



## **RISK COMMITTEE CHARTER**

### **I. STATUS**

The Risk Committee (the "Committee") is a committee of the Board of Directors ("Board") of NMI Holdings, Inc. (the "Company").

### **II. PURPOSE**

The purpose of the Committee is to have oversight responsibility of (i) Company's management of key risks and exposures that could materially impact the Company and (ii) operation of the Company's mortgage insurance business and the management of the Company's investment portfolio. The function of the Committee is oversight. The management of the Company is responsible to ensure management's activities are aligned with the risk appetite expressed by the Committee. In performing this general responsibility, the Committee shall, in such manner and at such times as it deems appropriate in its discretion:

1. Monitor the performance of the Company's insured books of business and the principal factors affecting their performance as well as the performance of the Company's investment portfolio;
2. Discuss, review and monitor the Company's mortgage insurance products, including premium rates, underwriting guidelines and returns;
3. Review and approve the Company's investment policy;
4. Review the mortgage insurance operating environment, including the state of local and regional housing markets, competitive forces affecting the Company and the Company's relationships with residential mortgage lenders and investors;
5. Assist the Board in its oversight and review of information regarding the Company's enterprise risk management approach, including the significant policies, procedures and processes to manage and mitigate risks that pose a material threat to the viability of the Company, including but not limited to: liquidity, credit, market, operational and insurance risks;
6. Review and approve the Company's Director's & Officers liability coverage for adequacy and scope;
7. Have access to the Chief Financial Officer and any committee of senior management of the Company that makes decisions about the investment portfolio;
8. Have access to the Chief Risk Officer and any committee of senior management of the Company that makes decisions about risk management matters relating to the Company's mortgage insurance business; and
9. Have access to the Head of Internal Audit and any committee of senior management that reviews, evaluates and reports on the adequacy of the Company's system of internal controls and processes governing all aspects of its mortgage insurance operations and investment activities.

### **III. COMMITTEE MEMBERSHIP**

The Committee shall consist of no fewer than three members. The members of the Committee shall meet the independence requirements of Section 5605(a)(2) of the NASDAQ Listing Rules and any other applicable laws or regulations, including state insurance laws.

#### **IV. OPERATION**

The members of the Committee shall be appointed by the Board on the recommendation of the Governance and Nominating Committee. Committee members may be removed by a majority vote of the Board, including based on the recommendation of the Governance and Nominating Committee. Any vacancy on the Committee shall be filled by a majority vote of the Board based on the recommendation of the Governance and Nominating Committee.

The Chairperson of the Committee shall be designated by the Board. The Chairperson shall be responsible for presiding over meetings, preparing meeting agendas and reporting to the Board. In the event the Chairperson is not present at a meeting, the Committee members present at that meeting shall designate one of its members as the acting chair of such meeting.

The Committee shall meet at least four times each year at regularly scheduled meetings of the Board and at such other times as it deems necessary to fulfill its responsibilities. The Committee shall maintain minutes of its meetings and other records relating to those meetings. The Committee shall periodically meet separately, in executive session, with the Chief Executive Officer, head of internal audit, and any counsel or consultant the Committee may retain to assist it in carrying out its duties. Written minutes of Committee meetings shall be maintained. The Committee shall report regularly to the Board with respect to its activities and make recommendations to the Board as appropriate. A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

The Committee may form and delegate authority to subcommittees when appropriate.

#### **V. RESPONSIBILITIES**

1. Inquire of management and the Company's credit and risk management departments regarding significant credit-based risks or exposures faced by the Company; assess the steps management has taken to manage and price those risks; and ensure the insurance portfolio does not exceed acceptable levels of risk.
2. Review the Company's credit policies, risk limits and its overall risk management analytics.
3. Review the quality of the Company's mortgage insurance portfolio and general compliance with underwriting guidelines and procedures, including diversification by geography, loan quality, type, risk ratings, size and other risk concentration issues.
4. Review the risk characteristics of new business being written by the Company separately from the risk characteristics of the existing mortgage insurance portfolio in order to better assess developing trends in new mortgage insurance business.
5. Review and approve significant changes in risk management policies and administration, general underwriting guidelines and risk limits.
6. Annually review the Company's risk management structure and enterprise risk management approach, including the adequacy of resources (personnel and systems) devoted to risk management.
7. Review the Company's policies, methods and management of its counterparty risk with the lenders whose loans the Company is insuring.

8. Provide oversight on potential future risks and report such matters with significant risk implications to the Board, and perform other duties or responsibilities delegated to the Committee relating to the Company's material risks and exposures.
9. Inquire of management and the Company's internal and external investment advisors regarding investments made by the Company and assess the steps management has taken in managing the Company's investment portfolio.
10. Review the Company's investment policy and its overall investment analytics.
11. Review the Company's Director's & Officer's liability coverage for scope and adequacy.
12. Provide oversight of the Company's vendor management program(s), including receipt of periodic reports and presentations from management.
13. Annually review and reassess the Committee's responsibilities, functions and Charter, making changes as necessary, and conduct an annual performance evaluation of the Committee.

## **VI. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISORS**

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities. The Committee may retain, at the Company's expense, such independent counsel or other consultants or advisers as it deems necessary.

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