

The logo for NMI Holdings, Inc. is displayed in white text on a grey rectangular background. The letters 'NMI' are in a large, bold, sans-serif font, with 'HOLDINGS, INC.' in a smaller, all-caps, sans-serif font directly below them.

**NMI**  
HOLDINGS, INC.

A decorative graphic on the left side of the slide consists of a dark blue background with a white jagged line that resembles a stylized mountain range or a series of peaks. Below the line, there are four small dark blue squares arranged in a 2x2 grid.

*Introducing:*  
**Rate GPS<sup>sm</sup>**  
**(Granular Pricing System)**

# Cautionary Note Regarding Forward-Looking Statements



This presentation contains forward looking statements within the meaning of Section 27A of 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. Any statements about our expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance are not historical facts and may be forward looking. These statements are often, but not always, made through the use of words or phrases such as “anticipate,” “believe,” “can,” “could,” “may,” “predict,” “potential,” “should,” “will,” “estimate,” “plan,” “project,” “continuing,” “ongoing,” “expect,” “intend” or words of similar meaning and include, but are not limited to, statements regarding the outlook for our future business and financial performance. All forward looking statements are necessarily only estimates of future results, and actual results may differ materially from expectations. You are, therefore, cautioned not to place undue reliance on such statements which should be read in conjunction with our other cautionary statements contained in our Annual Report on Form 10-K for the year ended December 31, 2017, as subsequently updated in other reports we file from time-to-time with the U.S. Securities and Exchange Commission. Further, any forward looking statement speaks only as of the date on which it is made and we undertake no obligation to update or revise any forward looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. We have based these forward looking statements on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, operating results, business strategy and financial needs. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward looking statements including, but 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 current or future versions of 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 governmental mortgage insurers like the Federal Housing Administration and the Veterans Administration, and potential market entry by new competitors or consolidation of existing competitors;
- developments in the world’s financial, capital and reinsurance markets and our access to such markets;
- 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;
- changes to the GSEs’ role in the secondary mortgage market driven by legislative or regulatory action 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 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 our pricing, risk management 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 counterparties, including third party reinsurers, to meet their obligations to us;
- our ability to utilize our net operating loss carryforwards, which could be limited or eliminated in various ways, including if we experience an ownership change as defined in Section 382 of the Internal Revenue Code of 1986, as amended;
- failure to maintain, improve and continue to develop necessary information technology systems or the failure of our technology providers to perform as expected; and
- our ability to recruit, train and retain key personnel.

# Rate GPS – what is it?

- National MI's Rate GPS (Granular Pricing System) represents an evolution in MI industry pricing and risk selection, and will be available to all customers beginning June 4<sup>th</sup>
  - Fully integrated
  - Rate card based
  - Technology advantaged
  - ***Pricing delivery system***
- Aligns National MI's pricing strategy with its unique and industry-leading individual risk underwriting approach
  - Already individually underwrite or validate >80% of insured loans and capture comprehensive view of loan level risk attributes
- Dynamically considers broad range of risk attributes that National MI already captures during its underwriting review and policy pricing process
  - Credit score, LTV and DTI ratios, and other borrower, loan and lender characteristics
  - Leverages National MI's state-of-the-art IT platform to quickly and efficiently deliver results

# Rate GPS – who benefits?

- Rate GPS provides value to borrowers
  - Increased opportunity and support for qualified borrowers
  - Tailored MI pricing based on unique profile
  
- Rate GPS provides value to lenders
  - Rewards the origination of high quality loans
  - Provides same opportunity to all lenders regardless of size / profile
  - Seamless transition that does not require lenders to capture any new data attributes
  
- Rate GPS provides value to National MI
  - Risk-adjusted pricing granularity further supports mid-teens return objective
  - Enhanced ability to tactically shape insured portfolio and manage risk profile
  - Pricing framework that can quickly adapt to emerging risks across all market cycles

# Rate GPS – pricing impact

- Rate GPS is a risk management tool that benefits borrowers, lenders and National MI
- Loans with certain *favorable risk characteristics will see pricing improvement* vs. National MI's current rate card, while loans with *compounding risk factors will see pricing increases*
- National MI estimates that the enhanced risk selection and related pricing changes delivered through Rate GPS will reduce the overall premium rate on its new policies by less than 10%
- National MI continues to price its policies with a goal of delivering mid-teens return on equity for shareholders