,507	19,025
2020	36,869	9,386
2019	9,621	2,527
2018	3,755	965
2017 and before	7,726	1,971
Total	$ 179,173	$ 46,259

The tables below present our total primary IIF and RIF by FICO and LTV and total primary RIF by loan type as of the dates indicated.

Primary IIF by FICO	As of		
	September 30, 2022	June 30, 2022	September 30, 2021
		(In Millions)	
>= 760	$ 87,152	$ 83,769	$ 73,080
740-759	31,770	29,195	24,676
720-739	25,089	23,240	19,898
700-719	17,852	16,221	13,206
680-699	12,185	11,160	8,678
<=679	5,125	5,054	4,080
Total	$ 179,173	$ 168,639	$ 143,618

Primary RIF by FICO	As of		
	September 30, 2022	June 30, 2022	September 30, 2021
		(In Millions)	
>= 760	$ 22,125	$ 21,159	$ 18,200
740-759	8,298	7,564	6,280
720-739	6,574	6,044	5,086
700-719	4,747	4,289	3,432
680-699	3,223	2,936	2,243
<=679	1,292	1,268	1,012
Total	$ 46,259	$ 43,260	$ 36,253

Primary IIF by LTV	As of		
	September 30, 2022	June 30, 2022	September 30, 2021
		(In Millions)	
95.01% and above	$ 17,269	$ 16,068	$ 13,179
90.01% to 95.00%	84,396	77,804	63,828
85.01% to 90.00%	53,456	51,029	44,451
85.00% and below	24,052	23,738	22,160
Total	$ 179,173	$ 168,639	$ 143,618

Primary RIF by LTV	**As of**		
	September 30, 2022	**June 30, 2022**	**September 30, 2021**
		(In Millions)	
95.01% and above	$ 5,308	$ 4,914	$ 3,932
90.01% to 95.00%	24,921	22,974	18,810
85.01% to 90.00%	13,167	12,553	10,902
85.00% and below	2,863	2,819	2,609
Total	$ 46,259	$ 43,260	$ 36,253

Primary RIF by Loan Type	**As of**		
	September 30, 2022	**June 30, 2022**	**September 30, 2021**
Fixed	99%	99%	99%
Adjustable rate mortgages:			
Less than five years	—	—	—
Five years and longer	1	1	1
Total	100%	100%	100%

The table below presents a summary of the change in total primary IIF during the periods indicated.

Primary IIF	**For the three months ended**		
	September 30, 2022	**June 30, 2022**	**September 30, 2021**
		(In Millions)	
IIF, beginning of period	$ 168,639	$ 158,877	$ 136,598
NIW	17,239	16,611	18,084
Cancellations, principal repayments and other reductions	(6,705)	(6,849)	(11,064)
IIF, end of period	$ 179,173	$ 168,639	$ 143,618

Geographic Dispersion

The following table shows the distribution by state of our primary RIF as of the periods indicated.

Top 10 primary RIF by state	**As of**		
	September 30, 2022	**June 30, 2022**	**September 30, 2021**
California	10.7%	10.8%	10.2%
Texas	8.7	9.0	9.9
Florida	8.2	8.3	8.6
Virginia	4.2	4.3	4.9
Georgia	4.1	4.0	3.7
Illinois	4.0	3.9	3.7
Washington	3.9	3.9	3.5
Colorado	3.5	3.7	4.0
Maryland	3.4	3.5	3.8
Pennsylvania	3.4	3.3	3.2
Total	54.1%	54.7%	55.5%

The table below presents selected primary portfolio statistics, by book year, as of September 30, 2022.

	As of September 30, 2022									
Book Year	**Original Insurance Written**	**Remaining Insurance in Force**	**% Remaining of Original Insurance**	**Policies Ever in Force**	**Number of Policies in Force**	**Number of Loans in Default**	**# of Claims Paid**	**Incurred Loss Ratio (Inception to Date)(1)**	**Cumulative Default Rate(2)**	**Current default rate(3)**
					($ Values In Millions)					
2013	$ 162	$ 5	3%	655	38	1	1	1.0%	0.3%	2.6%

2014	3,451	222	6%	14,786	1,374	30	50	4.0%	0.5%	2.2%
2015	12,422	1,332	11%	52,548	7,363	147	125	2.8%	0.5%	2.0%
2016	21,187	2,911	14%	83,626	15,009	315	141	2.5%	0.5%	2.1%
2017	21,582	3,256	15%	85,897	17,140	526	115	3.4%	0.7%	3.1%
2018	27,295	3,755	14%	104,043	19,145	648	103	5.5%	0.7%	3.4%
2019	45,141	9,621	21%	148,423	40,171	673	27	6.6%	0.5%	1.7%
2020	62,702	36,869	59%	186,174	118,938	625	3	3.9%	0.3%	0.5%
2021	85,574	74,507	87%	257,972	231,306	1,027	1	5.3%	0.4%	0.4%
2022	48,015	46,695	97%	132,911	130,041	104	—	4.9%	0.1%	0.1%
Total	$ 327,531	$ 179,173		1,067,035	580,525	4,096	566			

(1) Calculated as total claims incurred (paid and reserved) divided by cumulative premiums earned, net of reinsurance.

(2) Calculated as the sum of the number of claims paid ever to date and number of loans in default divided by policies ever in force.

(3) Calculated as the number of loans in default divided by number of policies in force.

The following table provides a reconciliation of the beginning and ending reserve balances for primary insurance claims and claim (benefits) expenses:

	For the three months ended		For the nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(In Thousands)			
Beginning balance	$ 98,462	$ 101,235	$ 103,551	$ 90,567
Less reinsurance recoverables[1]	(19,588)	(19,726)	(20,320)	(17,608)
Beginning balance, net of reinsurance recoverables	78,874	81,509	83,231	72,959
Add claims incurred:				
Claims and claim (benefits) expenses incurred:				
Current year[2]	9,348	3,649	28,135	19,275
Prior years[3]	(12,737)	(445)	(35,179)	(6,469)
Total claims and claim (benefits) expenses incurred	(3,389)	3,204	(7,044)	12,806
Less claims paid:				
Claims and claim expenses paid:				
Current year[2]	47	3	73	15
Prior years[3]	249	526	925	1,566
Total claims and claim expenses paid	296	529	998	1,581
Reserve at end of period, net of reinsurance recoverables	75,189	84,184	75,189	84,184
Add reinsurance recoverables[1]	19,755	20,420	19,755	20,420
Ending balance	$ 94,944	$ 104,604	$ 94,944	$ 104,604

(1) Related to ceded losses recoverable under the QSR Transactions.

(2) Related to insured loans with their most recent defaults occurring in the current year. For example, if a loan defaulted in a prior year and subsequently cured and later re-defaulted in the current year, the default would be included in the current year. Amounts are presented net of reinsurance and included $23.3 million attributed to net case reserves and $4.2 million attributed to net IBNR reserves for the nine months ended September 30, 2022 and $14.0 million attributed to net case reserves and $4.8 million attributed to net IBNR reserves for the nine months ended September 30, 2021.

(3) Related to insured loans with defaults occurring in prior years, which have been continuously in default before the start of the current year. Amounts are presented net of reinsurance and included $29.2 million attributed to net case reserves and $4.7 million attributed to net IBNR reserves for the nine months ended September 30, 2022 and $1.8 million attributed to net case reserves and $5.0 million attributed to net IBNR reserves for the nine months ended September 30, 2021.

The following table provides a reconciliation of the beginning and ending count of loans in default for the periods indicated.

	For the three months ended		For the nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Beginning default inventory	4,271	8,764	6,227	12,209
Plus: new defaults	1,354	1,624	3,586	4,486
Less: cures	(1,511)	(2,694)	(5,654)	(8,964)
Less: claims paid	(16)	(24)	(59)	(59)
Less: rescission and claims denied	(2)	—	(4)	(2)
Ending default inventory	4,096	7,670	4,096	7,670

The following table provides details of our claims paid, before giving effect to claims ceded under the QSR Transactions, for the periods indicated.

	For the three months ended		For the nine months ended	
	September 30, 2022	**September 30, 2021**	**September 30, 2022**	**September 30, 2021**
	($ In Thousands)			
Number of claims paid[1]	16	24	59	59
Total amount paid for claims	$ 376	$ 674	$ 1,249	$ 1,982
Average amount paid per claim	$ 24	$ 28	$ 21	$ 34
Severity[2]	55%	55%	46%	60%

(1) Count includes three and 19 claims settled without payment during the three and nine months ended September 30, 2022, respectively, and six and ten claims settled without payment during the three and nine months ended September 30, 2021, respectively.
(2) Severity represents the total amount of claims paid including claim expenses divided by the related RIF on the loan at the time the claim is perfected, and is calculated including claims settled without payment.

The following table shows our average reserve per default, before giving effect to reserves ceded under the QSR Transactions, as of the periods indicated.

Average reserve per default:	**As of September 30, 2022**	**As of September 30, 2021**
	(In Thousands)	
Case[1]	$ 21.5	$ 12.6
IBNR[1][2]	1.7	1.0
Total	$ 23.2	$ 13.6

(1) Defined as the gross reserve per insured loan in default.
(2) Amount includes claims adjustment expenses.

The following table provides a comparison of the PMIERs financial requirements as reported by NMIC as of the dates indicated.

	As of		
	September 30, 2022	**June 30, 2022**	**September 30, 2021**
		(In Thousands)	
Available Assets	$ 2,275,487	$ 2,169,388	$ 1,992,964
Risk-Based Required Assets	1,172,581	1,240,143	1,365,656