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**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): July 31, 2019**

**NMI Holdings, Inc.**

**(Exact Name of Registrant as Specified in Its Charter)**

**Delaware  
(State or Other Jurisdiction  
of Incorporation)**

**001-36174  
(Commission  
File Number)**

**45-4914248  
(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.

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**Item 2.02. Results of Operations and Financial Condition**

On July 31, 2019, NMI Holdings, Inc. issued a press release announcing its financial results for the quarter ended June 30, 2019. A copy of the press release is furnished as Exhibit 99.1 to this report.

The information included in, or furnished with, this report 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, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing or document.

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits.**

**Exhibit No.    Description**

99.1\*            [NMI Holdings, Inc. Press Release dated July 31, 2019](#)

101.INS        XBRL Instance Document - The instance document does not appear in the interactive data file because its iXBRL tags are embedded within the iXBRL document.

101.SCH        XBRL Taxonomy Extension Schema Document

101.CAL        XBRL Taxonomy Extension Calculation Linkbase Document

101.LAB        XBRL Taxonomy Extension Label Linkbase Document

101.PRE        XBRL Taxonomy Extension Presentation Linkbase Document

101.DEF        XBRL Taxonomy Extension Definition Linkbase Document

\* Furnished herewith

## 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: July 31, 2019    By: /s/ Nicole C. Sanchez  
Nicole C. Sanchez  
VP, Associate General Counsel

**FOR IMMEDIATE RELEASE****NMI Holdings, Inc. Reports Record Second Quarter 2019 Financial Results**

EMERYVILLE, CA, July 31, 2019 -- NMI Holdings, Inc. (Nasdaq: NMIH) today reported GAAP net income of \$39.1 million, or \$0.56 per diluted share, and adjusted net income of \$41.4 million, or \$0.59 per diluted share, for its second quarter ended June 30, 2019. This compares with GAAP net income of \$32.9 million, or \$0.48 per diluted share, and adjusted net income of \$38.5 million, or \$0.56 per diluted share, in the first quarter ended March 31, 2019. In the second quarter of 2018, the company reported GAAP net income of \$25.2 million, or \$0.37 per diluted share, and adjusted net income of \$27.4 million, or \$0.40 per diluted share. 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, "National MI again delivered record performance, including new insurance written of \$12.2 billion, net premiums earned of \$83.2 million, adjusted net income of \$41.4 million and adjusted return-on-equity of 21.2%. We continued to grow our high-quality insured portfolio at an industry-leading rate and are driving accelerating momentum in our customer franchise. We also succeeded with our third Insurance-Linked Notes offering, further extending our comprehensive credit risk management framework. The \$327 million offering, which closed earlier this week, provides significant incremental PMIERS capital support and helps to insulate National MI from adverse loss in our insured portfolio."

- As of June 30, 2019, the company had primary insurance-in-force of \$81.7 billion, up 12% from \$73.2 billion at March 31, 2019 and up 41% compared to \$58.1 billion as of June 30, 2018.
- Net premiums earned for the quarter were \$83.2 million, up 13% compared to \$73.9 million for the first quarter of 2019 and up 35% compared to \$61.6 million for the second quarter of 2018.
- Total underwriting and operating expenses in the quarter were \$32.5 million, including \$0.7 million of fees and expenses related to the recently completed Insurance-Linked Notes transaction. This compares with total underwriting and operating expenses of \$30.8 million in the first quarter of 2019 and \$29.0 million in the second quarter of 2018, which included \$0.7 million of fees and expenses related to the issuance of Insurance-Linked Notes completed in July 2018.
- At quarter-end, cash and investments were \$1.1 billion and shareholders' equity was \$812 million, equal to \$11.99 per share.
- Return-on-equity for the quarter was 20.0% and adjusted return-on-equity (a non-GAAP measure) was 21.2%.
- At quarter-end, the company had total PMIERS available assets of \$879 million, which compares with risk-based required assets under PMIERS of \$782 million. The PMIERS required assets do not reflect the benefit of the recently completed Insurance-Linked Notes transaction and related excess-of-loss reinsurance coverage, which occurred after the close of the second quarter.

The non-GAAP measures of adjusted net income, adjusted diluted EPS and adjusted return-on-equity for the quarters presented exclude the after-tax impact of periodic capital markets transaction costs, changes in the fair value of our warrant liability and realized gains or losses from our investment portfolio.

|  | <i>Quarter Ended</i><br><i>6/30/2019</i> | <i>Quarter Ended</i><br><i>3/31/2019</i> | <i>Quarter Ended</i><br><i>6/30/2018</i> | <i>Change</i> <sup>(1)</sup><br><i>Q/Q</i> | <i>Change</i> <sup>(1)</sup><br><i>Y/Y</i> |
|--|--|--|--|--|--|
| <b>Primary Insurance-in-Force (\$billions)</b>           | \$ 81.7                                  | \$ 73.2                                  | \$ 58.1                                  | 12%  | 41%  |
| <b>New Insurance Written - NIW (\$billions)</b>          |  |  |  |  |  |
| Monthly premium  | 11.1                                     | 6.2                                      | 5.7                                      | 78%  | 94%  |
| Single premium   | 1.1                                      | 0.7                                      | 0.8                                      | 58%  | 39%  |
| Total  | 12.2                                     | 6.9                                      | 6.5                                      | 76%  | 87%  |
| <b>Premiums Earned (\$millions)</b>                      | 83.2                                     | 73.9                                     | 61.6                                     | 13%  | 35%  |
| <b>Underwriting &amp; Operating Expense (\$millions)</b> | 32.5                                     | 30.8                                     | 29.0                                     | 5%   | 12%  |
| <b>Loss Expense (\$millions)</b>                         | 2.9                                      | 2.7                                      | 0.6                                      | 7%   | 355%                                       |
| <b>Loss Ratio</b>  | 3.5%                                     | 3.7%                                     | 1.0%                                     |  |  |
| <b>Expense Ratio</b>                                     | 39.1%                                    | 41.8%                                    | 47.1%                                    |  |  |
| <b>Cash &amp; Investments (\$millions)</b>               | \$ 1,053.3                               | \$ 980.0                                 | \$ 854.7                                 | 7%   | 23%  |
| <b>Book Equity (\$millions)</b>                          | 812.4                                    | 751.9                                    | 629.6                                    | 8%   | 29%  |
| <b>Book Value per Share</b>                              | \$ 11.99                                 | \$ 11.14                                 | \$ 9.58                                  | 8%   | 25%  |

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

### Conference Call and Webcast Details

The company will hold a conference call, which will be webcast live today, July 31, 2019, 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](http://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: 8584908 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](http://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 (Securities Act), Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act), and the U.S. Private Securities Litigation Reform Act of 1995 (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: 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; 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 government mortgage insurers, such as the Federal Housing Administration,

U.S. Department of Agriculture's Rural Housing Service and the 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 recent natural disasters, including, with respect to the 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, 2018, 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 and adjusted diluted earnings per share (EPS) enhance 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 in order to increase transparency and enhance the comparability of our fundamental operating trends across periods.

**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 years 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.

Although adjusted income before tax, adjusted net income and adjusted diluted EPS 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.

We believe the disclosure of these items and adjustments provides increased transparency to investors and enhances 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.

**Investor Contact**

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| Consolidated statements of operations and comprehensive income   | For the three months ended June 30,              |           | For the six months ended June 30, |            |
|--|--|-----------|-----------------------------------|------------|
|  | 2019   | 2018      | 2019                              | 2018       |
| Revenues   | <i>(In Thousands, except for per share data)</i> |           |                                   |            |
| Net premiums earned  | \$ 83,249  | \$ 61,615 | \$ 157,118                        | \$ 116,529 |
| Net investment income  | 7,629  | 5,735     | 15,012                            | 10,309     |
| Net realized investment (losses) gains   | (113)  | 59        | (300)                             | 59         |
| Other revenues   | 415  | 44        | 456                               | 108        |
| Total revenues   | 91,180   | 67,453    | 172,286                           | 127,005    |
| Expenses   |  |           |                                   |            |
| Insurance claims and claim expenses  | 2,923  | 643       | 5,666                             | 2,212      |
| Underwriting and operating expenses  | 32,543   | 29,020    | 63,392                            | 57,473     |
| Total expenses   | 35,466   | 29,663    | 69,058                            | 59,685     |
| Other expense  |  |           |                                   |            |
| (Loss) gain from change in fair value of warrant liability   | (1,685)  | 109       | (7,164)                           | 529        |
| Interest expense   | (3,071)  | (5,560)   | (6,132)                           | (8,979)    |
| Total other expense  | (4,756)  | (5,451)   | (13,296)                          | (8,450)    |
| Income before income taxes   | 50,958   | 32,339    | 89,932                            | 58,870     |
| Income tax expense   | 11,858   | 7,098     | 17,933                            | 11,274     |
| Net income   | \$ 39,100  | \$ 25,241 | \$ 71,999                         | \$ 47,596  |
| Earnings per share   |  |           |                                   |            |
| Basic  | \$ 0.58  | \$ 0.38   | \$ 1.07                           | \$ 0.74    |
| Diluted  | \$ 0.56  | \$ 0.37   | \$ 1.04                           | \$ 0.70    |
| Weighted average common shares outstanding   |  |           |                                   |            |
| Basic  | 67,590   | 65,664    | 67,143                            | 63,891     |
| Diluted  | 69,590   | 68,616    | 69,348                            | 67,171     |
| Loss ratio <sup>(1)</sup>  | 3.5%   | 1.0%      | 3.6%                              | 1.9%       |
| Expense ratio <sup>(2)</sup>   | 39.1%  | 47.1%     | 40.3%                             | 49.3%      |
| Combined ratio <sup>(3)</sup>  | 42.6%  | 48.1%     | 44.0%                             | 51.2%      |
| Net income   | \$ 39,100  | \$ 25,241 | \$ 71,999                         | \$ 47,596  |
| Other comprehensive income (loss), net of tax:   |  |           |                                   |            |
| Unrealized gains (losses) in accumulated other comprehensive income, net of tax expense (benefit) of \$3,662 and (\$2,879) for the three months ended June 30, 2019 and 2018 and \$7,615 and (\$3,304) for the six months ended June 30, 2019 and 2018, respectively | 13,779   | (1,464)   | 28,647                            | (12,429)   |
| Reclassification adjustment for realized losses (gains) included in net income, net of tax (benefit) expense of (\$24) and \$12 for the three months ended June 30, 2019 and 2018 and (\$63) and \$10 for the six months ended June 30, 2019 and 2018, respectively  | 89   | (46)      | 237                               | (37)       |
| Other comprehensive income (loss), net of tax  | 13,868   | (1,510)   | 28,884                            | (12,466)   |
| Comprehensive income   | \$ 52,968  | \$ 23,731 | \$ 100,883                        | \$ 35,130  |

<sup>(1)</sup> Loss ratio is calculated by dividing the provision for insurance claims and claim expenses by net premiums earned.

<sup>(2)</sup> Expense ratio is calculated by dividing other underwriting and operating expenses by net premiums earned.

<sup>(3)</sup> Combined ratio may not foot due to rounding.



## Consolidated balance sheets

|  | June 30, 2019       | December 31, 2018   |
|--|---------------------|---------------------|
| <i>(In Thousands, except for share data)</i>   |                     |                     |
| <b>Assets</b>  |                     |                     |
| Fixed maturities, available-for-sale, at fair value (amortized cost of \$994,543 and \$924,987 as of June 30, 2019 and December 31, 2018, respectively)  | \$ 1,017,607        | \$ 911,490          |
| Cash and cash equivalents (including restricted cash of \$1,430 and \$1,414 as of June 30, 2019 and December 31, 2018, respectively)   | 35,735              | 25,294              |
| Premiums receivable  | 42,225              | 36,007              |
| Accrued investment income  | 6,301               | 5,694               |
| Prepaid expenses   | 3,358               | 3,241               |
| Deferred policy acquisition costs, net   | 52,607              | 46,840              |
| Software and equipment, net  | 25,827              | 24,765              |
| Intangible assets and goodwill   | 3,634               | 3,634               |
| Prepaid reinsurance premiums   | 20,426              | 30,370              |
| Other assets   | 12,679              | 4,708               |
| <b>Total assets</b>  | <b>\$ 1,220,399</b> | <b>\$ 1,092,043</b> |
| <b>Liabilities</b>   |                     |                     |
| Term loan  | \$ 146,253          | \$ 146,757          |
| Unearned premiums  | 151,358             | 158,893             |
| Accounts payable and accrued expenses  | 24,351              | 31,141              |
| Reserve for insurance claims and claim expenses  | 18,432              | 12,811              |
| Reinsurance funds withheld   | 18,092              | 27,114              |
| Warrant liability, at fair value   | 9,679               | 7,296               |
| Deferred tax liability, net  | 28,258              | 2,740               |
| Other liabilities <sup>(1)</sup>   | 11,597              | 3,791               |
| <b>Total liabilities</b>   | <b>408,020</b>      | <b>390,543</b>      |
| <b>Shareholders' equity</b>  |                     |                     |
| Common stock - class A shares, \$0.01 par value; 67,768,466 and 66,318,849 shares issued and outstanding as of June 30, 2019 and December 31, 2018, respectively (250,000,000 shares authorized) | 677                 | 663                 |
| Additional paid-in capital   | 692,163             | 682,181             |
| Accumulated other comprehensive income (loss), net of tax  | 14,052              | (14,832)            |
| Retained earnings  | 105,487             | 33,488              |
| <b>Total shareholders' equity</b>  | <b>812,379</b>      | <b>701,500</b>      |
| <b>Total liabilities and shareholders' equity</b>  | <b>\$ 1,220,399</b> | <b>\$ 1,092,043</b> |

<sup>(1)</sup> Deferred Ceding Commissions have been reclassified to "Other Liabilities" in prior periods

## Non-GAAP Financial Measure Reconciliations

| <b>As Reported</b>   | <i>Quarter ended</i><br><b>6/30/2019</b>         | <i>Quarter ended</i><br><b>3/31/2019</b> | <i>Quarter ended</i><br><b>6/30/2018</b> |
|--|--|--|--|
|  | <i>(In Thousands, except for per share data)</i> |  |  |
| <b>Revenues</b>  |  |  |  |
| Net premiums earned  | \$ 83,249  | \$ 73,868                                | \$ 61,615                                |
| Net investment income                                      | 7,629  | 7,383                                    | 5,735                                    |
| Net realized investment (losses) gains                     | (113)  | (187)                                    | 59                                       |
| Other revenues   | 415  | 42                                       | 44                                       |
| <b>Total revenues</b>                                      | <b>91,180</b>                                    | <b>81,106</b>                            | <b>67,453</b>                            |
| <b>Expenses</b>  |  |  |  |
| Insurance claims and claim expenses                        | 2,923  | 2,743                                    | 643                                      |
| Underwriting and operating expenses                        | 32,543   | 30,849                                   | 29,020                                   |
| <b>Total expenses</b>                                      | <b>35,466</b>                                    | <b>33,592</b>                            | <b>29,663</b>                            |
| <b>Other Expense</b>                                       |  |  |  |
| (Loss) gain from change in fair value of warrant liability | (1,685)  | (5,479)                                  | 109                                      |
| Interest expense   | (3,071)  | (3,061)                                  | (5,560)                                  |
| <b>Total other expense</b>                                 | <b>(4,756)</b>                                   | <b>(8,540)</b>                           | <b>(5,451)</b>                           |
| <b>Income before income taxes</b>                          | <b>50,958</b>                                    | <b>38,974</b>                            | <b>32,339</b>                            |
| Income tax expense   | 11,858   | 6,075                                    | 7,098                                    |
| <b>Net income</b>  | <b>\$ 39,100</b>                                 | <b>\$ 32,899</b>                         | <b>\$ 25,241</b>                         |
| <b>Adjustments:</b>  |  |  |  |
| Net realized investment losses (gains)                     | 113  | 187                                      | (59)                                     |
| Loss (Gain) from change in fair value of warrant liability | 1,685  | 5,479                                    | (109)                                    |
| Capital markets transaction costs                          | 664  | —  | 2,921                                    |
| <b>Adjusted income before taxes</b>                        | <b>53,420</b>                                    | <b>44,640</b>                            | <b>35,092</b>                            |
| Income tax expense on adjustments                          | 163  | 39                                       | 578                                      |
| <b>Adjusted net income</b>                                 | <b>\$ 41,399</b>                                 | <b>\$ 38,526</b>                         | <b>\$ 27,416</b>                         |
| <b>Weighted average diluted shares outstanding</b>         | <b>69,590</b>                                    | <b>68,996</b>                            | <b>68,616</b>                            |
| <b>Diluted EPS</b>   | <b>\$ 0.56</b>                                   | <b>\$ 0.48</b>                           | <b>\$ 0.37</b>                           |
| <b>Adjusted diluted EPS</b>                                | <b>\$ 0.59</b>                                   | <b>\$ 0.56</b>                           | <b>\$ 0.40</b>                           |
| <b>Return-on-equity</b>                                    | <b>20.0%</b>                                     | <b>18.1%</b>                             | <b>16.4%</b>                             |
| <b>Adjusted return-on-equity</b>                           | <b>21.2%</b>                                     | <b>21.2%</b>                             | <b>17.8%</b>                             |

| Historical Quarterly Data                         | 2019             |                  | 2018             |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
|   | June 30          | March 31         | December 31      | September 30     | June 30          | March 31         |
| <i>(In Thousands, except for per share data)</i>  |                  |                  |                  |                  |                  |                  |
| <b>Revenues</b>                                   |                  |                  |                  |                  |                  |                  |
| Net premiums earned                               | \$ 83,249        | \$ 73,868        | \$ 69,261        | \$ 65,407        | \$ 61,615        | \$ 54,914        |
| Net investment income                             | 7,629            | 7,383            | 6,952            | 6,277            | 5,735            | 4,574            |
| Net realized investment (losses) gains            | (113)            | (187)            | 6                | (8)              | 59               | —                |
| Other revenues                                    | 415              | 42               | 40               | 85               | 44               | 64               |
| <b>Total revenues</b>                             | <b>91,180</b>    | <b>81,106</b>    | <b>76,259</b>    | <b>71,761</b>    | <b>67,453</b>    | <b>59,552</b>    |
| <b>Expenses</b>                                   |                  |                  |                  |                  |                  |                  |
| Insurance claims and claim expenses               | 2,923            | 2,743            | 2,141            | 1,099            | 643              | 1,569            |
| Underwriting and operating expenses               | 32,543           | 30,849           | 29,384           | 30,379           | 29,020           | 28,453           |
| <b>Total expenses</b>                             | <b>35,466</b>    | <b>33,592</b>    | <b>31,525</b>    | <b>31,478</b>    | <b>29,663</b>    | <b>30,022</b>    |
| <b>Other (expense) income <sup>(1)</sup></b>      | <b>(4,756)</b>   | <b>(8,540)</b>   | <b>510</b>       | <b>(8,436)</b>   | <b>(5,451)</b>   | <b>(2,999)</b>   |
| <b>Income before income taxes</b>                 | <b>50,958</b>    | <b>38,974</b>    | <b>45,244</b>    | <b>31,847</b>    | <b>32,339</b>    | <b>26,531</b>    |
| Income tax expense                                | 11,858           | 6,075            | 9,724            | 7,036            | 7,098            | 4,176            |
| <b>Net income</b>                                 | <b>\$ 39,100</b> | <b>\$ 32,899</b> | <b>\$ 35,520</b> | <b>\$ 24,811</b> | <b>\$ 25,241</b> | <b>\$ 22,355</b> |
| <b>Earnings per share</b>                         |                  |                  |                  |                  |                  |                  |
| Basic   | \$ 0.58          | \$ 0.49          | \$ 0.54          | \$ 0.38          | \$ 0.38          | \$ 0.36          |
| Diluted   | \$ 0.56          | \$ 0.48          | \$ 0.46          | \$ 0.36          | \$ 0.37          | \$ 0.34          |
| <b>Weighted average common shares outstanding</b> |                  |                  |                  |                  |                  |                  |
| Basic   | 67,590           | 66,692           | 66,308           | 65,948           | 65,664           | 62,099           |
| Diluted   | 69,590           | 68,996           | 69,013           | 68,844           | 68,616           | 65,697           |
| <b>Other data</b>                                 |                  |                  |                  |                  |                  |                  |
| Loss Ratio <sup>(2)</sup>                         | 3.5%             | 3.7%             | 3.1%             | 1.7%             | 1.0%             | 2.9%             |
| Expense Ratio <sup>(3)</sup>                      | 39.1%            | 41.8%            | 42.4%            | 46.4%            | 47.1%            | 51.8%            |
| <b>Combined ratio</b>                             | <b>42.6%</b>     | <b>45.5%</b>     | <b>45.5%</b>     | <b>48.1%</b>     | <b>48.1%</b>     | <b>54.7%</b>     |

<sup>(1)</sup> Other (expense) income includes the gain (loss) from change in fair value of warrant liability and interest expense.

<sup>(2)</sup> Loss ratio is calculated by dividing the provision for insurance claims and claim expenses by net premiums earned.

<sup>(3)</sup> Expense ratio is calculated by dividing other underwriting and operating expenses by net premiums earned.

**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, 2019        | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 | March 31, 2018 |
|                      | <i>(In Millions)</i> |                |                   |                    |               |                |
| Monthly              | \$ 11,067            | \$ 6,211       | \$ 6,296          | \$ 6,675           | \$ 5,711      | \$ 5,441       |
| Single               | 1,112                | 702            | 666               | 686                | 802           | 1,019          |
| Primary              | \$ 12,179            | \$ 6,913       | \$ 6,962          | \$ 7,361           | \$ 6,513      | \$ 6,460       |
|                      |                      |                |                   |                    |               |                |
| Primary and pool IIF | As of                |                |                   |                    |               |                |
|                      | June 30, 2019        | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 | March 31, 2018 |
|                      | <i>(In Millions)</i> |                |                   |                    |               |                |
| Monthly              | \$ 63,922            | \$ 55,995      | \$ 51,655         | \$ 46,967          | \$ 41,843     | \$ 37,574      |
| Single               | 17,786               | 17,239         | 16,896            | 16,560             | 16,246        | 15,860         |
| Primary              | 81,708               | 73,234         | 68,551            | 63,527             | 58,089        | 53,434         |
| Pool                 | 2,758                | 2,838          | 2,901             | 2,974              | 3,064         | 3,153          |
| Total                | \$ 84,466            | \$ 76,072      | \$ 71,452         | \$ 66,501          | \$ 61,153     | \$ 56,587      |

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

|                                 | As of and for the three months ended |                |                   |                    |               |                |
|---------------------------------|--------------------------------------|----------------|-------------------|--------------------|---------------|----------------|
|                                 | June 30, 2019                        | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 | March 31, 2018 |
|                                 | <i>(In Thousands)</i>                |                |                   |                    |               |                |
| Ceded risk-in-force             | \$ 4,558,862                         | \$ 4,534,353   | \$ 4,292,450      | \$ 3,960,461       | \$ 3,606,928  | \$ 3,304,335   |
| Ceded premiums written          | (18,592)                             | (18,845)       | (17,799)          | (16,546)           | (15,318)      | (14,525)       |
| Ceded premiums earned           | (20,919)                             | (21,468)       | (20,487)          | (19,286)           | (18,077)      | (16,218)       |
| Ceded claims and claim expenses | 770                                  | 899            | 710               | 337                | 173           | 543            |
| Ceding commission written       | 3,717                                | 3,771          | 3,549             | 3,320              | 3,064         | 2,905          |
| Ceding commission earned        | 4,171                                | 4,206          | 4,084             | 3,814              | 3,536         | 3,151          |
| Profit commission               | 11,884                               | 12,061         | 11,666            | 11,272             | 10,707        | 9,201          |

### 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, 2019                        | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 | March 31, 2018 |
|   | (\$ Values In Millions)              |                |                   |                    |               |                |
| New insurance written                           | \$ 12,179                            | \$ 6,913       | \$ 6,962          | \$ 7,361           | \$ 6,513      | \$ 6,460       |
| New risk written                                | 3,183                                | 1,799          | 1,799             | 1,883              | 1,647         | 1,580          |
| Insurance in force (IIF) <sup>(1)</sup>         | 81,708                               | 73,234         | 68,551            | 63,527             | 58,089        | 53,434         |
| Risk in force <sup>(1)</sup>                    | 20,661                               | 18,373         | 17,091            | 15,744             | 14,308        | 13,085         |
| Policies in force (count) <sup>(1)</sup>        | 324,876                              | 297,232        | 280,825           | 262,485            | 241,993       | 223,263        |
| Average loan size <sup>(1)</sup>                | \$ 0.252                             | \$ 0.246       | \$ 0.244          | \$ 0.242           | \$ 0.240      | \$ 0.239       |
| Coverage percentage <sup>(2)</sup>              | 25.3%                                | 25.1%          | 24.9%             | 24.8%              | 24.6%         | 24.5%          |
| Loans in default (count) <sup>(1)</sup>         | 1,028                                | 940            | 877               | 746                | 768           | 1,000          |
| Percentage of loans in default <sup>(1)</sup>   | 0.3%                                 | 0.3%           | 0.3%              | 0.3%               | 0.3%          | 0.5%           |
| Risk in force on defaulted loans <sup>(1)</sup> | \$ 58                                | \$ 53          | \$ 48             | \$ 42              | \$ 43         | \$ 57          |
| Average premium yield <sup>(3)</sup>            | 0.43%                                | 0.42%          | 0.42%             | 0.43%              | 0.44%         | 0.43%          |
| Earnings from cancellations                     | \$ 4.5                               | \$ 2.3         | \$ 2.1            | \$ 2.6             | \$ 3.1        | \$ 2.8         |
| Annual persistency <sup>(4)</sup>               | 86.0%                                | 87.2%          | 87.1%             | 86.1%              | 85.5%         | 85.7%          |
| Quarterly run-off <sup>(5)</sup>                | 5.1%                                 | 3.3%           | 3.1%              | 3.3%               | 3.5%          | 3.1%           |

<sup>(1)</sup> Reported as of the end of the period.

<sup>(2)</sup> Calculated as end of period risk in force (RIF) divided by end of period IIF.

<sup>(3)</sup> Calculated as net premiums earned, divided by average primary IIF for the period, annualized.

<sup>(4)</sup> Defined as the percentage of IIF that remains on our books after a given 12-month period.

<sup>(5)</sup> 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, 2019              | March 31, 2019 | June 30, 2018 |
|                       | (\$ In Millions)           |                |               |
| >= 760                | \$ 5,627                   | \$ 3,057       | \$ 2,807      |
| 740-759               | 2,165                      | 1,224          | 1,129         |
| 720-739               | 1,785                      | 1,044          | 964           |
| 700-719               | 1,337                      | 792            | 747           |
| 680-699               | 891                        | 553            | 469           |
| <=679                 | 374                        | 243            | 397           |
| Total                 | \$ 12,179                  | \$ 6,913       | \$ 6,513      |
| Weighted average FICO | 751                        | 749            | 747           |

## Primary NIW by LTV

|                      | For the three months ended |                 |                 |
|----------------------|----------------------------|-----------------|-----------------|
|                      | June 30, 2019              | March 31, 2019  | June 30, 2018   |
|                      | <i>(In Millions)</i>       |                 |                 |
| 95.01% and above     | \$ 971                     | \$ 569          | \$ 971          |
| 90.01% to 95.00%     | 5,931                      | 3,424           | 2,932           |
| 85.01% to 90.00%     | 4,085                      | 2,241           | 1,888           |
| 85.00% and below     | 1,192                      | 679             | 722             |
| <b>Total</b>         | <b>\$ 12,179</b>           | <b>\$ 6,913</b> | <b>\$ 6,513</b> |
| Weighted average LTV | 92.0%                      | 92.2%           | 92.7%           |

## Primary NIW by purchase/refinance mix

|              | For the three months ended |                 |                 |
|--------------|----------------------------|-----------------|-----------------|
|              | June 30, 2019              | March 31, 2019  | June 30, 2018   |
|              | <i>(In Millions)</i>       |                 |                 |
| Purchase     | \$ 10,697                  | \$ 6,383        | \$ 6,137        |
| Refinance    | 1,482                      | 530             | 376             |
| <b>Total</b> | <b>\$ 12,179</b>           | <b>\$ 6,913</b> | <b>\$ 6,513</b> |

The table below presents a summary of our primary IIF and RIF by book year as of June 30, 2019.

## Primary IIF and RIF

|                 | As of June 30, 2019  |                  |
|-----------------|----------------------|------------------|
|                 | IIF                  | RIF              |
|                 | <i>(In Millions)</i> |                  |
| June 30, 2019   | \$ 18,745            | \$ 4,892         |
| 2018            | 24,344               | 6,177            |
| 2017            | 17,512               | 4,319            |
| 2016            | 13,903               | 3,454            |
| 2015            | 6,218                | 1,569            |
| 2014 and before | 986                  | 250              |
| <b>Total</b>    | <b>\$ 81,708</b>     | <b>\$ 20,661</b> |

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, 2019        | March 31, 2019   | June 30, 2018    |
|              | <i>(In Millions)</i> |                  |                  |
| >= 760       | \$ 37,830            | \$ 33,902        | \$ 27,311        |
| 740-759      | 13,731               | 12,160           | 9,460            |
| 720-739      | 11,388               | 10,096           | 7,722            |
| 700-719      | 9,028                | 8,122            | 6,355            |
| 680-699      | 6,045                | 5,435            | 4,174            |
| <=679        | 3,686                | 3,519            | 3,067            |
| <b>Total</b> | <b>\$ 81,708</b>     | <b>\$ 73,234</b> | <b>\$ 58,089</b> |

## Primary RIF by FICO

|              | As of                |                  |                  |
|--------------|----------------------|------------------|------------------|
|              | June 30, 2019        | March 31, 2019   | June 30, 2018    |
|              | <i>(In Millions)</i> |                  |                  |
| >= 760       | \$ 9,551             | \$ 8,506         | \$ 6,758         |
| 740-759      | 3,499                | 3,076            | 2,344            |
| 720-739      | 2,904                | 2,550            | 1,905            |
| 700-719      | 2,286                | 2,036            | 1,558            |
| 680-699      | 1,524                | 1,357            | 1,016            |
| <=679        | 897                  | 848              | 727              |
| <b>Total</b> | <b>\$ 20,661</b>     | <b>\$ 18,373</b> | <b>\$ 14,308</b> |

## Primary IIF by LTV

|                  | As of                |                  |                  |
|------------------|----------------------|------------------|------------------|
|                  | June 30, 2019        | March 31, 2019   | June 30, 2018    |
|                  | <i>(In Millions)</i> |                  |                  |
| 95.01% and above | \$ 7,925             | \$ 7,204         | \$ 5,747         |
| 90.01% to 95.00% | 38,371               | 34,024           | 26,119           |
| 85.01% to 90.00% | 25,099               | 22,208           | 17,319           |
| 85.00% and below | 10,313               | 9,798            | 8,904            |
| <b>Total</b>     | <b>\$ 81,708</b>     | <b>\$ 73,234</b> | <b>\$ 58,089</b> |

## Primary RIF by LTV

|                  | As of                |                  |                  |
|------------------|----------------------|------------------|------------------|
|                  | June 30, 2019        | March 31, 2019   | June 30, 2018    |
|                  | <i>(In Millions)</i> |                  |                  |
| 95.01% and above | \$ 2,145             | \$ 1,928         | \$ 1,522         |
| 90.01% to 95.00% | 11,206               | 9,923            | 7,610            |
| 85.01% to 90.00% | 6,108                | 5,384            | 4,154            |
| 85.00% and below | 1,202                | 1,138            | 1,022            |
| <b>Total</b>     | <b>\$ 20,661</b>     | <b>\$ 18,373</b> | <b>\$ 14,308</b> |

## Primary RIF by Loan Type

|                            | As of         |                |               |
|----------------------------|---------------|----------------|---------------|
|                            | June 30, 2019 | March 31, 2019 | June 30, 2018 |
| Fixed                      | 98%           | 98%            | 98%           |
| Adjustable rate mortgages: |               |                |               |
| Less than five years       | —             | —              | —             |
| Five years and longer      | 2             | 2              | 2             |
| <b>Total</b>               | <b>100%</b>   | <b>100%</b>    | <b>100%</b>   |

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, 2019              | March 31, 2019   | June 30, 2018    |
|                                    | <i>(In Millions)</i>       |                  |                  |
| IIF, beginning of period           | \$ 73,234                  | \$ 68,551        | \$ 53,434        |
| NIW                                | 12,179                     | 6,913            | 6,513            |
| Cancellations and other reductions | (3,705)                    | (2,230)          | (1,858)          |
| <b>IIF, end of period</b>          | <b>\$ 81,708</b>           | <b>\$ 73,234</b> | <b>\$ 58,089</b> |

## 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, 2019 | March 31, 2019 | June 30, 2018 |
| California   | 12.3%         | 12.7%          | 13.4%         |
| Texas        | 8.2           | 8.3            | 8.0           |
| Florida      | 5.4           | 5.2            | 4.7           |
| Virginia     | 5.2           | 5.0            | 5.0           |
| Arizona      | 4.6           | 4.8            | 5.0           |
| Illinois     | 3.6           | 3.4            | 3.3           |
| Pennsylvania | 3.6           | 3.6            | 3.6           |
| Michigan     | 3.5           | 3.6            | 3.7           |
| Colorado     | 3.4           | 3.4            | 3.5           |
| Maryland     | 3.3           | 3.2            | 3.3           |
| Total        | 53.1%         | 53.2%          | 53.5%         |

The table below presents selected primary portfolio statistics, by book year, as of June 30, 2019.

| Book year                      | As of June 30, 2019        |                              |                                   |                        |                             |                            |                  |   |                             |                          |
|--------------------------------|----------------------------|------------------------------|-----------------------------------|------------------------|-----------------------------|----------------------------|------------------|---|-----------------------------|--------------------------|
|                                | 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) |
| <i>(\$ Values in Millions)</i> |                            |                              |                                   |                        |                             |                            |                  |   |                             |                          |
| 2013                           | \$ 162                     | \$ 27                        | 16%                               | 655                    | 145                         | —                          | 1                | 0.2%  | 0.2%                        | —%                       |
| 2014                           | 3,451                      | 960                          | 28%                               | 14,786                 | 5,085                       | 46                         | 35               | 3.8%  | 0.5%                        | 0.9%                     |
| 2015                           | 12,422                     | 6,218                        | 50%                               | 52,548                 | 29,049                      | 183                        | 69               | 2.9%  | 0.5%                        | 0.6%                     |
| 2016                           | 21,187                     | 13,902                       | 66%                               | 83,626                 | 58,662                      | 209                        | 67               | 2.0%  | 0.3%                        | 0.4%                     |
| 2017                           | 21,582                     | 17,512                       | 81%                               | 85,897                 | 72,988                      | 355                        | 17               | 3.1%  | 0.4%                        | 0.5%                     |
| 2018                           | 27,288                     | 24,344                       | 89%                               | 104,015                | 95,477                      | 231                        | 3                | 3.0%  | 0.2%                        | 0.2%                     |
| 2019                           | 19,092                     | 18,745                       | 98%                               | 64,429                 | 63,470                      | 4                          | —                | 0.3%  | —%                          | —%                       |
| Total                          | \$ 105,184                 | \$ 81,708                    |                                   | 405,956                | 324,876                     | 1,028                      | 192              |   |                             |                          |

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

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

(3) The ratio of 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, 2019              | June 30, 2018 | June 30, 2019            | June 30, 2018 |
|   | <i>(In Thousands)</i>      |               |                          |               |
| Beginning balance   | \$ 15,537                  | \$ 10,391     | \$ 12,811                | \$ 8,761      |
| Less reinsurance recoverables <sup>(1)</sup>              | (3,678)                    | (2,334)       | (3,001)                  | (1,902)       |
| Beginning balance, net of reinsurance recoverables        | 11,859                     | 8,057         | 9,810                    | 6,859         |
| Add claims incurred:                                      |                            |               |                          |               |
| Claims and claim expenses incurred:                       |                            |               |                          |               |
| Current year <sup>(2)</sup>                               | 3,492                      | 1,212         | 7,401                    | 3,152         |
| Prior years <sup>(3)</sup>                                | (569)                      | (569)         | (1,735)                  | (940)         |
| Total claims and claim expenses incurred                  | 2,923                      | 643           | 5,666                    | 2,212         |
| Less claims paid:   |                            |               |                          |               |
| Claims and claim expenses paid:                           |                            |               |                          |               |
| Current year <sup>(2)</sup>                               | —                          | —             | —                        | —             |
| Prior years <sup>(3)</sup>                                | 674                        | 481           | 1,368                    | 852           |
| Reinsurance terminations <sup>(4)</sup>                   | (549)                      | —             | (549)                    | —             |
| Total claims and claim expenses paid                      | 125                        | 481           | 819                      | 852           |
| Reserve at end of period, net of reinsurance recoverables | 14,657                     | 8,219         | 14,657                   | 8,219         |
| Add reinsurance recoverables <sup>(1)</sup>               | 3,775                      | 2,382         | 3,775                    | 2,382         |
| Ending balance  | \$ 18,432                  | \$ 10,601     | \$ 18,432                | \$ 10,601     |

<sup>(1)</sup> Related to ceded losses recoverable under the QSR Transactions, included in "Other Assets" on the Condensed Consolidated Balance Sheets.

<sup>(2)</sup> 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, that default would be included in the current year. Amounts are presented net of reinsurance.

<sup>(3)</sup> Related to insured loans with defaults occurring in prior years, which have been continuously in default since that time. Amounts are presented net of reinsurance.

<sup>(4)</sup> 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, 2019              | June 30, 2018 | June 30, 2019            | June 30, 2018 |
| Beginning default inventory | 940                        | 1,000         | 877                      | 928           |
| Plus: new defaults          | 546                        | 287           | 1,120                    | 700           |
| Less: cures                 | (433)                      | (501)         | (907)                    | (825)         |
| Less: claims paid           | (25)                       | (18)          | (62)                     | (35)          |
| Ending default inventory    | 1,028                      | 768           | 1,028                    | 768           |

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, 2019              | June 30, 2018 | June 30, 2019            | June 30, 2018 |
|                                      | <i>(In Thousands)</i>      |               |                          |               |
| Number of claims paid <sup>(1)</sup> | 25                         | 18            | 62                       | 35            |
| Total amount paid for claims         | \$ 788                     | \$ 607        | \$ 1,714                 | \$ 1,089      |
| Average amount paid per claim        | \$ 32                      | \$ 34         | \$ 28                    | \$ 31         |
| Severity <sup>(2)</sup>              | 77%                        | 78%           | 69%                      | 76%           |

<sup>(1)</sup> Count includes 4 and 7 claims settled without payment for the three and six months ended June 30, 2019, respectively, and 1 and 4 claims settled without payment for the three and six months ended June 30, 2018, respectively.

<sup>(2)</sup> 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, 2019   |    | As of June 30, 2018 |    |
|------------------------------|-----------------------|----|---------------------|----|
|                              | <i>(In Thousands)</i> |    |                     |    |
| Case <sup>(1)</sup>          | \$                    | 16 | \$                  | 13 |
| IBNR <sup>(2)</sup>          |                       | 2  |                     | 1  |
| Total                        | \$                    | 18 | \$                  | 14 |

<sup>(1)</sup> Defined as the gross reserve per insured loan in default.

<sup>(2)</sup> 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, 2019         | March 31, 2019 | June 30, 2018 |
|                            | <i>(In Thousands)</i> |                |               |
| Available Assets           | \$ 878,550            | \$ 817,758     | \$ 653,080    |
| Risk-Based Required Assets | 782,460               | 607,325        | 587,235       |