



August 1, 2017

NMI Holdings, Inc. Reports Second Quarter 2017 Financial Results

EMERYVILLE, CA -- (Marketwired) -- 08/01/17 --

NMI Holdings, Inc. (NASDAQ: NMIH) today reported net income of \$6.0 million, or \$0.10 per share, for the second quarter ended June 30, 2017. Results for the quarter include previously disclosed fees and expenses of approximately \$3.1 million related to the May 2017 issuance of Insurance-Linked Notes (ILN). The company reported net income of \$2.0 million, or \$0.03 per share, in the second quarter of 2016.

Bradley Shuster, chairman and CEO of National MI, said, "In the second quarter, National MI again delivered solid financial results, including record pre-tax income, and continued to advance the key metrics that will drive realization of our mid-teens return objectives. We made significant strides in customer development, activating 36 new customers in the second quarter and 73 new customers for the year-to-date. We also continued to build a high-quality portfolio of insurance-in-force at a growth rate that leads our industry, while maintaining our focus on prudently and proactively managing risk, expenses, and capital."

- | As of June 30, 2017, the company had primary insurance-in-force of \$38.6 billion, up 11% from \$34.8 billion at the prior quarter end and up 64% over \$23.6 billion as of June 30, 2016.
- | Premiums earned for the quarter were \$37.9 million, including \$3.8 million attributable to cancellation of single premium policies, which compares with \$33.2 million, including \$2.5 million related to cancellations, in the prior quarter. Premiums earned in the second quarter of 2017 were up 46% over premium revenue of \$26.0 million in the same quarter a year ago, which included \$3.5 million related to cancellations.
- | NIW mix was 81% monthly premium product, which compares with 81% in the prior quarter and 63% in the second quarter of 2016.
- | Total underwriting and operating expenses in the second quarter were \$28.0 million and include approximately \$3.1 million of transaction costs related to the previously disclosed ILN issuance. This compares with total underwriting and operating expenses of \$26.0 million, including financing-related transaction costs of \$1.6 million in the prior quarter, and \$23.2 million in the same quarter a year ago.
- | Claims expense for the quarter was \$1.4 million, resulting in a loss ratio of 3.6%.
- | At quarter-end, cash and investments were \$694 million, including \$57 million at the holding company, and book equity was \$495 million, equal to \$8.27 per share.
- | At quarter-end, the company had total PMIERS available assets of \$485 million, which compares with risk-based required assets under PMIERS of \$298 million.

| | Quarter Ended 6/30/2017 | Quarter Ended 3/31/2017 | Quarter Ended 6/30/2016 | Change Q/Q | Change Y/Y |
|--|--|--|--|-----------------------|-----------------------|
| Primary Insurance-in-Force (\$billions) | 38.63 | 34.78 | 23.62 | 11% | 64% |
| New Insurance Written - NIW (\$billions) | | | | | |
| Monthly premium | 4.10 | 2.89 | 3.70 | 42% | 11% |
| Single premium | 0.94 | 0.67 | 2.14 | 40% | -56% |
| Total | 5.04 | 3.56 | 5.84 | 42% | -14% |
| Premiums Earned (\$millions) | 37.92 | 33.23 | 26.04 | 14% | 46% |
| Underwriting & Operating Expense (\$millions) | 28.05 | 25.99 | 23.23 | 8% | 21% |
| Claims Expense (\$millions) | 1.37 | 0.64 | 0.47 | 114% | 191% |
| Loss Ratio | 3.6% | 1.9% | 1.8% | | |
| Cash & Investments (\$millions) | 694 | 671 | 654 | 3% | 6% |
| Book Equity (\$millions) | 495 | 484 | 422 | 2% | 17% |
| Book Value per Share | 8.27 | 8.09 | 7.14 | 2% | 16% |

Conference Call and Webcast Details

The company will hold a conference call and live webcast 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 call also can be

accessed by dialing (888) 734-0328 in the U.S., or (914) 495-8578 for international callers using Conference ID: 47660998, or by referencing NMI Holdings, Inc.

About National MI

National Mortgage Insurance Corporation (National MI), a subsidiary of NMI Holdings, Inc. (NASDAQ: NMIH), is 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 (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 the GSEs that may impact the use of private mortgage insurance as credit enhancement; our ability to remain an eligible mortgage insurer under the PMIERS, including the financial requirements, and other requirements of 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 governmental agencies like the Federal Housing Administration (FHA) and the Veterans Administration (VA), 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; changes to the GSEs' role in the secondary mortgage market or other changes that could affect the residential mortgage industry generally or mortgage insurance 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 reinsurance market 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 claims and coverage issues, including claims exceeding our reserves or amounts we expected to experience; the inability of our counter-parties, 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; failure to maintain, improve and continue to develop necessary information technology systems or the failure of technology providers to perform; ability to recruit, train and retain key personnel; and general economic downturns and volatility. 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, 2016, 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.

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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, | |
|--|--|-----------------|--|-------------------|
| | 2017 | 2016 | 2017 | 2016 |
| | <i>(In Thousands, except for share data)</i> | | | |
| Revenues | | | | |
| Net premiums earned | \$ 37,917 | \$ 26,041 | \$ 71,142 | \$ 45,848 |
| Net investment income | 3,908 | 3,342 | 7,715 | 6,573 |
| Net realized investment gains (losses) | 188 | 61 | 130 | (824) |
| Other revenues | 185 | 37 | 265 | 69 |
| Total revenues | <u>42,198</u> | <u>29,481</u> | <u>79,252</u> | <u>51,666</u> |
| Expenses | | | | |
| Insurance claims and claims expenses | 1,373 | 470 | 2,008 | 928 |
| Underwriting and operating expenses | 28,048 | 23,234 | 54,037 | 45,906 |
| Total expenses | <u>29,421</u> | <u>23,704</u> | <u>56,045</u> | <u>46,834</u> |
| Other (expense) income | | | | |
| Gain (loss) from change in fair value of warrant liability | 19 | (59) | (177) | 611 |
| Interest expense | (3,300) | (3,707) | (6,794) | (7,339) |
| Total other expense | <u>(3,281)</u> | <u>(3,766)</u> | <u>(6,971)</u> | <u>(6,728)</u> |
| Income (loss) before income taxes | 9,496 | 2,011 | 16,236 | (1,896) |
| Income tax expense | 3,484 | - | 4,732 | - |
| Net income (loss) | <u>\$ 6,012</u> | <u>\$ 2,011</u> | <u>\$ 11,504</u> | <u>\$ (1,896)</u> |
| Earnings (loss) per share | | | | |
| Basic | \$ 0.10 | \$ 0.03 | \$ 0.19 | \$ (0.03) |
| Diluted | \$ 0.10 | \$ 0.03 | \$ 0.18 | \$ (0.03) |
| Weighted average common shares outstanding | | | | |
| Basic | 59,823,396 | 59,105,613 | 59,576,747 | 59,005,983 |
| Diluted | 63,010,362 | 59,830,899 | 62,688,563 | 59,005,983 |
| Loss Ratio ⁽¹⁾ | 3.6% | 1.8% | 2.8% | 2.0% |
| Expense Ratio ⁽²⁾ | 74.0 | 89.2 | 76.0 | 100.1 |
| Combined ratio | <u>77.6%</u> | <u>91.0%</u> | <u>78.8%</u> | <u>102.1%</u> |
| Net income (loss) | \$ 6,012 | \$ 2,011 | \$ 11,504 | \$ (1,896) |
| Other comprehensive income, net of tax: | | | | |
| Net unrealized gains in accumulated other comprehensive income, net of tax expense of \$1,388 and \$0 for the three months ended June 30, 2017 and 2016, respectively, and \$2,073 and \$0 for the six months ended June 30, 2017 and 2016 | 2,822 | 8,670 | 4,017 | 17,771 |
| Reclassification adjustment for losses (gains) included in net income, net of tax expense of | | | | |

| | | | | |
|--|----------|-----------|-----------|-----------|
| \$66 and \$0 for the three months ended June 30, 2017 and 2016, respectively, and \$45 and \$0 for the six months ended June 30, 2017 and 2016 | (122) | (61) | (84) | 824 |
| Other comprehensive income, net of tax | 2,700 | 8,609 | 3,933 | 18,595 |
| Comprehensive income | \$ 8,712 | \$ 10,620 | \$ 15,437 | \$ 16,699 |

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

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

| Consolidated balance sheets | June 30, 2017 | December 31, 2016 ⁽¹⁾ |
|--|--|---|
| Assets | <i>(In Thousands, except for share data)</i> | |
| Fixed maturities, available-for-sale, at fair value (amortized cost of \$669,363 and \$630,688 as of June 30, 2017 and December 31, 2016, respectively) | \$ 673,695 | \$ 628,969 |
| Cash and cash equivalents | 20,035 | 47,746 |
| Premiums receivable | 17,795 | 13,728 |
| Accrued investment income | 3,867 | 3,421 |
| Prepaid expenses | 2,072 | 1,991 |
| Deferred policy acquisition costs, net | 34,206 | 30,109 |
| Software and equipment, net | 21,530 | 20,402 |
| Intangible assets and goodwill | 3,634 | 3,634 |
| Prepaid reinsurance premiums | 38,919 | 37,921 |
| Deferred tax asset, net | 45,771 | 51,434 |
| Other assets | 1,471 | 542 |
| Total assets | \$ 862,995 | \$ 839,897 |
| Liabilities | | |
| Term loan | \$ 143,990 | \$ 144,353 |
| Unearned premiums | 157,152 | 152,906 |
| Accounts payable and accrued expenses | 21,349 | 25,297 |
| Reserve for insurance claims and claim expenses | 5,048 | 3,001 |
| Reinsurance funds withheld | 32,042 | 30,633 |
| Deferred ceding commission | 4,830 | 4,831 |
| Warrant liability, at fair value | 3,544 | 3,367 |
| Deferred tax liability, net | - | - |
| Total liabilities | 367,955 | 364,388 |
| Commitments and contingencies | | |
| Shareholders' equity | | |
| Common stock - class A shares, \$0.01 par value; 59,858,418 and 59,145,161 shares issued and outstanding as of June 30, 2017 and December 31, 2016, respectively (250,000,000 shares authorized) | 598 | 591 |
| Additional paid-in capital | 580,499 | 576,927 |
| Accumulated other comprehensive loss, net of tax | (1,354) | (5,287) |
| Accumulated deficit | (84,703) | (96,722) |
| Total shareholders' equity | 495,040 | 475,509 |
| Total liabilities and shareholders' equity | \$ 862,995 | \$ 839,897 |

(1) The 2016 prior period balance sheet has been revised. Please refer to our Form 10-Q for the quarter ended June 30, 2017 for further details.

| Historical Quarterly Data | 2017 | | 2016 | | | |
|----------------------------------|--|-----------------|----------------------------------|---------------------|----------------|-----------------|
| | June 30 | March 31 | December 31⁽⁴⁾ | September 30 | June 30 | March 31 |
| | <i>(In Thousands, except for share data)</i> | | | | | |
| Revenues | | | | | | |
| Net premiums earned | \$ 37,917 | \$ 33,225 | \$ 32,825 | \$ 31,808 | \$ 26,041 | \$ 19,807 |

| | | | | | | |
|--|------------|------------|------------|------------|------------|------------|
| Net investment income | 3,908 | 3,807 | 3,634 | 3,544 | 3,342 | 3,231 |
| Net realized investment (losses) gains | 188 | (58) | 65 | 66 | 61 | (885) |
| Other revenues | 185 | 80 | 105 | 102 | 37 | 32 |
| Total revenues | 42,198 | 37,054 | 36,629 | 35,520 | 29,481 | 22,185 |
| Expenses | | | | | | |
| Insurance claims and claims expenses | 1,373 | 635 | 800 | 664 | 470 | 458 |
| Underwriting and operating expenses | 28,048 | 25,989 | 23,281 | 24,037 | 23,234 | 22,672 |
| Total expenses | 29,421 | 26,624 | 24,081 | 24,701 | 23,704 | 23,130 |
| Other expense | (3,281) | (3,690) | (5,490) | (4,530) | (3,766) | (2,962) |
| Income (loss) before income taxes | 9,496 | 6,740 | 7,058 | 6,289 | 2,011 | (3,907) |
| Income tax expense (benefit) | 3,484 | 1,248 | (52,664) | 114 | - | - |
| Net income (loss) | \$ 6,012 | \$ 5,492 | \$ 59,722 | \$ 6,175 | \$ 2,011 | \$ (3,907) |
| Earnings (loss) per share | | | | | | |
| Basic | \$ 0.10 | \$ 0.09 | \$ 1.01 | \$ 0.10 | \$ 0.03 | \$ (0.07) |
| Diluted | \$ 0.10 | \$ 0.09 | \$ 0.98 | \$ 0.10 | \$ 0.03 | \$ (0.07) |
| Weighted average common shares outstanding | | | | | | |
| Basic | 59,823,396 | 59,183,973 | 59,140,011 | 59,130,401 | 59,105,613 | 58,936,694 |
| Diluted | 63,010,362 | 62,338,856 | 61,229,338 | 60,284,746 | 59,830,899 | 58,936,694 |
| Other data | | | | | | |
| Loss Ratio ⁽²⁾ | 3.6% | 1.9% | 2.4% | 2.1% | 1.8% | 2.3% |
| Expense Ratio ⁽³⁾ | 74.0% | 78.2% | 70.9% | 75.6% | 89.2% | 114.5% |
| Combined ratio | 77.6% | 80.1% | 73.3% | 77.7% | 91.0% | 116.8% |

(1) Other expense includes the gain from change in fair value of warrant liability, gain from settlement of warrants, and interest expense.

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

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

(4) The Q4 2016 quarterly data has been revised. Please refer to our Form 10-Q for the quarter ended June 30, 2017 for further details.

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

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

Primary NIW

| | Three months ended | | | | | |
|---------|---------------------------|-----------------------|--------------------------|---------------------------|----------------------|-----------------------|
| | June 30, 2017 | March 31, 2017 | December 31, 2016 | September 30, 2016 | June 30, 2016 | March 31, 2016 |
| | <i>(In Millions)</i> | | | | | |
| Monthly | \$ 4,099 | \$ 2,892 | \$ 3,904 | \$ 4,162 | \$ 3,700 | \$ 2,492 |
| Single | 938 | 667 | 1,336 | 1,695 | 2,138 | 1,762 |
| Primary | \$ 5,037 | \$ 3,559 | \$ 5,240 | \$ 5,857 | \$ 5,838 | \$ 4,254 |

Primary and pool IIF

| | As of | | | | | |
|---------|----------------------|-----------------------|--------------------------|---------------------------|----------------------|-----------------------|
| | June 30, 2017 | March 31, 2017 | December 31, 2016 | September 30, 2016 | June 30, 2016 | March 31, 2016 |
| | <i>(In Millions)</i> | | | | | |
| Monthly | \$ 24,865 | \$ 21,551 | \$ 19,205 | \$ 16,038 | \$ 12,529 | \$ 9,210 |
| Single | 13,764 | 13,268 | 12,963 | 12,190 | 11,095 | 9,354 |
| Primary | 38,629 | 34,779 | 32,168 | 28,228 | 23,624 | 18,564 |

| | | | | | | |
|-------|------------------|------------------|------------------|------------------|------------------|------------------|
| Pool | 3,447 | 3,545 | 3,650 | 3,826 | 3,999 | 4,136 |
| Total | <u>\$ 42,076</u> | <u>\$ 38,324</u> | <u>\$ 35,818</u> | <u>\$ 32,054</u> | <u>\$ 27,623</u> | <u>\$ 22,700</u> |

The following table presents the amounts related to the 2016 QSR transaction, for the last four quarters.

| | <i>For the three months ended</i> | | | |
|----------------------------------|-----------------------------------|-----------------------|--------------------------|---------------------------|
| | <i>June 30, 2017</i> | <i>March 31, 2017</i> | <i>December 31, 2016</i> | <i>September 30, 2016</i> |
| | In Thousands | | | |
| Ceded risk-in-force | \$ 2,403,027 | \$ 2,167,745 | \$ 2,008,385 | \$ 1,778,235 |
| Ceded premiums written | (12,034) | (10,292) | (11,576) | (38,977) |
| Ceded premiums earned | (11,463) | (9,865) | (9,746) | (2,885) |
| Ceded claims and claims expenses | 342 | 268 | 206 | 90 |
| Ceding commission written | 2,407 | 2,058 | 2,316 | 7,795 |
| Ceding commission earned | 2,275 | 2,065 | 1,752 | 551 |
| Profit commission | 6,536 | 5,651 | 5,642 | 1,641 |

Portfolio Statistics

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

Primary portfolio trends

| | <i>As of and for the three months ended</i> | | | | | |
|--|---|-----------------------|--------------------------|---------------------------|----------------------|-----------------------|
| | <i>June 30, 2017</i> | <i>March 31, 2017</i> | <i>December 31, 2016</i> | <i>September 30, 2016</i> | <i>June 30, 2016</i> | <i>March 31, 2016</i> |
| | (\$ Values In Millions) | | | | | |
| New insurance written | \$ 5,037 | \$ 3,559 | \$ 5,240 | \$ 5,857 | \$ 5,838 | \$ 4,254 |
| New risk written | 1,242 | 868 | 1,244 | 1,415 | 1,411 | 1,016 |
| Insurance in force ⁽¹⁾ | 38,629 | 34,779 | 32,168 | 28,228 | 23,624 | 18,564 |
| Risk in force ⁽¹⁾ | 9,417 | 8,444 | 7,790 | 6,847 | 5,721 | 4,487 |
| Policies in force (count) ⁽¹⁾ | 161,195 | 145,632 | 134,662 | 119,002 | 100,547 | 79,700 |
| Weighted-average coverage ⁽²⁾ | 24.4% | 24.3% | 24.2% | 24.3% | 24.2% | 24.2% |
| Loans in default (count) | 249 | 207 | 179 | 115 | 79 | 55 |
| Percentage of loans in default | 0.2% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| Risk in force on defaulted loans | \$ 14 | \$ 12 | \$ 10 | \$ 6 | \$ 4 | \$ 3 |
| Average premium yield ⁽³⁾ | 0.41% | 0.40% | 0.44% | 0.48% | 0.47% | 0.45% |
| Earnings from cancellations | \$ 3.8 | \$ 2.5 | \$ 5.1 | \$ 5.8 | \$ 3.5 | \$ 2.3 |
| Annual persistency | 83.1% | 81.3% | 80.7% | 81.8% | 83.3% | 82.7% |
| Quarterly run-off ⁽⁴⁾ | 3.4% | 2.9% | 4.6% | 5.3% | 4.2% | 3.5% |

(1) Reported as of the end of the period.

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

(3) Calculated as net primary and pool premiums earned, net of reinsurance, divided by average gross IIF for the period, annualized.

(4) Defined as the percentage of IIF that remains on our books after any 12-month period.

(5) Defined as the percentage of IIF that are no longer on our books after any 3-month period

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

Primary NIW by FICO

| | <i>For the three months ended</i> | | |
|---------|-----------------------------------|-----------------------|----------------------|
| | <i>June 30, 2017</i> | <i>March 31, 2017</i> | <i>June 30, 2016</i> |
| | (\$ In Millions) | | |
| > = 760 | \$ 2,376 | \$ 1,683 | \$ 3,160 |
| 740-759 | 793 | 551 | 961 |

| | | | |
|-----------------------|----------|----------|----------|
| 720-739 | 626 | 456 | 672 |
| 700-719 | 568 | 396 | 541 |
| 680-699 | 368 | 264 | 308 |
| < =679 | 306 | 209 | 196 |
| Total | \$ 5,037 | \$ 3,559 | \$ 5,838 |
| Weighted average FICO | 749 | 749 | 756 |

Primary NIW by LTV

| | <i>For the three months ended</i> | | |
|----------------------|-----------------------------------|-----------------------|----------------------|
| | <i>June 30, 2017</i> | <i>March 31, 2017</i> | <i>June 30, 2016</i> |
| | | (In Millions) | |
| 95.01% and above | \$ 474 | \$ 274 | \$ 362 |
| 90.01% to 95.00% | 2,297 | 1,612 | 2,633 |
| 85.01% to 90.00% | 1,506 | 1,101 | 1,732 |
| 85.00% and below | 760 | 572 | 1,111 |
| Total | \$ 5,037 | \$ 3,559 | \$ 5,838 |
| Weighted average LTV | 92.18% | 92.00% | 91.73% |

Primary NIW by purchase/refinance mix

| | <i>For the three months ended</i> | | |
|-----------|-----------------------------------|-----------------------|----------------------|
| | <i>June 30, 2017</i> | <i>March 31, 2017</i> | <i>June 30, 2016</i> |
| | | (In Millions) | |
| Purchase | \$ 4,518 | \$ 2,984 | \$ 4,199 |
| Refinance | 519 | 575 | 1,639 |
| Total | \$ 5,037 | \$ 3,559 | \$ 5,838 |

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

Primary IIF and RIF

| | <i>As of June 30, 2017</i> | |
|---------------|----------------------------|---------------|
| | <i>IIF</i> | <i>RIF</i> |
| | | (In Millions) |
| June 30, 2017 | \$ 8,460 | \$ 2,078 |
| 2016 | 19,288 | 4,650 |
| 2015 | 9,243 | 2,284 |
| 2014 | 1,596 | 395 |
| 2013 | 42 | 10 |
| Total | \$ 38,629 | \$ 9,417 |

The tables below reflect 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

| | <i>As of</i> | | |
|---------|----------------------|-----------------------|----------------------|
| | <i>June 30, 2017</i> | <i>March 31, 2017</i> | <i>June 30, 2016</i> |
| | | (In Millions) | |
| > = 760 | \$ 19,224 | \$ 17,408 | \$ 11,929 |
| 740-759 | 6,269 | 5,658 | 3,876 |
| 720-739 | 4,927 | 4,460 | 3,082 |
| 700-719 | 3,973 | 3,533 | 2,341 |
| 680-699 | 2,615 | 2,336 | 1,561 |
| < =679 | 1,621 | 1,384 | 835 |
| Total | \$ 38,629 | \$ 34,779 | \$ 23,624 |

Primary RIF by FICO

| | <i>As of</i> | | |
|---------|----------------------|-----------------------|----------------------|
| | <i>June 30, 2017</i> | <i>March 31, 2017</i> | <i>June 30, 2016</i> |
| | | (In Millions) | |
| > = 760 | \$ 4,720 | \$ 4,253 | \$ 2,895 |
| 740-759 | 1,535 | 1,383 | 951 |
| 720-739 | 1,198 | 1,081 | 750 |
| 700-719 | 960 | 851 | 566 |

| | | | |
|---------|-----------------|-----------------|-----------------|
| 680-699 | 627 | 556 | 369 |
| < =679 | 377 | 320 | 190 |
| Total | <u>\$ 9,417</u> | <u>\$ 8,444</u> | <u>\$ 5,721</u> |

Primary IIF by LTV

| | As of | | |
|------------------|----------------------|-----------------------|----------------------|
| | June 30, 2017 | March 31, 2017 | June 30, 2016 |
| | <i>(In Millions)</i> | | |
| 95.01% and above | \$ 2,367 | \$ 1,931 | \$ 1,049 |
| 90.01% to 95.00% | 17,441 | 15,601 | 10,574 |
| 85.01% to 90.00% | 12,157 | 11,058 | 7,754 |
| 85.00% and below | 6,664 | 6,189 | 4,247 |
| Total | <u>\$ 38,629</u> | <u>\$ 34,779</u> | <u>\$ 23,624</u> |

Primary RIF by LTV

| | As of | | |
|------------------|----------------------|-----------------------|----------------------|
| | June 30, 2017 | March 31, 2017 | June 30, 2016 |
| | <i>(In Millions)</i> | | |
| 95.01% and above | \$ 648 | \$ 533 | \$ 293 |
| 90.01% to 95.00% | 5,120 | 4,585 | 3,116 |
| 85.01% to 90.00% | 2,893 | 2,626 | 1,838 |
| 85.00% and below | 756 | 700 | 474 |
| Total | <u>\$ 9,417</u> | <u>\$ 8,444</u> | <u>\$ 5,721</u> |

Primary RIF by Loan Type

| | As of | | |
|----------------------------|----------------------|-----------------------|----------------------|
| | June 30, 2017 | March 31, 2017 | June 30, 2016 |
| Fixed | 98% | 99% | 98% |
| Adjustable rate mortgages: | | | |
| Five years and longer | <u>2</u> | <u>1</u> | <u>2</u> |
| Total | 100% | 100% | 100% |

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

Primary IIF

| | For the three months ended | | |
|------------------------------------|-----------------------------------|-----------------------|----------------------|
| | June 30, 2017 | March 31, 2017 | June 30, 2016 |
| | <i>(In Millions)</i> | | |
| IIF, beginning of period | \$ 34,779 | \$ 32,168 | \$ 18,564 |
| NIW | 5,037 | 3,559 | 5,838 |
| Cancellations and other reductions | (1,187) | (948) | (778) |
| IIF, end of period | <u>\$ 38,629</u> | <u>\$ 34,779</u> | <u>\$ 23,624</u> |

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, 2017 | March 31, 2017 | June 30, 2016 |
| California | 13.8% | 13.8% | 13.0% |
| Texas | 7.5 | 7.2 | 6.8 |
| Virginia | 6.0 | 6.3 | 6.4 |
| Florida | 4.4 | 4.4 | 5.0 |
| Arizona | 4.2 | 4.1 | 3.8 |
| Colorado | 3.9 | 3.9 | 4.1 |
| Maryland | 3.7 | 3.7 | 3.4 |
| Utah | 3.7 | 3.6 | 3.4 |
| Pennsylvania | 3.6 | 3.6 | 3.5 |
| Michigan | <u>3.6</u> | <u>3.7</u> | <u>4.1</u> |

| | | | |
|-------|--------------|--------------|--------------|
| Total | <u>54.4%</u> | <u>54.3%</u> | <u>53.5%</u> |
|-------|--------------|--------------|--------------|

The following table shows portfolio data by book year, as of June 30, 2017.

As of June 30, 2017

| Book year | Remaining | | | 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⁾ |
|-------------------------|----------------------------|--------------------|-----------------------------------|------------------------|-----------------------------|----------------------------|------------------|--|--|
| | Original Insurance Written | Insurance in Force | % Remaining in Original Insurance | | | | | | |
| (\$ Values in Millions) | | | | | | | | | |
| 2013 | \$ 162 | \$ 42 | 26% | 655 | 212 | 1 | 1 | 0.2% | 0.3% |
| 2014 | 3,451 | 1,596 | 46% | 14,786 | 7,963 | 53 | 7 | 3.5% | 0.4% |
| 2015 | 12,422 | 9,243 | 74% | 52,548 | 41,747 | 128 | 13 | 2.7% | 0.3% |
| 2016 | 21,187 | 19,288 | 91% | 83,626 | 78,111 | 67 | 2 | 1.3% | 0.1% |
| 2017 | \$ 8,596 | \$ 8,460 | 98% | 33,593 | 33,162 | - | - | -% | -% |
| Total | <u>\$ 45,818</u> | <u>\$ 38,629</u> | | <u>185,208</u> | <u>161,195</u> | <u>249</u> | <u>23</u> | | |

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

(2) The sum of claims paid ever to date and notices of default as of the end of the period divided by policies ever in force.

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

| | For the three months ended | | For the six months ended | |
|---|----------------------------|-----------------|--------------------------|-----------------|
| | June 30, 2017 | June 30, 2016 | June 30, 2017 | June 30, 2016 |
| (In Thousands) | | | | |
| Beginning balance | \$ 3,761 | \$ 1,137 | \$ 3,001 | \$ 679 |
| Less reinsurance recoverables ⁽¹⁾ | (564) | - | (297) | - |
| Beginning balance, net of reinsurance recoverables | <u>3,197</u> | <u>1,137</u> | <u>2,704</u> | <u>679</u> |
| Add claims incurred: | | | | |
| Claims and claim expenses incurred: | | | | |
| Current year ⁽²⁾ | 1,376 | 560 | 2,331 | 1,113 |
| Prior years ⁽³⁾ | (3) | (90) | (323) | (185) |
| Total claims and claims expenses incurred | <u>1,373</u> | <u>470</u> | <u>2,008</u> | <u>928</u> |
| Less claims paid: | | | | |
| Claims and claim expenses paid: | | | | |
| Current year ⁽²⁾ | - | - | - | - |
| Prior years ⁽³⁾ | 421 | 132 | 563 | 132 |
| Total claims and claim expenses paid | <u>421</u> | <u>132</u> | <u>563</u> | <u>132</u> |
| Reserve at end of period, net of reinsurance recoverables | <u>4,149</u> | <u>1,475</u> | <u>4,149</u> | <u>1,475</u> |
| Add reinsurance recoverables ⁽¹⁾ | 899 | - | 899 | - |
| Balance, June 30 | <u>\$ 5,048</u> | <u>\$ 1,475</u> | <u>\$ 5,048</u> | <u>\$ 1,475</u> |

(1) Related to ceded losses recoverable on our 2016 quota-share reinsurance transaction, included in "Other Assets" on the Condensed Consolidated Balance Sheet.

(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, that default would be included in the current year.

Source: NMI Holdings, Inc.

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