UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): August 5, 2020

NMI Holdings, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**001-36174**	**45-4914248**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

2100 Powell Street, 12th Floor, Emeryville, CA
(Address of Principal Executive Offices)

94608
(Zip Code)

(855) 530-6642

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value $0.01	NMIH	Nasdaq

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition

On August 5, 2020, NMI Holdings, Inc. (the "Company" or "NMIH") issued a press release announcing its financial results for the quarter ended June 30, 2020. A copy of the press release is furnished as Exhibit 99.1 to this report.

The information included in, or furnished with, this Item 2.02, including Exhibit 99.1, has been "furnished" and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed incorporated by reference in any filing or other document under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing or document.

Item 7.01 Regulation FD

Operating Statistics

On August 5, 2020, the Company reported selected operating statistics for the month of July 2020. At July 31, 2020, the Company reported 14,175 loans in default and a default ratio of 3.78%.

	Default Activity as of:		
	3/31/2020	6/30/2020	7/31/2020
Number of loans in default (1)	1,449	10,816	14,175
Default rate (2)	0.38%	2.90%	3.78%

	New Insurance Written During:		
	Quarter Ended 3/31/2020	**Quarter Ended 6/30/2020**	**Month Ended 7/31/2020**
Weighted average composition			
FICO	757	762	763
Loan-to-value (LTV)	91.3%	90.7%	90.9%
Debt-to-income (DTI)	34.4%	33.3%	33.0%
In-focus risk segments			
95.01-97.0% LTV	6.4%	4.2%	2.5%
<680 FICO	1.9%	1.0%	0.7%
>45% DTI	10.3%	7.0%	4.8%
Layered risk (3)	0.2%	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 ratio 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. We expect that we will see a significant increase in our default population going forward as borrowers face challenges related to the COVID-19 outbreak and benefit from the forbearance program for federally backed loans codified under the CARES Act or other programs made available by private lenders.

COVID-19 Developments

On August 5, 2020, the Company provided an update related to the current business environment as impacted by the novel coronavirus ("COVID-19"), which will also be included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2020.

On January 30, 2020, the World Health Organization declared the outbreak of the COVID-19 virus to be a global health emergency and characterized the outbreak as a global pandemic on March 11, 2020. In an effort to stem contagion and control the COVID-19 pandemic, the population at large has severely curtailed day-to-day activity and local, state and federal regulators have imposed a broad set of restrictions on personal and business conduct nationwide. The COVID-19 pandemic, along with the widespread public and regulatory response, has caused a dramatic slowdown in U.S. and global economic activity and a record number of Americans have been furloughed or laid-off.

The global dislocation caused by COVID-19 is unprecedented and, while there is broad hope for medical advances that might relieve the crisis and provide for a near-term return to normalized activity, it is not known how long the dislocation will persist and if or when any such medical advances may be developed or made available. In response to the COVID-19 outbreak and continuing uncertainties, we activated our business continuity program to ensure our employees are safe and able to continue serving our customers without interruption. We have also sought to broadly assess the impact that the COVID-19 outbreak has had and may continue to have on the U.S economy and housing market, and the implications for the mortgage insurance market, and our business performance and financial position.

Potential Impact on the U.S. Housing Market and Mortgage Insurance Industry

The U.S. housing market is demonstrating notable resiliency amidst the broader economic dislocation caused by the outbreak of COVID-19. Low interest rates are helping to support housing affordability, and medical concerns and lifestyle preferences are driving people to move from densely populated urban areas to suburban communities where social distancing is more easily achieved, and shelter-in-place directives are reinforcing the value of homeownership – all of which are contributing to an influx of new home buyers, record levels of purchase demand, and generally stable to rising house prices nationally.

While the possibility remains that the housing market will soften, we believe the general strength of the market coming into the COVID-19 crisis will help to mitigate the risk of a severe pullback. We observe several favorable differences in the current environment compared to the period leading up to and through the 2008 Financial Crisis – the last period of significant economic volatility in the U.S. and one noted for its significant housing market dislocation. Such differences include:

(i) the generally higher quality borrower base (as measured by weighted average FICO scores and loan-to-value (LTV) ratios) and tighter underwriting standards (with, among other items, full-documentation required to verify borrower income and asset positions) that prevail in the current market;

(ii) the lower concentration of higher risk loan structures, such as negative amortizing, interest-only or short-termed option adjustable-rate mortgages being originated and outstanding in the current market;

(iii) the meaningfully higher proportion of loans used for lower risk purposes, such as the purchase of a primary residence or rate-term refinancing in the current market, as opposed to cash-out refinancings, investment properties or second home purchases, which prevailed to a far greater degree in the lead up to the 2008 Financial Crisis;

(iv) the availability and immediate application by politicians, regulators, lenders, loan servicers and others of a broad toolkit of resources designed to aid distressed borrowers, including forbearance, foreclosure moratoriums and other assistance programs codified under the Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted on March 27, 2020; and

(v) the broader and equally immediate application of a massive amount of fiscal and monetary stimulus by the federal government under the CARES Act and across a range of other programs designed to assist unemployed individuals and distressed businesses, as well as support the smooth functioning of various capital and risk markets.

We also perceive the house price environment in the period leading up to the COVID-crisis to be anchored by more balanced market fundamentals than that in the period leading up to the 2008 Financial Crisis. We believe the 2008 Financial Crisis was directly precipitated by irresponsible behavior in the housing market in which home prices were driven to unsustainable heights (a so-called "bubble"). We see a causal link between the housing market and the 2008 Financial Crisis that we do not see in the COVID-19 outbreak, and we believe this will further contribute to housing market stability through the COVID-19 pandemic.

We anticipate that total purchase mortgage origination volume will grow compared to what it otherwise would have been as house prices remain stable (and potentially continue to increase) and purchase transaction volume expands with COVID-19 spurring increased demand for homeownership. We also expect total refinancing origination volume will increase significantly as declining mortgage rates create continued refinancing opportunities for existing borrowers.

Growth in total mortgage origination volume increases the addressable market for the U.S. mortgage insurance industry, while accelerated refinancing activity increases prepayment speed on outstanding insured mortgages. In this context, we anticipate total U.S. mortgage insurance industry new insurance written (NIW) volume will increase, potentially to record levels, while we expect the persistency of existing in-force insured risk across the industry will decline precipitously.

While we currently observe broad resiliency in the housing and high-LTV mortgage markets and, for the reasons discussed above, expect this trend to continue in the near term, the ultimate impact of COVID-19 remains highly uncertain.

Potential Impact on the Company's Business Performance and Financial Position

Operations

We had 269 employees at June 30, 2020, including 125 who typically work at our corporate headquarters in Emeryville, CA and 144 who typically work from home in locations across the country. In response to the COVID-19 outbreak, we activated our business continuity program and instituted additional work-from-home practices for our 125 Emeryville-based staff. We have transitioned our operations seamlessly and continue to positively engage with customers on a remote basis. Our IT environment, underwriting capabilities, policy servicing platform and risk architecture have continued without interruption, and our internal control environment and internal controls over financial reporting are unchanged. We have achieved this transition without incurring additional capital expenditures or operating expenses and we believe our current operating platform can continue to support our newly distributed needs for an extended period without further investment beyond that planned in the ordinary course.

New Business Production

Our NIW has expanded significantly in past periods, driven by growth in the overall mortgage insurance market and the success we have had further developing our customer franchise. During the three-year period between January 1, 2017 and December 31, 2019, we activated 340 new lenders, growing our franchise by over 45%, and successfully deepened our engagement with many existing customers. In the same period, total U.S. mortgage insurance NIW volume increased by 19% annually - peaking at $384 billion for the year-ended December 31, 2019. Notwithstanding the recent gains and the customer success we have achieved, we initially expected that the onset of COVID-19 would cause our total NIW volume (and total U.S. mortgage insurance industry volume) to decline. Our initial expectations have not borne out – the broad resiliency of the housing market and increased demand for homeownership now being observed are driving record volume for us and the broader U.S. mortgage insurance industry.

We wrote $13.1 billion of NIW during the three months ended June 30, 2020, up 16% compared to the three months ended March 31, 2020. We now expect our NIW volume and total U.S. mortgage insurance industry production will continue to grow in 2020, with the potential for total market production and our NIW volume to reach record levels.

We have broadly defined underwriting standards and loan-level eligibility criteria that are designed to limit our exposure to higher risk loans, and have used Rate GPS® to actively shape the mix of our new business production and insured portfolio by, among other risk factors, borrower FICO score, debt-to-income (DTI) ratio and LTV ratio. At June 30, 2020, the weighted average FICO score of our insurance-in-force (IIF) was 752 and we had a 4% mix of below 680 FICO score risk. Similarly, at June 30, 2020, the weighted average LTV ratio (at origination) of our insured portfolio was 91.8% and we had a 9% mix of 97% LTV risk. In the weeks following the outbreak of COVID-19, we adopted changes to our underwriting guidelines, including changes to our loan documentation requirements, asset reserve requirements, employment verification process and income continuance determinations, which we expect will further strengthen the credit risk profile of our new business production.

We set our premium rates based on a broad range of individual and market variables, including property type, type of loan product, borrower credit characteristics, and lender profile. Given the significant economic dislocation caused thus far by the COVID-19 outbreak, and the uncertain duration and ultimate global impact of this crisis, we have taken action to increase the premium rates we charge on all new business production, in accordance with our filed rates and applicable rating rules. We expect the pricing changes we have instituted will increase the rate received on NIW volume in future periods and further enhance the credit mix of our new business production.

Delinquency Trends and Claims Expense

We had 10,816 defaulted loans in our primary insured portfolio at June 30, 2020, which represented a 2.90% default rate against our 372,934 total policies in-force. Our default population has increased significantly as borrowers have faced increasing challenges related to the COVID-19 outbreak and chosen to access the forbearance program for federally backed loans codified under the CARES Act or other similar assistance programs made available by private lenders. We expect our default population will grow in future periods as additional borrowers who have accessed forbearance programs and paused their monthly mortgage payments age into default status. At June 30, 2020, 28,555 or 7.7% of the loans we insured in our primary portfolio were enrolled in a forbearance program, including 9,502 of the loans in our default population, 6,752 loans that had missed at least one payment, but not progressed into default status and 12,301 additional loans that were fully performing without any missed payments. As of July 31, 2020, our default population had increased to 14,175, representing a 3.8% default rate.

We establish reserves for claims and allocated claim expenses when we are notified that a borrower is in default. The size of the reserve we establish for each defaulted loan (and by extension our aggregate reserve and claims expense) will reflect our best estimate of the future claim payment to be made under each individual policy. Our future claims exposure is a function of the number of delinquent loans that progress to claim payment (which we refer to as frequency) and the amount to be paid to settle such claims (which we refer to as severity). Our estimates of claims frequency and severity are not formulaic, rather they are broadly synthesized based on historical observed experience for similarly situated loans and assumptions about future macroeconomic factors.

We generally observe that forbearance programs are an effective tool to bridge dislocated borrowers from a time of acute stress to a future date when they can resume timely payment of their mortgage obligations. The effectiveness of forbearance programs is enhanced by the availability of various repayment and loan modification options, which allow borrowers to amortize, or in certain instances fully defer the payments otherwise due during the forbearance period, over an extended length of time. In response to the onset of the COVID-19 outbreak, Fannie Mae and Freddie Mac (the GSEs) have introduced new repayment and loan modification options to further assist borrowers with their transition out of forbearance and back into performing status. Our reserve setting process considers the beneficial impact of forbearance, foreclosure moratorium and other assistance programs available to defaulted borrowers. At June 30, 2020, we established lower reserves for defaults that we consider to be connected to the COVID-19 outbreak given our expectation that forbearance, repayment and modification, and other assistance programs will aid affected borrowers and drive higher cure rates on such defaults than we would otherwise expect to experience on similarly situated loans that did not benefit from broad-based assistance programs.

Our master policies require insureds to file a claim no later than 60-days after completion of a foreclosure, and in connection with the claim, the insured is generally entitled to include in the claim amount (i) interest (capped at three years) and (ii) certain advances, each as incurred through the date the claim is filed. Under our master policies, a national foreclosure moratorium of the type currently required will not limit the amount of accrued interest (subject to the three-year limit) or advances that may be included in the claim amount. If the duration of the current foreclosure moratorium mandated by the GSEs is extended beyond August 31, 2020 for an extended period of time, loans in our default inventory, including those with defaults unrelated to the COVID-19 crisis that had not yet gone through foreclosure, may remain in a pre-foreclosure default status for a prolonged period of time, which would delay our receipt of certain claims for loans that do not cure and could increase the severity of claims we may ultimately be required to pay after the moratorium is lifted.

Regulatory Capital Position

As an approved mortgage insurer and Wisconsin-domiciled carrier, we are required to satisfy financial and/or capitalization requirements stipulated by each of the GSEs and the Wisconsin Office of the Commissioner of Insurance (Wisconsin OCI).

The financial requirements stipulated by the GSEs are outlined in the GSEs' private mortgage insurer eligibility requirements (PMIERs). Under the PMIERs, we must maintain available assets that are equal to or exceed a minimum risk-based required asset amount, subject to a minimum floor of $400 million. At June 30, 2020, we reported $1,656 million available assets against $1,048 million risk-based required assets for a $609 million of “excess” funding position. The capital relief we expect to receive in connection with our 2020 insurance-linked notes (ILN) transaction is not included in our PMIERs position as of June 30, 2020, as the transaction was completed after quarter end. In future periods, the 2020 ILN Transaction will bolster our "excess" PMIERs funding position, subject to GSE approvals.

The risk-based required asset amount under PMIERs is determined at an individual policy-level based on the risk characteristics of each insured loan. Loans with higher risk factors, such as higher LTVs or lower borrower FICO scores, are assessed a higher charge. Non-performing loans that have missed two or more payments are generally assessed a significantly higher charge than performing loans, regardless of the underlying borrower or loan risk profile; however, special consideration is given under PMIERs to loans that are delinquent on homes located in an area declared by the Federal Emergency Management Agency (FEMA) to be a Major Disaster zone. In June 2020, the GSEs issued additional guidance on the risk-based treatment of loans affected by the COVID-19 crisis. Under the revised guidance, non-performing loans that are subject to a forbearance program granted in response to a financial hardship related to COVID-19 will benefit from a permanent 70% risk-based required asset haircut for the duration of the forbearance period and subsequent repayment plan or trial modification period.

Our PMIERs minimum risk-based required asset amount is also adjusted for our reinsurance transactions (as approved by the GSEs). Under our quota share reinsurance treaties, we receive credit for the PMIERs risk-based required asset amount on ceded RIF. As our gross PMIERs risk-based required asset amount on ceded risk-in-force (RIF) increases, our PMIERS credit for ceded RIF automatically increases as well (in an unlimited amount). Under our ILN transactions, we generally receive credit for the PMIERs risk-based required asset amount on ceded RIF to the extent such requirement is within the subordinated coverage (excess of loss detachment threshold) afforded by the transaction. We have structured our ILN transactions to be overcollateralized, such that there are more ILN notes outstanding and cash held in trust than we currently receive credit for under the PMIERs. To the extent our PMIERs risk-based required asset amount on RIF ceded under the ILN transactions grows, we receive increased PMIERs credit under the treaties. The increasing PMIERs credit we receive under the ILN treaties is further enhanced by their delinquency lockout triggers. In the event of certain credit enhancement or delinquency events, the ILN notes stop amortizing and the cash held in trust is secured for our benefit (a Lock-Out Event). As the underlying RIF continues to run-off, this has the effect of increasing the overcollateralization within, and excess PMIERs capacity provided by, each ILN structure.

Effective June 25, 2020, a Lock-Out Event was deemed to have occurred for each of the 2017, 2018 and 2019 ILN Transactions and the amortization of reinsurance coverage, and distribution of collateral assets and amortization of insurance-linked notes was suspended for each ILN Transaction. The amortization of reinsurance coverage, distribution of collateral assets and amortization of insurance-linked notes will remain suspended for the duration of the Lock-Out Event for each ILN Transaction, and during such period the overcollateralization within and PMIERs capacity provided by each ILN Transaction will grow as assets are preserved in the applicable reinsurance trust account.

The following table provides detail on the level of overcollateralization of each of our ILN Transactions at June 30, 2020:

($ values in thousands)	2017 ILN Transaction	2018 ILN Transaction	2019 ILN Transaction
Ceded RIF	$ 2,697,982	$ 3,233,508	$ 4,065,248
Current First Layer Retained Loss	122,034	123,694	123,345
Current Reinsurance Coverage	40,226	158,489	231,877
Eligible Coverage	$ 162,260	$ 282,183	$ 355,222
Subordinated Coverage	6.01 %	8.73 %	8.74 %
PMIERs Charge on Ceded RIF	5.57 %	7.00 %	7.40 %
Overcollateralization	$ 11,917	$ 55,709	$ 54,238
Delinquency Trigger	4.0%	4.0%	4.0%

At June 30, 2020, we had an aggregate $122 million of overcollateralization available across the 2017, 2018 and 2019 ILN Transactions to absorb an increase in the PMIERs risk-based required asset amount on ceded RIF. Assuming the Lock-Out Events remain in effect for each transaction and our underlying RIF continues to run-off at the same rate as it did during the month ended June 30, 2020, we estimate that our total overcollateralization would increase by up to approximately $80 million per quarter.

Our PMIERs funding requirement will go up in future periods based on the volume and risk profile of our new business production, and performance of our in-force insurance portfolio. We estimate, however, that we will remain in compliance with our PMIERs asset requirements even if the forbearance-driven default rate on our in-force portfolio materially exceeds its current level, given our $609 million excess available asset position at June 30, 2020, the nationwide applicability of the 70% haircut on delinquent policies affected by the COVID-19 crisis, the increasing PMIERs relief automatically provided under each of our quota share treaties and 2017, 2018, and 2019 ILN Transactions and additional risk protection and PMIERs capacity provided under our newly announced 2020 ILN and QSR Transactions.

NMIC is also subject to state regulatory minimum capital requirements based on its RIF. Formulations of this minimum capital vary by state, however, the most common measure allows for a maximum ratio of RIF to statutory capital (commonly referred to as "risk-to-capital" or "RTC") of 25:1. The RTC calculation does not assess a different charge or impose a different threshold RTC limit based on the underlying risk characteristics of the insured portfolio. Non-performing loans are treated the same as performing loans under the RTC framework. As such, the PMIERs generally imposes a stricter financial requirement than the state RTC standard, and we expect this to remain the case in the aftermath of the COVID-19 outbreak.

Liquidity

We evaluate our liquidity position at both a holding company (NMIH) and primary operating subsidiary (National Mortgage Insurance Corporation (NMIC)) level. As of June 30, 2020, we had $1.9 billion of consolidated cash and investments, including $76 million of cash and investments at NMIH.

On June 8 2020, NMIH completed the sale of 15.9 million shares of common stock, including the exercise of a 15% overallotment option, and raised proceeds of approximately $220 million, net of underwriting discounts, commissions and other direct offering expenses. On June 19, 2020, NMIH also completed the sale of its $400 million aggregate principal amount of senior secured notes, raising net proceeds of $244 million after giving effect to offering expenses and the repayment of the principal amount outstanding under our $150 million 2018 Term Loan. NMIH contributed approximately $445 million of capital to NMIC following completion of its respective Notes and common stock offerings.

NMIH also has access to $100 million of undrawn revolving credit capacity under our 2020 Revolving Credit Facility and $16.1 million of aggregate ordinary course dividend capacity available from NMIC and National Mortgage Reinsurance Inc One without the prior approval of the Wisconsin OCI. Amounts drawn under the 2020 Revolving Credit Facility are available as directed for NMIH needs or may be down-streamed to support the requirements of our operating subsidiaries if we so decide.

NMIH's principal liquidity demands include funds for the payment of (i) certain corporate expenses, (ii) certain reimbursable expenses of our insurance subsidiaries, including NMIC, and (iii) principal and interest as due on our outstanding debt. NMIH generates cash interest income on its investment portfolio and benefits from tax, expense-sharing and debt service agreements with its subsidiaries. Such agreements have been approved by the Wisconsin OCI and provide for the reimbursement of substantially all of NMIH's annual cash expenditures. While such agreements are subject to revocation by the Wisconsin OCI, we do not expect such action to be taken at this time. The Wisconsin OCI has refreshed its approval of the debt service agreement providing for the additional reimbursement by NMIC of interest expense due on our newly issued Notes and 2020 Revolving Credit Facility.

NMIC's principal sources of liquidity include (i) premium receipts on its insured portfolio and new business production, (ii) interest income on its investment portfolio and principal repayments on maturities therein, and (iii) existing cash and cash equivalent holdings. At June 30, 2020, NMIC had $1.7 billion of cash and investments, including $433 million of cash and equivalents. NMIC's principal liquidity demands include funds for the payment of (i) reimbursable holding company expenses, (ii) premiums ceded under our reinsurance transactions (iii) claims payments, and (iv) taxes as due or otherwise deferred through the purchase of tax and loss bonds. NMIC's cash inflow is generally significantly in excess of its cash outflow in any given period. During the twelve-month period ended June 30, 2020, NMIC generated $237 million of cash flow from operations and received an additional $437 million of cash flow on the maturity, sale and redemption of securities held in its investment portfolio. NMIC is not a party to any contracts (derivative or otherwise) that require it to post an increasing amount of collateral to any counterparty and NMIC's principal liquidity demands (other than claims payments) generally develop along a scheduled path (*i.e.*, are of a contractually predetermined amount and due at a contractually predetermined date). NMIC's only use of cash that develops along an unscheduled path is claims payments. Given the breadth and duration of forbearance programs available to borrowers, separate foreclosure moratoriums that have been enacted at a local, state and federal level, and the general duration of the default to foreclosure to claim cycle, we do not expect NMIC to pay meaningful cash claims in the near-term.

Premiums paid to NMIC on monthly policies are generally collected and remitted by loan servicers. We have noted the broad discussion about the liquidity challenges loan servicers may themselves face in the event of widespread borrower utilization of forbearance programs. We do not currently believe that loan servicer liquidity issues will have a material impact on NMIC's premium receipts or liquidity profile. Loan servicers are contractually obligated to advance mortgage insurance premiums in a timely manner, even if the underlying borrowers fail to remit their monthly mortgage payments. In June 2020, the GSEs issued guidance to the PMIERs that, among other items, requires us to notify them of our intent to cancel coverage on policies for which servicers have failed to make timely premium payments so that the GSEs can pay the premiums directly to us and preserve the mortgage insurance coverage. Through June 30, 2020, we did not see any notable changes in servicer payment practices, with servicers generally continuing to remit monthly premium payments as scheduled, including those for policies covering loans that are in a forbearance program.

Investment portfolio

At June 30, 2020, we had $1.9 billion of cash and invested assets. Our investment strategy equally prioritizes capital preservation alongside income generation, and we have a long-established investment policy that sets conservative limits for asset types, industry sectors, single issuers and instrument credit ratings. At June 30, 2020, our investment portfolio was comprised of 100% fixed income assets with 100% of our holdings rated investment grade and our portfolio having an average rating of "A+." At June 30, 2020, our portfolio was in a $53 million aggregate unrealized gain position; it was highly liquid and highly diversified with no Level 3 asset positions and no single issuer concentration greater than 1.3%. We did not record any allowance for credit losses in the portfolio during the three months ended June 30, 2020, as we expect to recover the amortized cost basis of all securities held.

The pre-tax book yield on our investment portfolio was 2.4% for the three months ended June 30, 2020. At the onset of the COVID-19 crisis, we decided to prioritize liquidity and increased our cash and equivalent holdings as a percentage of our total portfolio. We believe such action was prudent in light of the heightened market volatility and general uncertainty developing in the early stages of the COVID-19 pandemic; however, it contributed to a decline in our pre-tax book yield during the quarter. We have since redeployed much of our excess liquidity position and expect net investment income to rebound in the future.

Taxes

The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. We continue to monitor the impact that the CARES Act may have on our business, financial condition and results of operations.

Forward-Looking Statements

Certain statements contained in this filing 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," "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 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 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 no very high loan-to-value mortgages; our ability to remain an eligible mortgage insurer under the 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 Administration, 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 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; 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 Report on Form 10-Q for the quarter ended March 31, 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.

Item 9.01. Financial Statements and Exhibits

(d) ***Exhibits.***

Exhibit No.	Description
99.1	NMI Holdings, Inc. Press Release Dates August 5, 2020
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NMI Holdings, Inc.
(Registrant)

Date: August 5, 2020	By: /s/ Nicole C. Sanchez
	Nicole C. Sanchez
	VP, Associate General Counsel

FOR IMMEDIATE RELEASE

NMI Holdings, Inc. Reports Second Quarter 2020 Financial Results

EMERYVILLE, Calif., August 5, 2020, -- NMI Holdings, Inc. (Nasdaq: NMIH) today reported GAAP net income of $26.8 million, or $0.36 per diluted share, for the second quarter ended June 30, 2020, which compares to $58.3 million, or $0.74 per diluted share, in the first quarter ended March 31, 2020 and $39.1 million, or $0.56 per diluted share, in the second quarter ended June 30, 2019. Adjusted net income for the quarter was $29.7 million or $0.40 per diluted share, which compares to $52.7 million or $0.75 per diluted share in the first quarter ended March 31, 2020 and $41.4 million or $0.59 per diluted share in the second quarter ended June 30, 2019. Results for the second quarter ended June 30, 2020, reflect the impact of additional claims and claim expenses incurred on higher default experience in connection with the COVID-19 pandemic. 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.

Claudia Merkle, CEO of National MI, said, "From the start of this crisis, we have taken steps to protect the health and safety of our employees and ensure our continued ability to seamlessly support our lenders and their borrowers. While still early, we have been encouraged by the resiliency we've seen in the housing market. Demand has been robust, house prices have continued to rise and record low interest rates have giving more Americans a chance to access homeownership at a time when it's most critical." Merkle continued, "This is the time when our customers need us most, and our broadly conservative stance heading into this crisis, and the recent success we have achieved in the capital and reinsurance markets positions us well to continue supporting them and the overall housing market during the COVID-19 pandemic."

Selected highlights from the second quarter 2020 include:

- Primary insurance-in-force at quarter end was $98.9 billion, up 21% compared to the second quarter of 2019
- New insurance written was $13.1 billion, up 8% compared to $12.2 billion in the second quarter of 2019
- Net premiums earned were $98.9 million, up 19% compared to $83.2 million in the second quarter of 2019
- Underwriting and operating expenses were $30.4 million, including $0.2 million of capital market transaction costs, compared to $32.2 million in the second quarter of 2019, including $0.7 million of capital market transaction costs
- Insurance claims and claim expenses were $34.3 million, compared to $2.9 million in the second quarter of 2019, reflecting higher default experience attributable to the COVID-19 pandemic
- At quarter-end, cash and investments were $1.9 billion and shareholders' equity was $1.3 billion, equal to $14.82 per share
- Annualized return-on-equity for the quarter was 9.6% and annualized adjusted return-on-equity was 10.7%
- At quarter-end, the company reported total PMIERs available assets of $1.7 billion and net risk- based required assets of $1.0 billion

Concurrent with the release of second quarter earnings, the company has filed a Form 8-K that includes its current assessment of the impact the COVID-19 outbreak will have on the U.S. economy and housing market, and its perspective on the implications for the U.S. mortgage insurance market, and its business performance and financial position. The Form 8-K also includes selected operating statistics for the month ended July 31, 2020. Investors may access the Form 8-K on the company's website, www.nationalmi.com, in the "Investor Relations" section.

	Quarter Ended 6/30/2020	*Quarter Ended 3/31/2020*	*Quarter Ended 6/30/2019*	*Change (1) Q/Q*	*Change (1) Y/Y*
INSURANCE METRICS ($billions)					
Primary Insurance-in-Force	$ 98.9	$ 98.5	$ 81.7	*— %*	*21 %*
New Insurance Written - NIW					
Monthly premium	11.9	10.5	11.1	*14 %*	*7 %*
Single premium	1.2	0.8	1.1	*48 %*	*11 %*
Total (2)	13.1	11.3	12.2	*16 %*	*8 %*
FINANCIAL HIGHLIGHTS ($millions, except per share amounts)					
Net Premiums Earned	98.9	98.7	83.2	*— %*	*19 %*
Insurance Claims and Claim Expenses	34.3	5.7	2.9	*503 %*	*1075 %*
Underwriting and Operating Expenses (3)	30.4	32.3	32.2	*(6)%*	*(6)%*
Net Income	26.8	58.3	39.1	*(54)%*	*(31)%*
Adjusted Net Income	29.7	52.7	41.4	*(44)%*	*(28)%*
Cash and Investments	$ 1,855	$ 1,180	$ 1,053	*57 %*	*76 %*
Shareholders' Equity	1,257	975	812	*29 %*	*55 %*
Book Value per Share	$ 14.82	$ 14.15	$ 11.99	*5 %*	*24 %*
Loss Ratio	34.7 %	5.8 %	3.5 %		
Expense Ratio (3)	30.7 %	32.7 %	38.7 %		

(1) Percentages may not be replicated based on the rounded figures presented in the table.
(2) Total may not foot due to rounding.
(3) Certain "Underwriting and operating expenses" have been reclassified as "Service expenses" in prior periods.

Conference Call and Webcast Details

The company will hold a conference call, which will be webcast live today, August 5, 2020, 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 (888) 734-0328 in the U.S., or (914) 495-8578 internationally, and using Conference ID: 3189949 or 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," "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 Report on Form 10-Q for the quarter ended March 31, 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.

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 and adjusted combined ratio 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 discrete, non-recurring and 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 discrete, non-recurring and 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.

Although adjusted income before tax, adjusted net income, adjusted diluted EPS, adjusted return-on-equity, adjusted expense ratio and adjusted combined ratio 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. 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) *Infrequent or unusual non-operating items.* Items that are the result of unforeseen or uncommon events, which occur separately from operating earnings and are not expected to recur 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 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 non-recurring in nature, are not part of our primary operating activities and do not reflect our current period operating results.

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Consolidated statements of operations and comprehensive income	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
	(In Thousands, except for per share data)			
Revenues				
Net premiums earned	$ 98,944	$ 83,249	$ 197,661	$ 157,118
Net investment income	7,070	7,629	15,174	15,012
Net realized investment gains (losses)	711	(113)	639	(300)
Other revenues	1,223	415	2,123	456
Total revenues	107,948	91,180	215,597	172,286
Expenses				
Insurance claims and claim expenses	34,334	2,923	40,031	5,666
Underwriting and operating expenses[1]	30,370	32,190	62,647	62,990
Service expenses[1]	1,090	353	1,824	402
Interest expense	5,941	3,071	8,685	6,132
Loss (gain) from change in fair value of warrant liability	1,236	1,685	(4,723)	7,164
Total expenses	72,971	40,222	108,464	82,354
Income before income taxes	34,977	50,958	107,133	89,932
Income tax expense	8,129	11,858	22,014	17,933
Net income	$ 26,848	$ 39,100	$ 85,119	$ 71,999
Earnings per share				
Basic	$ 0.36	$ 0.58	$ 1.20	$ 1.07
Diluted	$ 0.36	$ 0.56	$ 1.11	$ 1.04
Weighted average common shares outstanding				
Basic	73,617	67,590	71,090	67,143
Diluted	74,174	69,590	72,407	69,348
Loss ratio[2]	34.7 %	3.5 %	20.3 %	3.6 %
Expense ratio[3]	30.7 %	38.7 %	31.7 %	40.1 %
Combined ratio [4]	65.4 %	42.2 %	51.9 %	43.7 %
Net income	$ 26,848	$ 39,100	$ 85,119	$ 71,999
Other comprehensive income, net of tax:				
Unrealized gains in accumulated other comprehensive income, net of tax expense of $8,978 and $3,662 for the three months ended June 30, 2020 and 2019, and $5,162 and $7,615 for the six months ended June 30, 2020 and 2019, respectively	33,773	13,779	19,418	28,647
Reclassification adjustment for realized (gains) losses included in net income, net of tax expense (benefit) of $149 and ($24) for the three months ended June 30, 2020 and 2019, and ($258) and ($63) for the six months ended June 30, 2020 and 2019, respectively	(562)	89	969	237
Other comprehensive income, net of tax	33,211	13,868	20,387	28,884
Comprehensive income	$ 60,059	$ 52,968	$ 105,506	$ 100,883

[1] Certain "Underwriting and operating expenses" have been reclassified as "Service expenses" in prior periods.
[2] Loss ratio is calculated by dividing insurance claims and claim expenses by net premiums earned.
[3] Expense ratio is calculated by dividing other underwriting and operating expenses by net premiums earned.
[4] Combined ratio may not foot due to rounding.

Consolidated balance sheets	**June 30, 2020**	**December 31, 2019**
Assets	*(In Thousands, except for share data)*	
Fixed maturities, available-for-sale, at fair value (amortized cost of $1,286,803 and $1,113,779 as of June 30, 2020 and December 31, 2019, respectively)	$ 1,339,771	$ 1,140,940
Cash and cash equivalents (including restricted cash of $2,068 and $2,662 as of June 30, 2020 and December 31, 2019, respectively)	515,450	41,089
Premiums receivable	46,408	46,085
Accrued investment income	7,909	6,831
Prepaid expenses	3,416	3,512
Deferred policy acquisition costs, net	63,619	59,972
Software and equipment, net	26,105	26,096
Intangible assets and goodwill	3,634	3,634
Prepaid reinsurance premiums	10,263	15,488
Reinsurance recoverable (1)	14,307	4,939
Other assets (1)	16,049	16,232
Total assets	$ 2,046,931	$ 1,364,818
Liabilities		
Debt	$ 392,773	$ 145,764
Unearned premiums	115,236	136,642
Accounts payable and accrued expenses	104,777	39,904
Reserve for insurance claims and claim expenses	69,903	23,752
Reinsurance funds withheld	12,205	14,310
Warrant liability, at fair value	2,698	7,641
Deferred tax liability, net	83,785	56,360
Other liabilities	8,517	10,025
Total liabilities	789,894	434,398
Shareholders' equity		
Common stock - class A shares, $0.01 par value; 84,804,766 and 68,358,074 shares issued and outstanding as of June 30, 2020 and December 31, 2019, respectively (250,000,000 shares authorized)	848	684
Additional paid-in capital	927,950	707,003
Accumulated other comprehensive income, net of tax	37,675	17,288
Retained earnings	290,564	205,445
Total shareholders' equity	1,257,037	930,420
Total liabilities and shareholders' equity	$ 2,046,931	$ 1,364,818

(1) Reinsurance recoverable has been reclassified from "Other assets" in the prior period.

Non-GAAP Financial Measure Reconciliations

As Reported	**Quarter ended 6/30/2020**	**Quarter ended 3/31/2020**	**Quarter ended 6/30/2019**
	(In Thousands, except for per share data)		
Revenues			
Net premiums earned	$ 98,944	$ 98,717	$ 83,249
Net investment income	7,070	8,104	7,629
Net realized investment gains (losses)	711	(72)	(113)
Other revenues	1,223	900	415
Total revenues	107,948	107,649	91,180
Expenses			
Insurance claims and claim expenses	34,334	5,697	2,923
Underwriting and operating expenses[1]	30,370	32,277	32,190
Service expenses[1]	1,090	734	353
Interest expense	5,941	2,744	3,071
Loss (gain) from change in fair value of warrant liability	1,236	(5,959)	1,685
Total expenses	72,971	35,493	40,222
Income before income taxes	34,977	72,156	50,958
Income tax expense	8,129	13,885	11,858
Net income	$ 26,848	$ 58,271	$ 39,100
Adjustments:			
Net realized investment (gains) losses	(711)	72	113
Loss (gain) from change in fair value of warrant liability	1,236	(5,959)	1,685
Capital markets transaction costs	2,790	474	664
Adjusted income before taxes	38,292	66,743	53,420
Income tax expense on adjustments	437	115	163
Adjusted net income	$ 29,726	$ 52,743	$ 41,399
Weighted average diluted shares outstanding	74,174	70,401	69,590
Diluted EPS	$ 0.36	$ 0.74 [2]	$ 0.56
Adjusted diluted EPS	$ 0.40	$ 0.75	$ 0.59
Return-on-equity	9.6 %	24.5 %	20.0 %
Adjusted return-on-equity	10.7 %	22.1 %	21.2 %
Expense ratio [3]	30.7 %	32.7 %	38.7 %
Adjusted expense ratio [4]	30.5 %	32.2 %	37.9 %
Combined ratio [5]	65.4 %	38.5 %	42.2 %
Adjusted combined ratio [6]	65.2 %	38.0 %	41.4 %

[1] Certain "Underwriting and operating expenses" have been reclassified as "Service expenses" in prior periods.
[2] Diluted net income for the quarter ended March 31, 2020 excludes the impact of the warrant fair value change as it was anti-dilutive. For all other periods presented, diluted net income equals reported net income as the impact of the warrant fair value change was dilutive.
[3] Expense ratio is calculated by dividing underwriting and operating expenses by net premiums earned.
[4] 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.
[5] Combined ratio is calculated by dividing the total of underwriting and operating expenses and insurance claims and claims expense by net premiums earned.
[6] 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.

Historical Quarterly Data	2020		2019			
	June 30	March 31	December 31	September 30	June 30	March 31
Revenues	*(In Thousands, except for per share data)*					
Net premiums earned	$ 98,944	$ 98,717	$ 95,517	$ 92,381	$ 83,249	$ 73,868
Net investment income	7,070	8,104	7,962	7,882	7,629	7,383
Net realized investment gains (losses)	711	(72)	264	81	(113)	(187)
Other revenues	1,223	900	1,154	1,244	415	42
Total revenues	107,948	107,649	104,897	101,588	91,180	81,106
Expenses						
Insurance claims and claim expenses	34,334	5,697	4,269	2,572	2,923	2,743
Underwriting and operating expenses[(1)]	30,370	32,277	31,296	32,335	32,190	30,800
Service expenses[(1)]	1,090	734	937	909	353	49
Interest expense	5,941	2,744	2,974	2,979	3,071	3,061
Loss (gain) from change in fair value of warrant liability	1,236	(5,959)	2,632	(1,139)	1,685	5,479
Total expenses	72,971	35,493	42,108	37,656	40,222	42,132
Income before income taxes	34,977	72,156	62,789	63,932	50,958	38,974
Income tax expense	8,129	13,885	12,594	14,169	11,858	6,075
Net income	$ 26,848	$ 58,271	$ 50,195	$ 49,763	$ 39,100	$ 32,899
Earnings per share						
Basic	$ 0.36	$ 0.85	$ 0.74	$ 0.73	$ 0.58	$ 0.49
Diluted	$ 0.36	$ 0.74	$ 0.71	$ 0.69	$ 0.56	$ 0.48
Weighted average common shares outstanding						
Basic	73,617	68,563	68,140	67,849	67,590	66,692
Diluted	74,174	70,401	70,276	70,137	69,590	68,996
Other data						
Loss Ratio[(2)]	34.7 %	5.8 %	4.5 %	2.8 %	3.5 %	3.7 %
Expense Ratio[(3)]	30.7 %	32.7 %	32.8 %	35.0 %	38.7 %	41.7 %
Combined ratio [(4)]	65.4 %	38.5 %	37.2 %	37.8 %	42.2 %	45.4 %

(1) Certain "Underwriting and operating expenses" have been reclassified as "Service expenses" in prior periods.
(2) Loss ratio is calculated by dividing insurance claims and claim expenses by net premiums earned.
(3) Expense ratio is calculated by dividing underwriting and operating expenses by net premiums earned.
(4) Combined ratio may not foot due to rounding.

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**					
	June 30, 2020	**March 31, 2020**	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**	**March 31, 2019**
	(In Millions)					
Monthly	$ 11,885	$ 10,461	$ 11,085	$ 12,994	$ 11,067	$ 6,211
Single	1,239	836	864	1,106	1,112	702
Primary	$ 13,124	$ 11,297	$ 11,949	$ 14,100	$ 12,179	$ 6,913

Primary and pool IIF	**As of**					
	June 30, 2020	**March 31, 2020**	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**	**March 31, 2019**
	(In Millions)					
Monthly	$ 82,848	$ 81,347	$ 77,097	$ 71,814	$ 63,922	$ 55,995
Single	16,057	17,147	17,657	17,899	17,786	17,239
Primary	98,905	98,494	94,754	89,713	81,708	73,234
Pool	2,340	2,487	2,570	2,668	2,758	2,838
Total	$ 101,245	$ 100,981	$ 97,324	$ 92,381	$ 84,466	$ 76,072

The following table presents the amounts related to the company's quota-share reinsurance transactions (the 2016 QSR Transaction, 2018 QSR Transaction and 2020 QSR Transaction, and collectively, the QSR Transactions), and Insurance-Linked Note transactions (the 2017 ILN Transaction, 2018 ILN Transaction and 2019 ILN Transaction, and collectively, the ILN Transactions) for the periods indicated.

	For the three months ended					
	June 30, 2020	**March 31, 2020**	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**	**March 31, 2019**
The QSR Transactions						
Ceded risk-in-force	$ 4,563,676	$ 4,843,715	$ 5,137,249	$ 4,901,809	$ 4,558,862	$ 4,534,353
Ceded premiums earned	(23,210)	(23,011)	(23,673)	(23,151)	(20,919)	(21,468)
Ceded claims and claim expenses	8,669	1,532	1,030	766	770	899
Ceding commission earned	4,428	4,513	4,691	4,584	4,171	4,206
Profit commission	5,271	12,413	13,314	13,254	11,884	12,061
The ILN Transactions						
Ceded premiums	$ (3,267)	$ (3,872)	$ (4,263)	$ (4,409)	$ (2,895)	$ (3,023)

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**					
	June 30, 2020	**March 31, 2020**	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**	**March 31, 2019**
	($ Values In Millions, except as noted below)					
New insurance written	$ 13,124	$ 11,297	$ 11,949	$ 14,100	$ 12,179	$ 6,913
New risk written	3,260	2,897	3,082	3,651	3,183	1,799
Insurance in force (IIF) (1)	98,905	98,494	94,754	89,713	81,708	73,234
Risk in force (1)	25,238	25,192	24,173	22,810	20,661	18,373
Policies in force (count) (1)	372,934	376,852	366,039	350,395	324,876	297,232
Average loan size *($ value in thousands)* (1)	$ 265	$ 261	$ 259	$ 256	$ 252	$ 246
Coverage percentage (2)	25.5 %	25.6 %	25.5 %	25.4 %	25.3 %	25.1 %
Loans in default (count) (1)	10,816	1,449	1,448	1,230	1,028	940
Percentage of loans in default (1)	2.90 %	0.38 %	0.40 %	0.35 %	0.32 %	0.32 %
Risk in force on defaulted loans (1)	$ 799	$ 84	$ 84	$ 70	$ 58	$ 53
Average premium yield (3)	0.40 %	0.41 %	0.41 %	0.43 %	0.43 %	0.42 %
Earnings from cancellations	$ 15.5	$ 8.6	$ 8.0	$ 7.4	$ 4.5	$ 2.3
Annual persistency (4)	64.1 %	71.7 %	76.8 %	82.4 %	86.0 %	87.2 %
Quarterly run-off (5)	12.9 %	8.0 %	7.7 %	7.5 %	5.1 %	3.3 %

(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 12-month period.
(5) Defined as the percentage of IIF that is no longer on our books after a given three month period.

The tables below present our total primary NIW by FICO, loan-to-value (LTV) ratio, and purchase/refinance mix for the periods indicated.

Primary NIW by FICO	**For the three months ended**		
	June 30, 2020	**March 31, 2020**	**June 30, 2019**
	($ In Millions)		
>= 760	$ 8,052	$ 6,290	$ 5,627
740-759	1,866	1,615	2,165
720-739	1,607	1,579	1,785
700-719	959	1,038	1,337
680-699	514	565	891
<=679	126	210	374
Total	$ 13,124	$ 11,297	$ 12,179
Weighted average FICO	762	757	751

Primary NIW by LTV	**For the three months ended**		
	June 30, 2020	**March 31, 2020**	**June 30, 2019**
		(In Millions)	
95.01% and above	$ 547	$ 721	$ 971
90.01% to 95.00%	5,385	5,009	5,931
85.01% to 90.00%	5,067	4,082	4,085
85.00% and below	2,125	1,485	1,192
Total	$ 13,124	$ 11,297	$ 12,179
Weighted average LTV	90.7 %	91.3 %	92.0 %

Primary NIW by purchase/refinance mix	**For the three months ended**		
	June 30, 2020	**March 31, 2020**	**June 30, 2019**
		(In Millions)	
Purchase	$ 7,776	$ 7,991	$ 10,697
Refinance	5,348	3,306	1,482
Total	$ 13,124	$ 11,297	$ 12,179

The table below presents a summary of our primary IIF and RIF by book year as of June 30, 2020.

Primary IIF and RIF	**As of June 30, 2020**	
	IIF	**RIF**
	(In Millions)	
June 30, 2020	$ 23,949	$ 6,039
2019	34,658	9,017
2018	14,322	3,643
2017	11,548	2,877
2016	9,595	2,428
2015 and before	4,833	1,234
Total	$ 98,905	$ 25,238

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**		
	June 30, 2020	**March 31, 2020**	**June 30, 2019**
		(In Millions)	
>= 760	$ 48,898	$ 47,340	$ 37,830
740-759	15,764	16,060	13,731
720-739	13,882	14,002	11,388
700-719	10,228	10,518	9,028
680-699	6,657	6,879	6,045
<=679	3,476	3,695	3,686
Total	$ 98,905	$ 98,494	$ 81,708

Primary RIF by FICO	As of		
	June 30, 2020	March 31, 2020	June 30, 2019
	(In Millions)		
>= 760	$ 12,433	$ 12,076	$ 9,551
740-759	4,031	4,121	3,499
720-739	3,585	3,626	2,904
700-719	2,625	2,696	2,286
680-699	1,706	1,760	1,524
<=679	858	913	897
Total	$ 25,238	$ 25,192	$ 20,661

Primary IIF by LTV	As of		
	June 30, 2020	March 31, 2020	June 30, 2019
	(In Millions)		
95.01% and above	$ 8,453	$ 8,838	$ 7,925
90.01% to 95.00%	45,862	46,318	38,371
85.01% to 90.00%	32,603	31,729	25,099
85.00% and below	11,987	11,609	10,313
Total	$ 98,905	$ 98,494	$ 81,708

Primary RIF by LTV	As of		
	June 30, 2020	March 31, 2020	June 30, 2019
	(In Millions)		
95.01% and above	$ 2,387	$ 2,478	$ 2,145
90.01% to 95.00%	13,463	13,587	11,206
85.01% to 90.00%	7,985	7,767	6,108
85.00% and below	1,403	1,360	1,202
Total	$ 25,238	$ 25,192	$ 20,661

Primary RIF by Loan Type	As of		
	June 30, 2020	March 31, 2020	June 30, 2019
Fixed	98 %	98 %	98 %
Adjustable rate mortgages			
Less than five years	—	—	—
Five years and longer	2	2	2
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**		
	June 30, 2020	**March 31, 2020**	**June 30, 2019**
	(In Millions)		
IIF, beginning of period	$ 98,494	$ 94,754	$ 73,234
NIW	13,124	11,297	12,179
Cancellations, principal repayments and other reductions	(12,713)	(7,557)	(3,705)
IIF, end of period	$ 98,905	$ 98,494	$ 81,708

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**		
	June 30, 2020	**March 31, 2020**	**June 30, 2019**
California	11.3 %	11.5 %	12.3 %
Texas	8.1	8.2	8.2
Florida	6.2	5.9	5.4
Virginia	5.4	5.3	5.2
Illinois	4.0	3.8	3.6
Colorado	3.8	3.6	3.4
Pennsylvania	3.6	3.7	3.6
Maryland	3.5	3.4	3.3
Washington	3.4	3.3	3.0
Massachusetts	3.4 %	3.3	2.8 %
Total	52.7 %	52.0 %	50.8 %

The table below presents selected primary portfolio statistics, by book year, as of June 30, 2020.

	As of June 30, 2020									
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	$ 17	10 %	655	98	1	1	0.3 %	0.3 %	1.0 %
2014	3,451	649	19 %	14,786	3,633	117	46	4.2 %	1.1 %	3.2 %
2015	12,422	4,167	34 %	52,548	20,466	559	106	3.4 %	1.3 %	2.7 %
2016	21,187	9,595	45 %	83,626	42,628	1,385	107	3.1 %	1.8 %	3.2 %
2017	21,582	11,548	54 %	85,897	51,702	2,132	65	5.2 %	2.6 %	4.1 %
2018	27,295	14,322	52 %	104,043	62,237	2,732	37	8.4 %	2.7 %	4.4 %
2019	45,141	34,658	77 %	148,423	119,696	3,357	3	12.5 %	2.3 %	2.8 %
2020	24,421	23,949	98 %	73,653	72,474	533	—	8.5 %	0.7 %	0.7 %
Total	$ 155,661	$ 98,905		563,631	372,934	10,816	365			

[(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 expenses:

	For the three months ended		For the six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(In Thousands)			
Beginning balance	$ 29,479	$ 15,537	$ 23,752	$ 12,811
Less reinsurance recoverables (1)	(6,193)	(3,678)	(4,939)	(3,001)
Beginning balance, net of reinsurance recoverables	23,286	11,859	18,813	9,810
Add claims incurred:				
Claims and claim expenses incurred:				
Current year (2)	34,958	3,492	42,516	7,401
Prior years (3)	(624)	(569)	(2,485)	(1,735)
Total claims and claim expenses incurred	34,334	2,923	40,031	5,666
Less claims paid:				
Claims and claim expenses paid:				
Current year (2)	39	—	39	—
Prior years (3)	1,985	674	3,209	1,368
Reinsurance terminations (4)	—	(549)	—	(549)
Total claims and claim expenses paid	2,024	125	3,248	819
Reserve at end of period, net of reinsurance recoverables	55,596	14,657	55,596	14,657
Add reinsurance recoverables (1)	14,307	3,775	14,307	3,775
Ending balance	$ 69,903	$ 18,432	$ 69,903	$ 18,432

(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 had 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.
(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.
(4) Represents the settlement of reinsurance recoverables in conjunction with the termination of one reinsurer under the 2016 QSR Transaction on a cut-off basis.

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 six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Beginning default inventory	1,449	940	1,448	877
Plus: new defaults	9,770	546	10,282	1,120
Less: cures	(353)	(433)	(828)	(907)
Less: claims paid	(49)	(25)	(83)	(62)
Less: claims denied	(1)	—	(3)	—
Ending default inventory	10,816	1,028	10,816	1,028

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 six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(In Thousands)			
Number of claims paid [1]	49	25	83	62
Total amount paid for claims	$ 2,578	$ 788	$ 4,081	$ 1,714
Average amount paid per claim	$ 53	$ 32	$ 49	$ 28
Severity[2]	89 %	77 %	87 %	69 %

[1] Count includes one and two claims settled without payment for the three and six months ended June 30, 2020, respectively, and four and seven claims settled without payment for the three and six months ended June 30, 2019, 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 June 30, 2020	As of June 30, 2019
	(In Thousands)	
Case [1]	$ 5.6	$ 16.4
IBNR [1][2]	0.9	1.5
Total	$ 6.5	$ 17.9

[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		
	June 30, 2020	March 31, 2020	June 30, 2019
	(In Thousands)		
Available Assets	$ 1,656,426	$ 1,069,695	$ 878,550
Risk-Based Required Assets	1,047,619	912,321	782,460