

The logo for NMI Holdings, Inc. features the letters "NMI" in a large, bold, white sans-serif font. Below "NMI", the words "HOLDINGS, INC." are written in a smaller, white, all-caps sans-serif font. The entire logo is contained within a light gray rectangular box.

**NMI**  
HOLDINGS, INC.

A dark blue horizontal banner with the text "INVESTOR DAY 2018" in white, all-caps, sans-serif font. The banner has a subtle background graphic of a city skyline with several buildings of varying heights on the right side.

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DAY 2018**



# Cautionary Note Regarding Forward-Looking Statements and the Use of Non-GAAP Financial Measures



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- During the course of this 2018 Investor Day discussion, we may make comments about our expectations for the future. Actual results could differ materially from those contained in these forward-looking statements.
- Additional information about the factors that could cause actual results or trends to differ materially from those discussed today can be found on pages 61 and 62 of this deck and on our website, or through our filings with the SEC, which are also on our website.
- If, and to the extent, we make forward-looking statements, we do not undertake any obligation to update those statements in the future in light of subsequent developments. Further, no interested party should rely on the fact that the guidance of such statements is current at any time other than the time of this call.
- Also note that we will refer to certain non-GAAP measures and provide a reconciliation in this presentation to the most comparable measures under GAAP on pages 61 and 62 and on the investor relations section of our website.

# Agenda



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## **Introduction**

Brad Shuster

Chairman &  
Chief Executive Officer

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## **Customer Development**

Claudia Merkle

President

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## **Operations & IT**

Patrick Mathis

Executive VP,  
Operations & IT

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## **Risk Management**

Rob Smith

Executive VP &  
Chief Risk Officer

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## **Financial Overview**

Adam Pollitzer

Executive VP &  
Chief Financial Officer

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## **Questions & Answers**



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**DAY 2018**

# Introduction to National MI

Brad Shuster

*Chairman and CEO*

# Founding Principles

- Help qualified borrowers achieve their **Dream of Home Ownership**
- Be a **Credible Counterparty** to our customers and policy holders
- Deliver a **Great Customer Experience** through people and technology
- **Manage Risk** by underwriting the vast majority of loans that we insure
- Create a **Winning Culture** that allows us to attract and retain the very best talent
- Generate sustainable **Strong Mid-Teens Returns** for our shareholders



# Themes for Today

✓ Significant Success to Date

✓ Sizeable Opportunity Remains

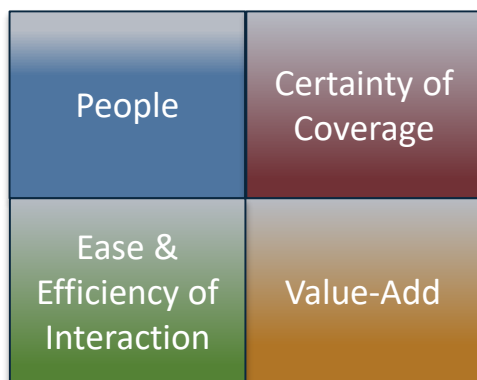
✓ Differentiated Risk  
Management Approach

✓ Well Positioned for  
Continued Outperformance

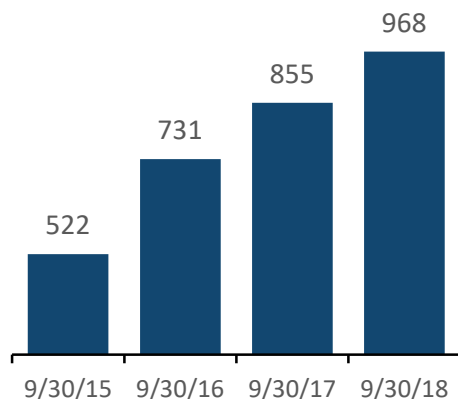
Executing on  
significant market  
opportunity and  
focused on  
delivering value to  
shareholders

# Significant Success to Date

## Winning with Customers

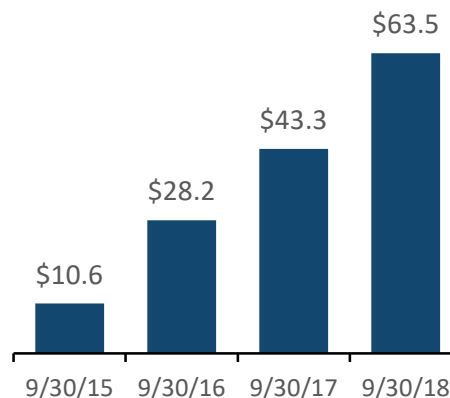


### Active Customers



## Building a High-Quality Portfolio

### Primary Insurance-in-Force \$ billions

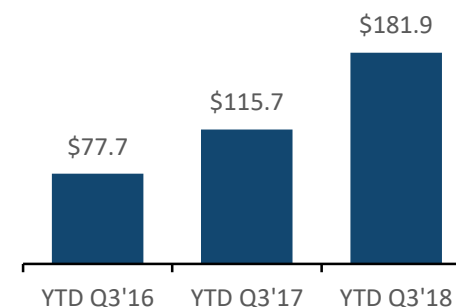


### Portfolio Characteristics

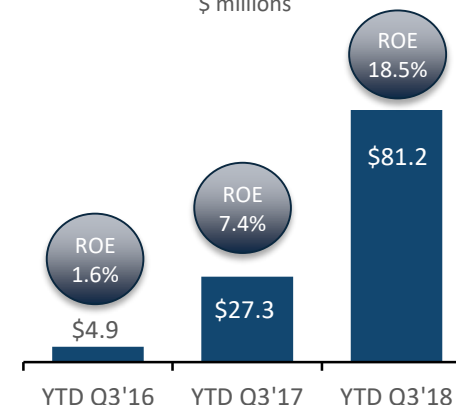
- ✓ 749 WA FICO
- ✓ 91.7% WA origination LTV
- ✓ 82.5% WA current LTV
- ✓ Underwrite / validate more than our competitors

## Delivering Strong Financial Results

### Net Premiums Earned \$ millions



### Adjusted Net Income and RoE\* \$ millions

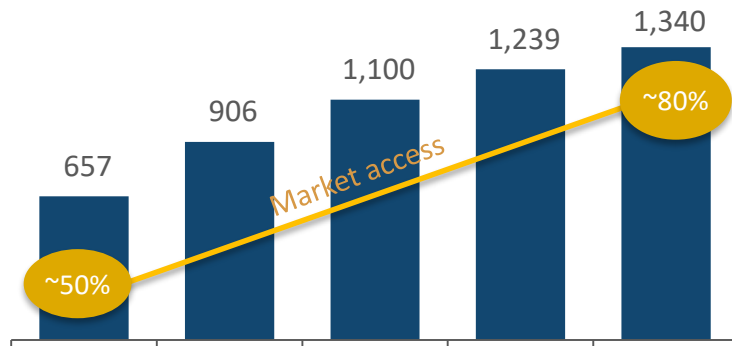


\* Adjusted net income and ROE are non-GAAP measures. For definition of these terms and a reconciliation to the most comparable GAAP measures, refer to slides 61 and 62, or the investor relations section of the company's website at [www.nationalmi.com](http://www.nationalmi.com).  
Portfolio characteristics are based on insurance in force

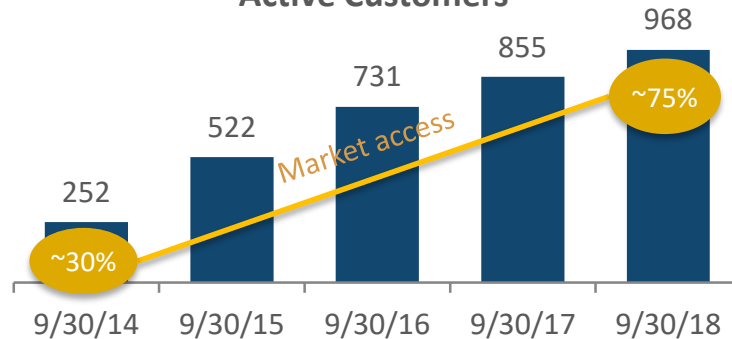
# Winning with Customers

## Growing and Broadening Our Customer Base

### Master Policies

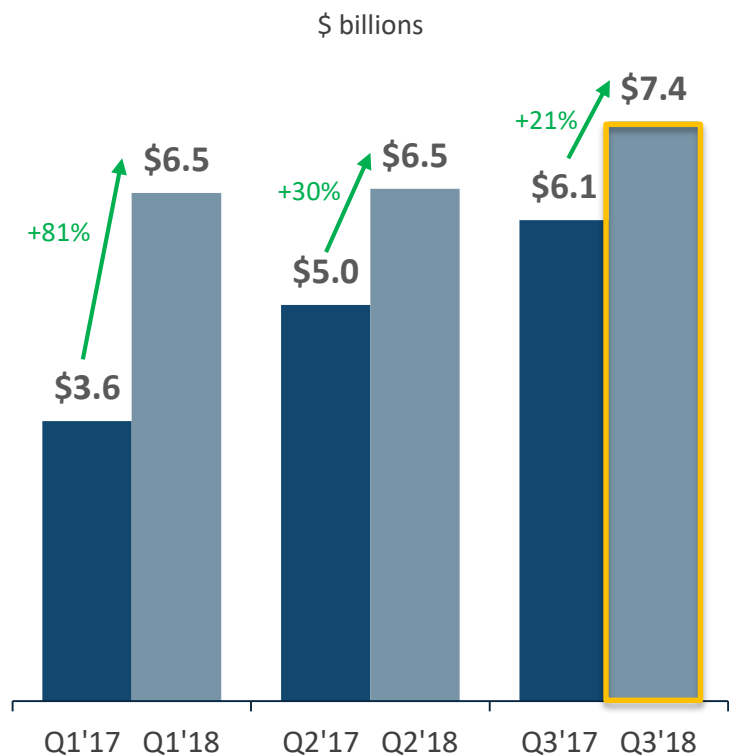


### Active Customers



## Record NIW and Outsize Year-over-Year Growth

### New Insurance Written



Note: Market data derived from Morstat and company estimates. Market access represents company estimate of annual NIW opportunity represented by applicable customers



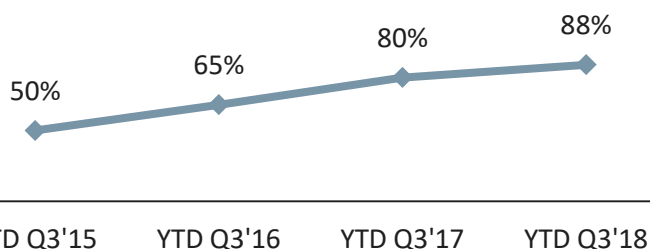
# Building a High-Quality Portfolio

## Maintained Rigorous Underwriting

- ✓ High credit quality by FICO, LTV and DTI
- ✓ Risk-based pricing – *Rate GPS<sup>SM</sup>*
- ✓ Lender diversification
- ✓ Geographic diversification
- ✓ ~80% underwritten or validated
- ✓ No aggressive product types

## Transformed Product Mix

### NIW Monthly Premium Product

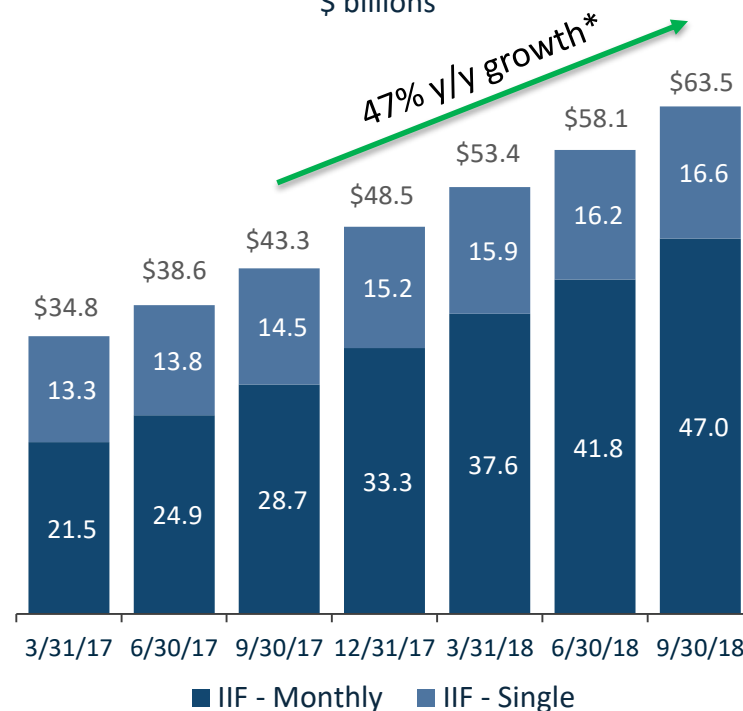


Note: Totals may not foot due to rounding  
\*Growth shown as 9/30/18 vs. 9/30/17

## Achieved 47% Year/Year Increase in Insurance-in-Force\*

### Primary Insurance-In-Force

\$ billions



# Strong Momentum Across All Financial Measures



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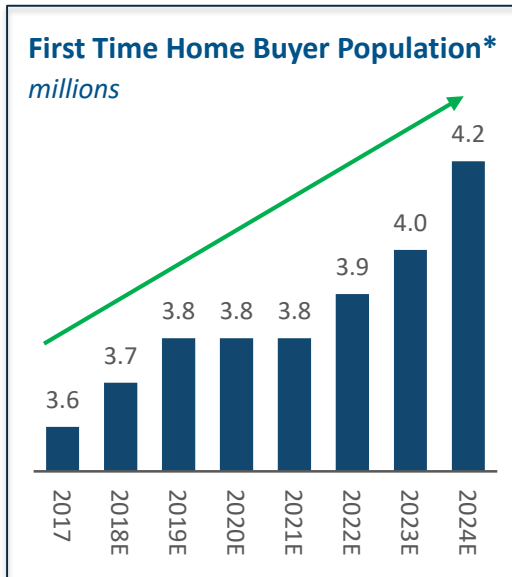
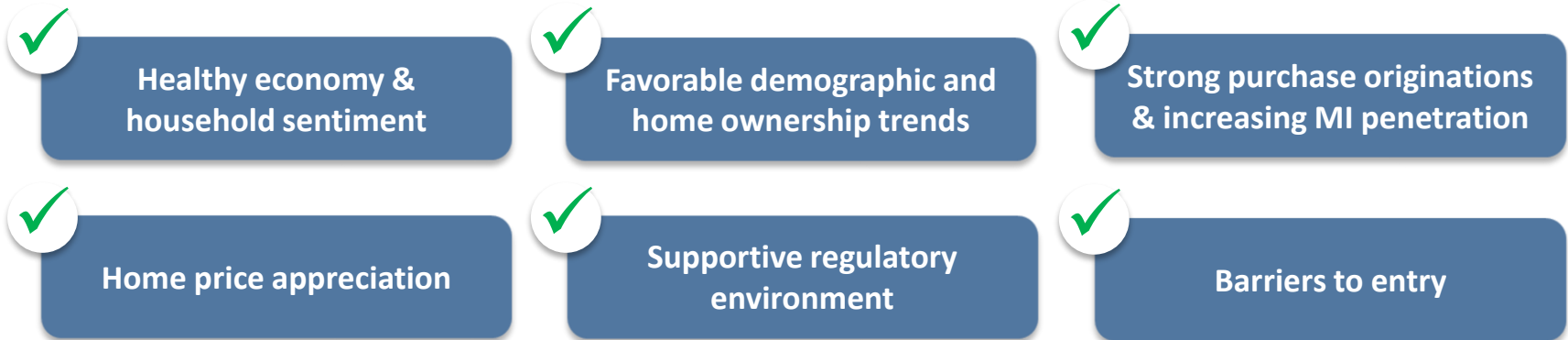
	9/30/15 LTM		9/30/16 LTM		9/30/17 LTM		9/30/18 LTM
Primary insurance in-force	\$10.6 billion	➡	\$28.3 billion	➡	\$43.3 billion	➡	<b>\$63.5 billion</b>
Primary NIW	\$9.6 billion	➡	\$20.5 billion	➡	\$20.0 billion	➡	<b>\$27.2 billion</b>
Adjusted net income*	(\$35.4) million	➡	(\$0.2) million	➡	\$29.5 million	➡	<b>\$95.2 million</b>
Adjusted return on equity*	(8.4%)	➡	(0.1%)	➡	6.3%	➡	<b>16.3%</b>

\* Adjusted net income and adjusted return on equity are presented on an adjusted basis and are non-GAAP measures. For definition of these terms and a reconciliation to the most comparable GAAP measures, refer to slides 61 and 62, or the investor relations section of the company's website at [www.nationalmi.com](http://www.nationalmi.com). Note: Income statement items presented for the 12-months ended. Balance sheet items presented as of period end.

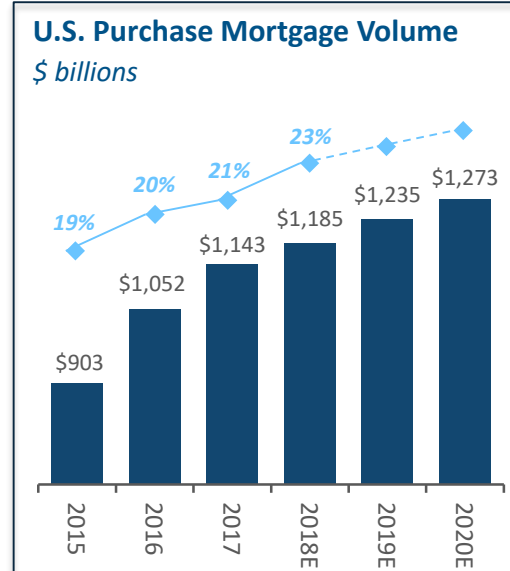
# Sizeable Near-Term Opportunity



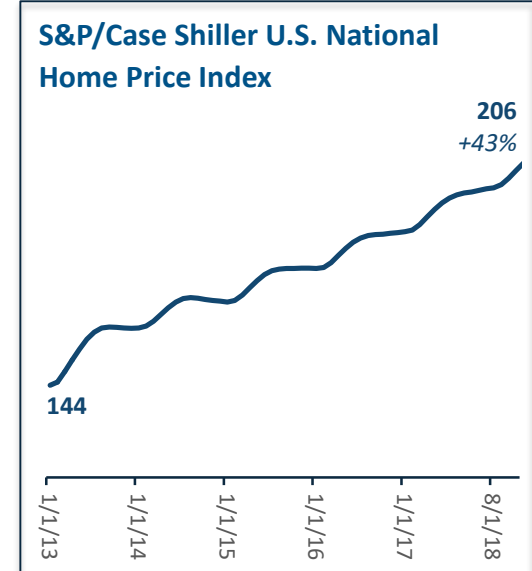
# Favorable Market Backdrop – Key Drivers



\* First time home buyers are represented as U.S. born citizens turning 34 in a given year. Source: U.S. Census Bureau



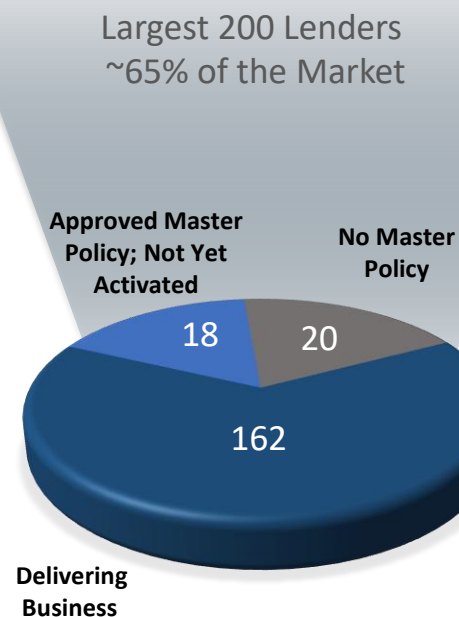
◆ Private MI penetration as % of purchase origination volume; 2018E-2020E presented for illustration purposes only.  
Source: Mortgage Bankers Association October Forecast



Source: Federal Reserve Bank of St. Louis – FRED Economic Data. July 2018 data reflects latest release as of 10/30/18

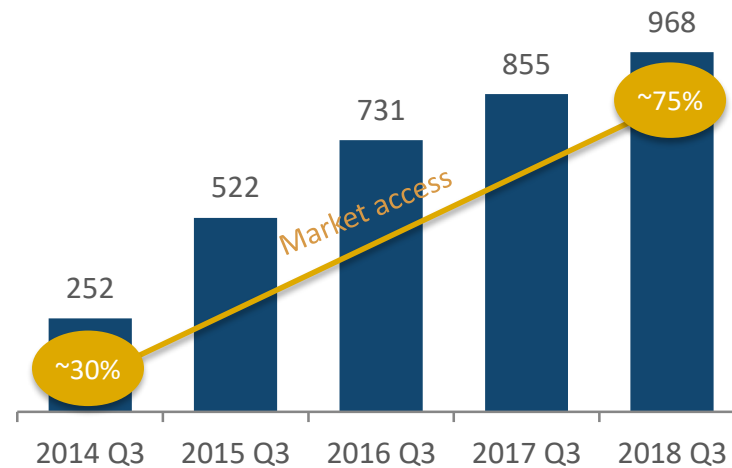
# Sizeable Customer Opportunity Ahead

## Activate New Customers



## Deepen Engagement with Existing Customers

### Estimated Market Access Active Customers



Notes: Lender data based on estimated MI opportunity, based on Geosegment System's MorstatMI data and company estimates

# Rate GPS<sup>SM</sup> Success



## *Enhancing Risk Management and Customer Engagement*

### Risk Management

- ✓ Granular risk selection platform
- ✓ Enhanced ability to tactically shape insured portfolio and manage risk profile
- ✓ Ability to quickly adapt to risks as they emerge in the market

### Customer Engagement

- ✓ Rewards lenders and their borrowers for high-quality loans
- ✓ Rapid adoption by +95% of our customers
- ✓ >85% of current production coming through platform

### IT Advantage

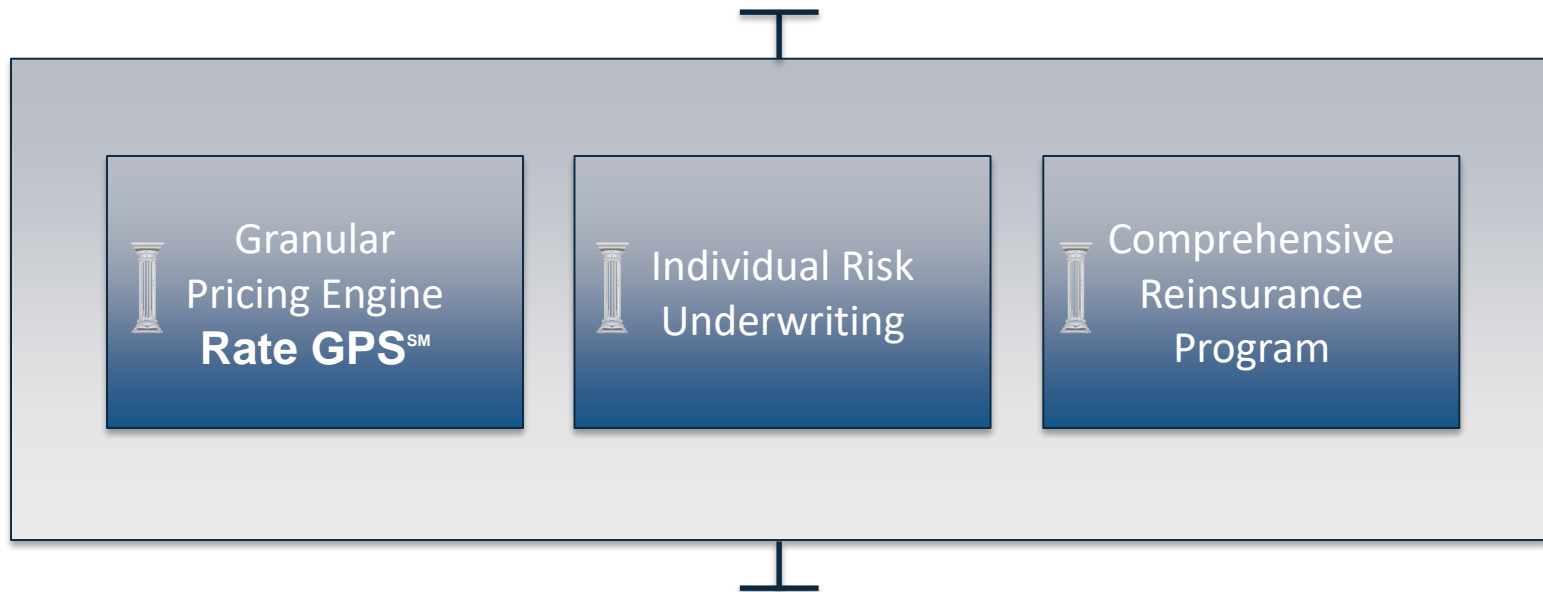
- ✓ Eight months from concept to launch
- ✓ Seamless integration for our customers

### Industry Leadership

- ✓ Innovation at a time when the industry was primed for change
- ✓ Brings risk management to the forefront

# Comprehensive Credit Risk Management Framework

National MI has an industry-leading credit risk management approach, built on three-foundational pillars...



...and has delivered best-in-class credit performance since its formation

# Regulatory Environment

## Housing Finance Reform

- Continuing discussions in Washington
- Any change expected to prioritize MI as a critical “entity” based solution

## FHFA

- New Director to be appointed January 2019
- Conservatorship Capital Framework comments due November 16<sup>th</sup>

## PMIERs 2.0

- Clarity on final rules → net positive for National MI
- Demonstrated ability to efficiently fund our requirements

## FHA

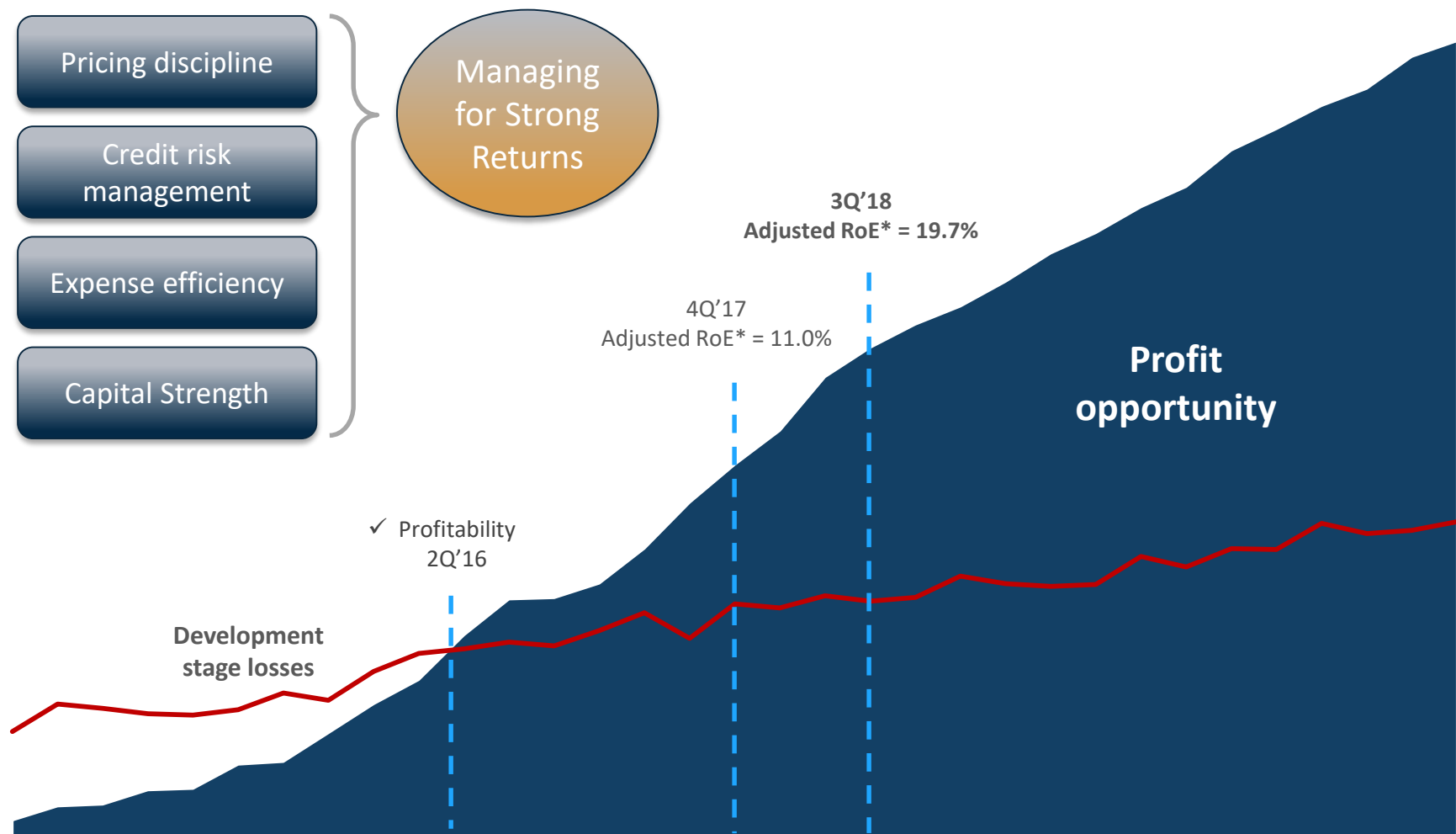
- New leadership and current administration may limit FHA footprint
- Private MI industry capturing increasing share

## Summary

- *Overall, a constructive environment for private MI and National MI*
- *Any changes that do emerge likely to be benign to positive*



# Commitment to Mid-Teens Returns



Not a forecast. For illustrative purposes only

\* Adjusted return on equity is a non-GAAP measure. For definition of this term and a reconciliation to the most comparable GAAP measures, refer to slides 61 and 62, or the investor relations section of the company's website at [www.nationalmi.com](http://www.nationalmi.com).

# Well Positioned for Continued Success



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## Solid foundation

- ✓ Highly experienced and motivated team
- ✓ Loyal and growing customer franchise
- ✓ Technology advantage

## High quality in-force portfolio

- ✓ Favorable risk profile – FICO, LTV, DTI
- ✓ Broadly diversified by lender and geography
- ✓ Significant embedded profitability and increasing persistency

## Best-in-class risk management

- ✓ Rate GPS
- ✓ Individual risk underwriting
- ✓ Comprehensive reinsurance program

## Strong balance sheet and funding profile

- ✓ Broad market access and significant funding runway
- ✓ Efficient capital base – estimated ~6.5% WA PMIERS cost of funding

## Delivering high returns with high visibility

- ✓ 19.7% 3Q'18 adjusted return on equity
- ✓ Delivering on the full potential of our platform
- ✓ Opportunity for continued growth and return outperformance

\* Adjusted return on equity is a non-GAAP measure. For definition of this term and a reconciliation to the most comparable GAAP measures, refer to slides 61 and 62, or the investor relations section of the company's website at [www.nationalmi.com](http://www.nationalmi.com).



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# Sales and Customer Development

Claudia Merkle  
*President*

# Sales and Customer Development

✓ **Significant success to date**

✓ Strong team driving our value proposition

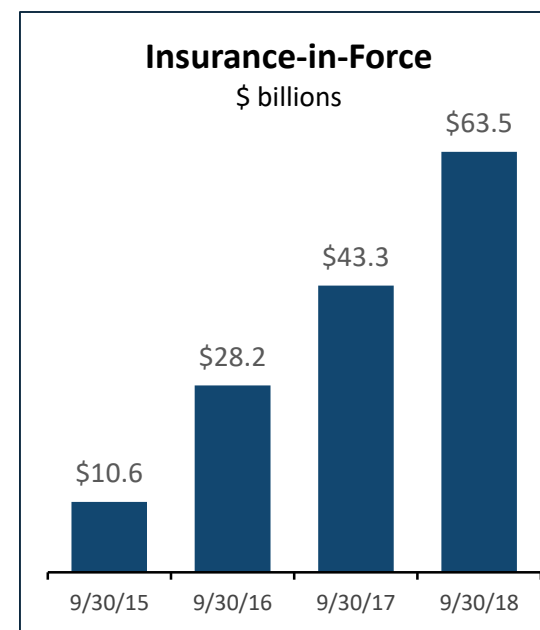
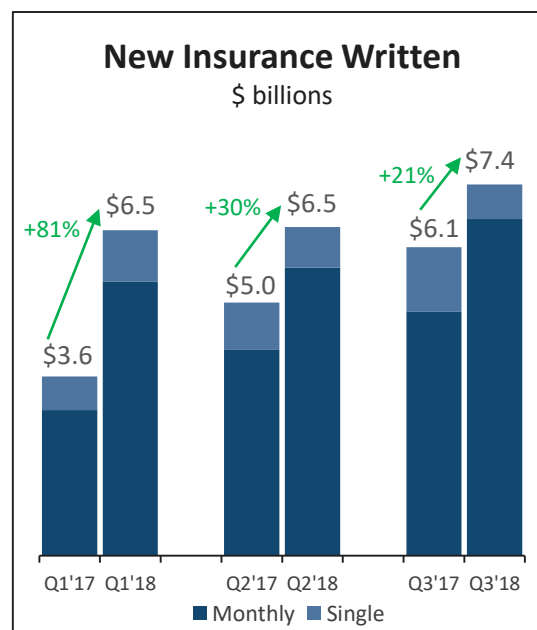
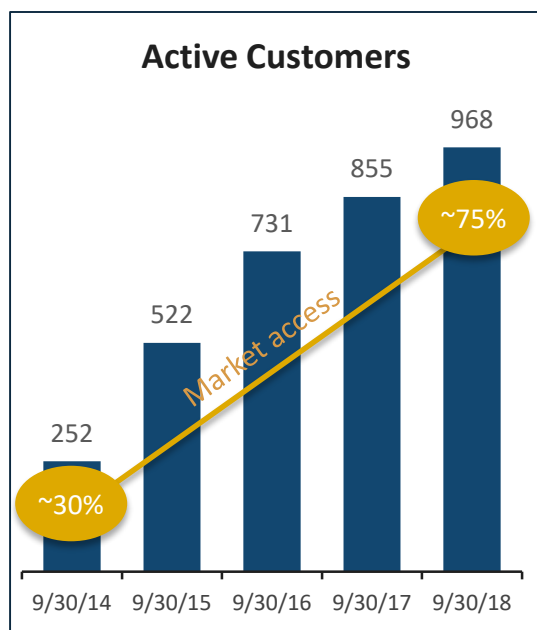
✓ Strategy and tactics focused on a large opportunity

# Significant Success to Date

- ✓ Growing customer base and access to the market

- ✓ Driving significant growth in NIW

- ✓ Achieving industry-leading growth in high-quality insurance-in-force



# Customer Development

## Winning New Customers

- Current active customers represent  
~75% of MI industry volume
  - Significant opportunity remains
- Pace of activations continues
  - 2018 YTD  
84 new customers  
~\$9B in NIW opportunity
  - 2017  
127 new customers  
~\$20B in NIW opportunity
  - 2016  
174 new customers  
~\$24B in NIW opportunity



# Why We Win

## People and Value Proposition



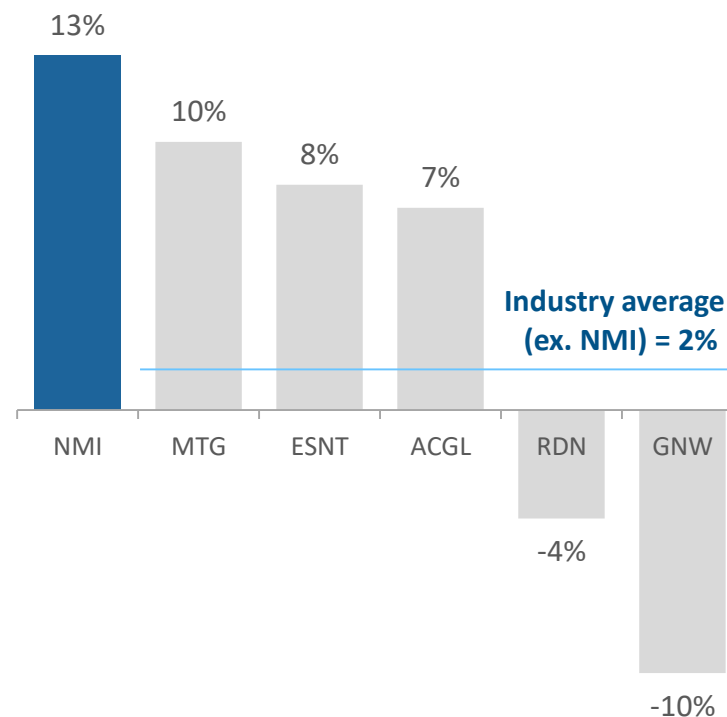
- **Strong focus on customer service**
  - Leverage value-added tools to help lenders grow their business
- **Positive customer experience**
  - Responsive, problem-solving approach to customer engagement
- **Certainty of coverage and sensible servicing**
  - 12-month “Iron Clad” rescission relief
  - Delegated Assurance Review - providing feedback on loan production
  - Sensible Servicing® - life events happen and should not drive investigations / rescissions of coverage
- **Value-add programs**
  - Delivering high quality education and information directly to lenders
  - Webinars, roundtables and onsite events, borrower education, access to industry experts

# Rate GPS Customer Impact



- Rate GPS provides value to lenders and their borrowers
  - Increases access for qualified borrowers
  - Rewards origination of high-quality loans
  - Provides lenders of all sizes equal opportunity
- Lender engagement and adoption has been strong
  - +95% of lenders delivering through platform
  - +85% of 4Q NIW delivered through platform
  - Technology integration has been seamless
- Measurable effect on our customer franchise
  - Excitement in lender community has helped drive new activations and wallet share gains

## Industry Leading NIW Growth Q3'18 vs. Q2'18

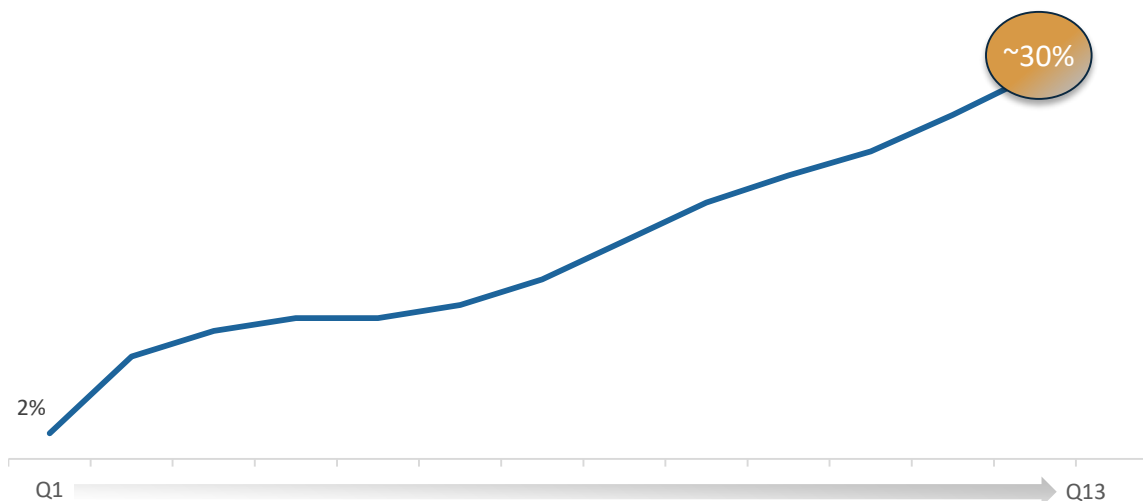




# Customer Success Story

## Decentralized Lender

- Top 20 decentralized non-bank lender
- Ramp to ~30% share
  - Field-level engagement
  - Helping the lender grow their business
  - Leveraging relationships and service to generate referrals and positive word-of-mouth
  - Value-added training
  - Rate GPS differentiation
- ***Strong momentum for continued wallet share outperformance***



Activation

Branch-level engagement;  
field sales

Leveraging relationships &  
industry knowledge

Underwriting turn time, service

Customer training

Rate GPS<sup>SM</sup>

# Customer Success Story

## Centralized Lender



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- Top 20 bank-owned mortgage company
- Ramp to +25%
  - C-suite engagement
  - Counter party, vendor management reviews
  - Continuous improvement in scorecard performance
  - Assisted lender with Affordable Lending strategy
  - Rate GPS differentiation
- ***Continued opportunity for outperformance***



# Sales and Customer Development

✓ Significant success to date

✓ **Strong team driving our value proposition**

✓ Strategy and tactics focused on a large opportunity

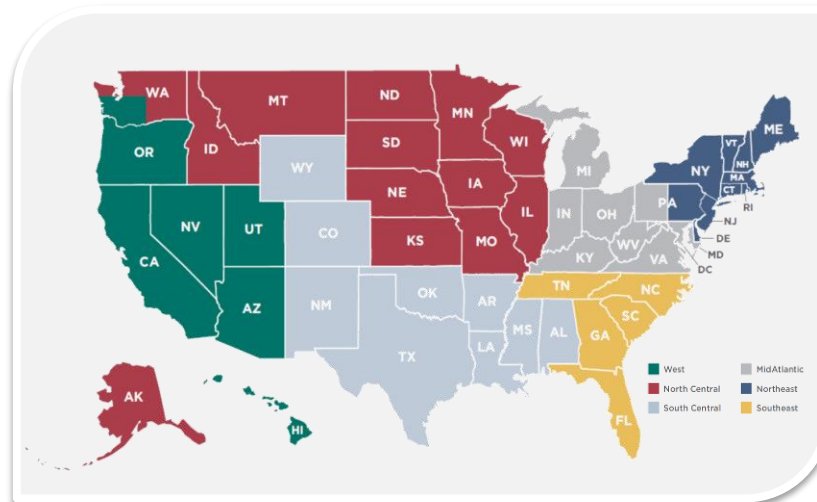
# Experienced Talent and Competitive Front Line Team

- +60 sales professionals with +20 years average experience
- Recruited best talent in the industry, based on recommendations from our customers
- Sales and operations work as a team across accounts and regions
- Goal is to deliver best-in-class customer engagement and service

**National Accounts**

*+60 person  
national salesforce*

**Regional Accounts and  
National Account  
Branches**



## Operations

**Underwriters**  
Embedded across  
the country

**Solution  
Center**  
Cross trained to  
provide one-stop  
solution

**Directors of Risk  
Operations**  
Credit professionals  
dedicated to each  
region and each  
national account

**Policy &  
Default  
Servicing**

# Sales and Customer Development

✓ Significant success to date

✓ Strong team driving our value proposition

✓ **Strategy and tactics focused on a large opportunity**

# Solid Market Presence and Substantial Opportunity for Growth

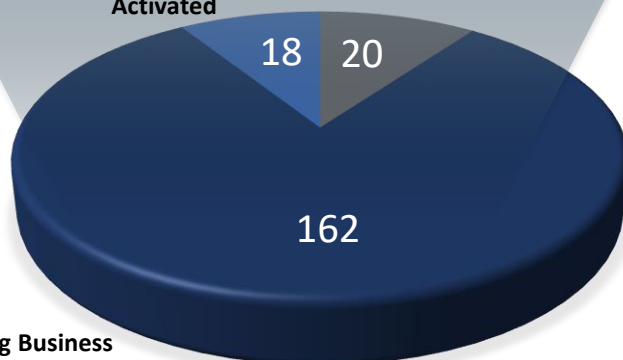


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## Largest 200 Lenders ~65% of the Market

Approved Master  
Policy; Not Yet  
Activated

No Master  
Policy Yet



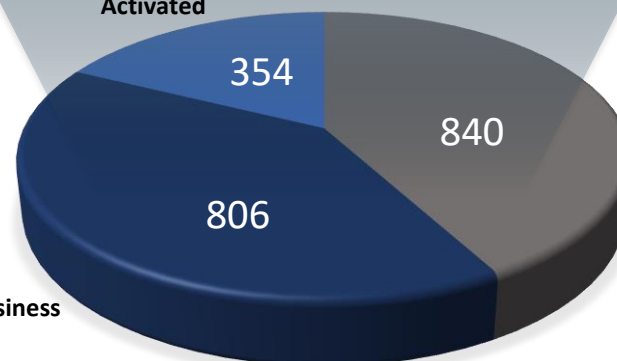
Delivering Business

*~\$21 billion incremental opportunity in the 38 lenders that are not active*

## Remaining Lenders ~35% of the Market

Approved Master  
Policy; Not Yet  
Activated

No Master  
Policy Yet



Delivering Business

*~\$42 Billion incremental opportunity in the lenders that are not active*

Currently active with lenders representing  
~75% of annual mortgage insurance market NIW

Notes: Lender data based on Geosegment System's MorstatMI data and company estimates

# Sustaining Our Positive Momentum

## ■ Sticking with what works

- *Relationship selling* - recruiting, training and retaining best talent in the industry
- *Value proposition* – certainty of coverage and differentiated customer service
- *Help our lenders succeed* – value-added expertise, training and market intelligence

## ■ Emphasizing Rate GPS

- Strong traction and continued excitement in the lender community
- Another positive differentiator helping to drive growth



**Continuing to build a durable customer franchise – activating new, high-value lenders and growing our wallet share with existing customers**



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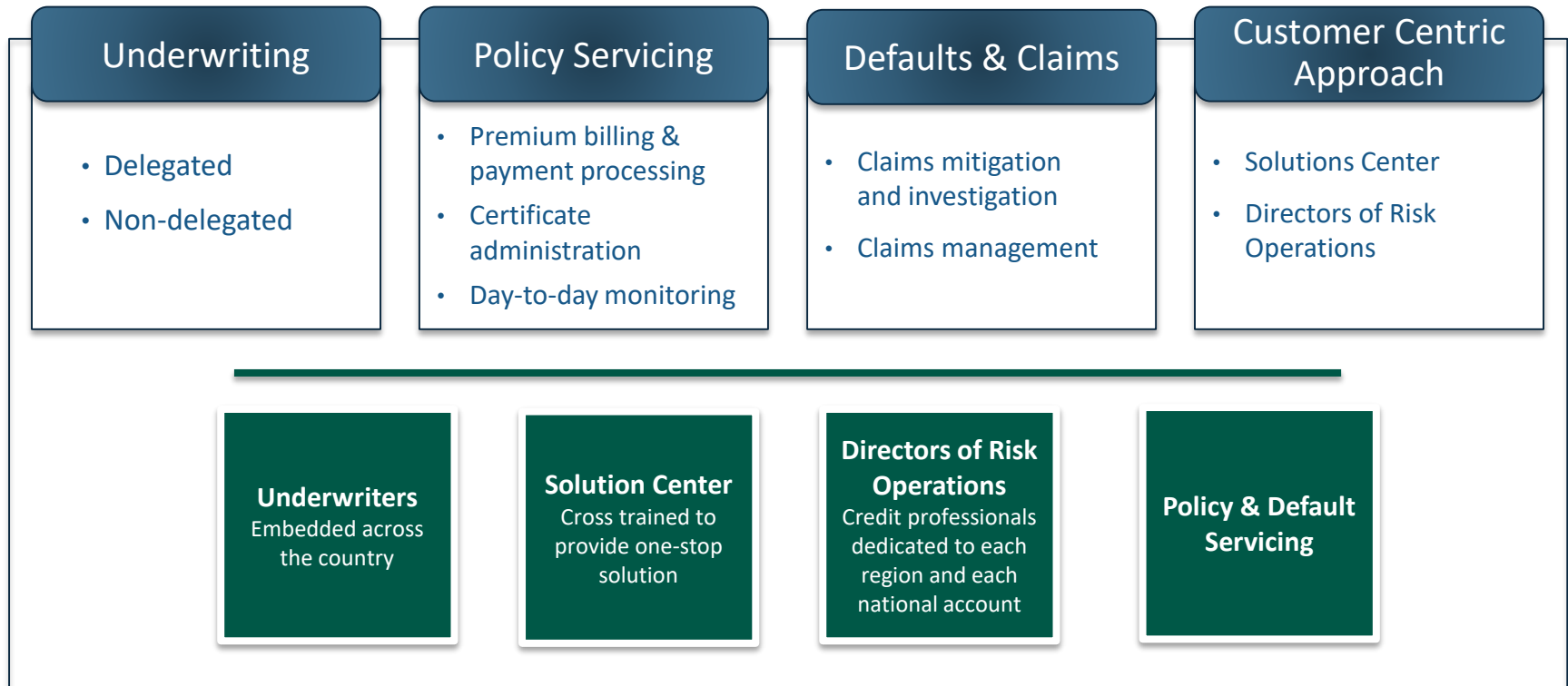
# Operations & IT

Pat Mathis

*Executive VP, Operations & IT*



# Operations and IT Overview



## IT Platform

- Proprietary and modern – built de novo upon start-up
- Focused on functionality, scalability and security

# Underwriting Matters

*% of production\**

## Non-Delegated

39%

### Non-Delegated Underwriting

- National MI performs a mortgage insurance underwriting review of a loan before it closes

## Delegated Assurance Review

42%

### Delegated with Independent Validation

- Innovation developed by National MI
- Underwriting is delegated to the lender
- National MI performs post-close validation of 100% of the loan file

## *Total Underwritten / Validated*

81%



## Traditional Delegated

19%

### Traditional Delegated Underwriting

- Underwriting is delegated to the lender
- National MI performs post-close QC review on a statistically significant set of loans (~5% sample)

\*Reflects 3Q'18 NIW mix by underwriting channel

# Delegated Assurance Review (DAR)

## Benefits to National MI and Lenders



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### National MI's DAR process is unique and drives differentiated outcomes:

- ★ Superior credit performance
- ★ Improved data capture and cycle-awareness
- ★ Superior customer engagement
- ★ Cost effective structure

#### ✓ *Certainty of Coverage and Sensible Servicing for our Lenders*

- GSEs only permit MIs to offer accelerated rescission relief on fully-underwritten or validated loans
- NMI does more underwriting and validation than any MI → we provide a greater portion of our customers accelerated rescission relief (12-months vs. 36-months) than any other MI
- No investigation necessary when life events trigger defaults → NMI has already reviewed the loan upfront

#### ✓ *Continuous Monitoring of Lender Flow and Real-Time Data Capture*

- We “see” every loan we underwrite or validate on a continuous flow basis and can identify issues and capture valuable data in real time
- Examples include DTI calculations on borrowers with irregular sources of income, use of inappropriate comps in appraisals and misapplication of GSE guidelines
- Real-time data capture informs Rate GPS decisions and overall risk management approach, and allows for real-time lender feedback

#### ✓ *Value-Added Lender Feedback Loop*

- Individual loan validation identifies issues that can't be seen or can't be seen quickly through a standard quality control sampling process
- Allows for consultative feedback – lenders value the “second set of eyes” and are eager to address any findings

#### ✓ *Positive Selection Bias and Continuous Vetting of Delegated Lender Base*

- Lenders willing to let us review every loan and evaluate their processes on a continuous basis are confident in their manufacturing approach / capabilities

# Leading with Technology

Modern, proprietary insurance platform

- ✓ De novo build tailored to unique requirements of the MI market
- ✓ Modular architecture allows continuous innovation and integration

Advanced imaging and indexing technology

- ✓ Automation of manual underwriting and other operational activities
- ✓ Enhanced efficiency of underwriting and validation fulfillment

Resilient enterprise-class technology infrastructure

- ✓ Scalable to accommodate increasing business volume
- ✓ Data security and privacy focus

Highly experienced IT team

- ✓ Access to world-class Bay Area technology talent
- ✓ CIO with +20 years' experience in IT and financial services infrastructure

*Rate GPS success*

- ✓ Speed and success of development highlights technology advantage
- ✓ Flexible platform, capable team, thought leadership



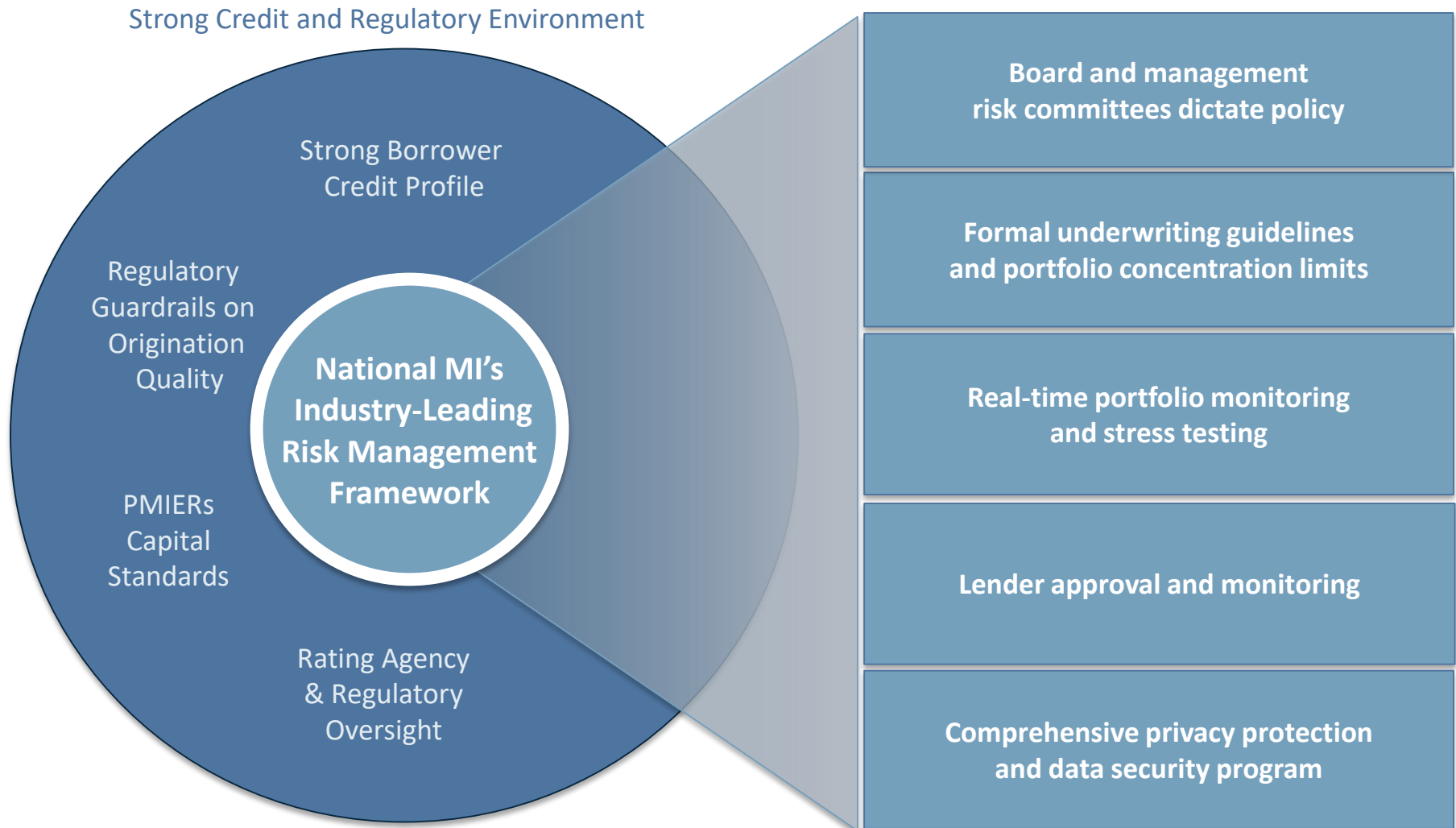
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# Risk Management

Rob Smith

*Executive Vice President & Chief Risk Officer*

# Favorable Credit Backdrop and Strong Risk Management Framework



# Credit Risk Management Framework

***National MI has an industry-leading credit risk management approach,  
built on three foundational pillars***



## Individual risk underwriting

- ✓ Losses occur at a loan level – credit risk management requires loan-level knowledge
- ✓ Portfolio QC reviews are additive, but not sufficient
- ✓ NMI individually underwrites or validates > 80% of loans we insure



## Rate GPS Granular Pricing System

- ✓ All buyers, lenders and homes are different – these differences impact loan performance
- ✓ Rate GPS allows us to consider the full range of loan performance drivers – far beyond FICO and LTV
- ✓ Prioritizes high-quality loans from high-quality lenders and protects our risk-adjusted returns



## Comprehensive reinsurance program

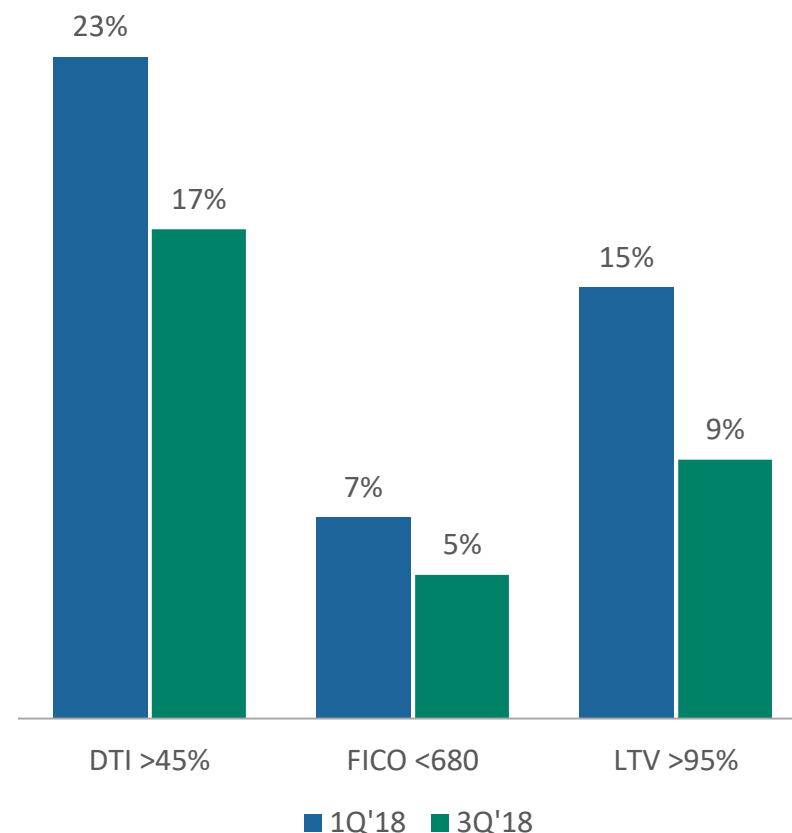
- ✓ Broad reinsurance program spanning traditional quota share and capital markets ILN deals
- ✓ Enhances our return profile and mitigates impact of credit volatility under stress scenarios

# Rate GPS Risk Management Impact



- ✓ Considers broad range of variables with proven impact on credit performance
- ✓ Dynamically considers relationship between multiple risk variables
- ✓ Prioritizes and attracts higher quality loans from high quality lenders
- ✓ Utilize to tactically shape insured portfolio – with immediate impact
- ✓ Allows for quick changes to address risks that may emerge in future
- ✓ Leverages NMI's individual risk underwriting approach

Immediate Impact on Credit Profile  
*1Q'18 vs. 3Q'18 NIW mix*





# In-Force Portfolio Snapshot

## \$63.5 billion In-Force Portfolio: *High-Quality, High Persistency and High Embedded Returns*

### Current portfolio composition

#### Weighted Average Composition 9/30/18 IIF

FICO	749
LTV	91.7%
DTI	36.4%

% of

#### In-Focus Risk Segments 9/30/18 RIF

95.01-97.0% LTV	10.6%
620-659 FICO	2.1%
>45% DTI	11.9%
ARMS with Reset < 5 years	0.1%
Cash-Out Refinance	0.1%
Second Home	2.2%
Investor-Owned Home	0.2%

### Portfolio metrics by vintage

Vintage	Policies ever in force	Current policies in force	WA FICO score	WA original LTV	WA current LTV <sup>1</sup>	# loans in default	# claims paid	Delinquency rate <sup>2</sup>
2013	655	166	752	89.9%	63.1%	0	1	0.00%
2014	14,786	5,944	752	91.4%	69.0%	53	23	0.89%
2015	52,548	33,093	753	91.3%	73.1%	197	47	0.60%
2016	83,626	66,849	755	91.3%	73.4%	248	25	0.37%
2017	85,897	79,147	746	91.8%	84.1%	215	2	0.27%
2018	78,829	77,286	746	92.3%	90.0%	33	0	0.04%
<b>Total</b>	<b>316,341</b>	<b>262,485</b>	<b>749</b>	<b>91.7%</b>	<b>82.5%</b>	<b>746</b>	<b>98</b>	<b>0.28%</b>

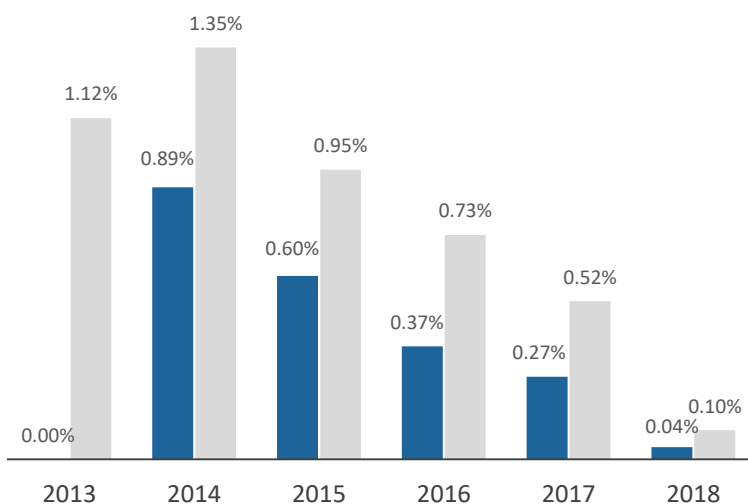
<sup>1</sup> Current LTV includes amortization and assumed home price appreciation per Corelogic

<sup>2</sup> Ratio of loans in default to current policies in force

# Best-in-Class Credit Performance

## NMI vs. Industry Delinquency Rates By Vintage

■ NMI ■ Industry average



	2013	2014	2015	2016	2017	2018
<b>NMIH</b>	<b>0.00%</b>	<b>0.89%</b>	<b>0.60%</b>	<b>0.37%</b>	<b>0.27%</b>	<b>0.04%</b>
MTG <sup>1</sup>	1.30%	1.60%	1.10%	0.80%	0.50%	0.10%
GNW <sup>2</sup>	1.32%	1.64%	1.12%	0.80%	0.56%	0.12%
ESNT <sup>3</sup>	1.01%	1.25%	0.95%	0.70%	0.57%	0.09%
ACGL <sup>4</sup>	0.84%	0.90%	0.62%	0.64%	0.44%	0.07%
RDN	NA	NA	NA	NA	NA	NA

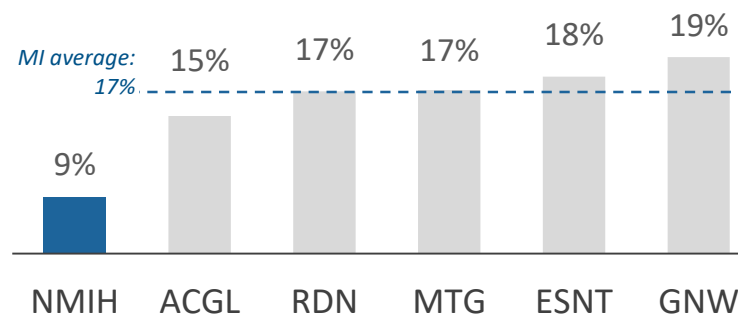
<sup>1</sup> Delinquency rate as disclosed in Quarterly Portfolio Supplement based on loan count

<sup>2</sup> Delinquency rate as disclosed in Quarterly Financial Supplement

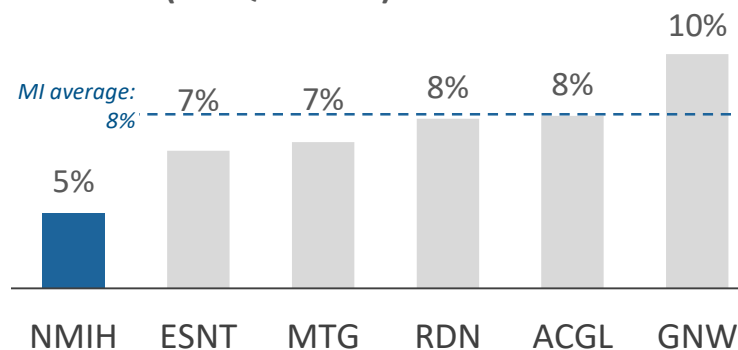
<sup>3</sup> Delinquency calculated as number of loans in default divided by number of policies in force as disclosed in Quarterly Financial Results and Supplemental Information

<sup>4</sup> Delinquency rate as disclosed in Quarterly Financial Supplement

## 95.01-97.0% LTV (% 3Q'18 NIW)

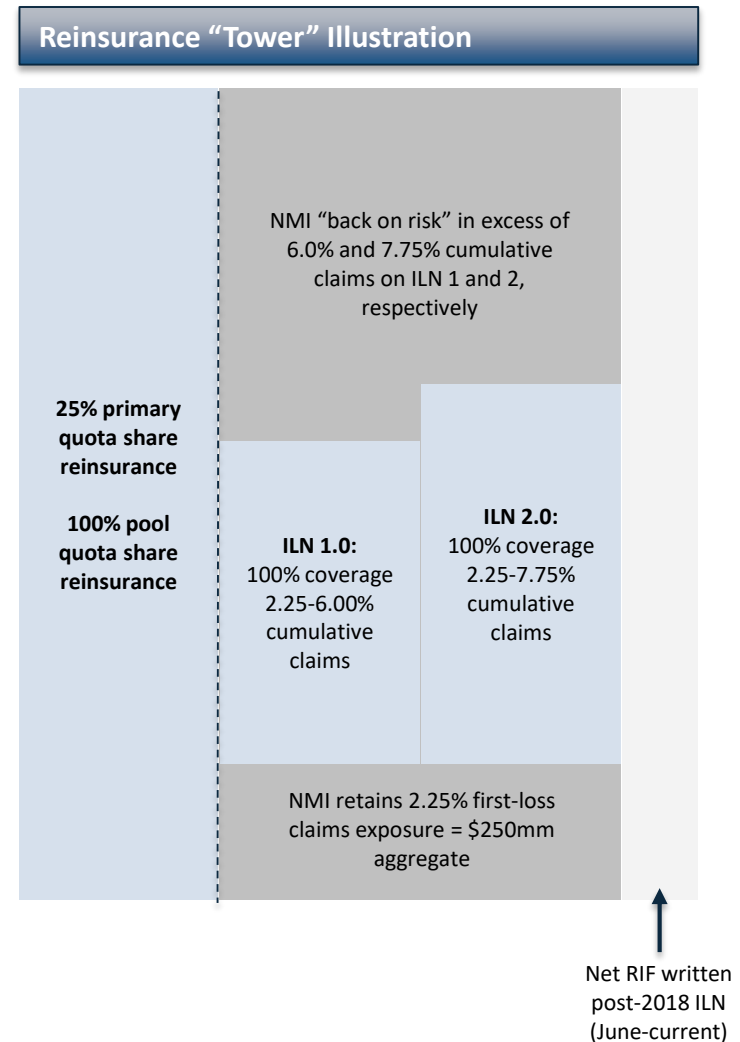


## <680 FICO (% 3Q'18 NIW)



# Reinsurance Provides Significant Loss Mitigation Benefits

- Comprehensive reinsurance program yields significant benefits
  - “Ring fences” our aggregate exposure under most realistic stress events → dramatically limits tail risk
  - Efficient source of PMIERS growth capital
- Program is balanced between traditional quota share coverage and capital markets ILN execution
  - *2016 and 2018 QSRs*: “First dollar” loss protection on approximately 25% of our primary portfolio and 100% of our pool portfolio
  - *2017 and 2018 ILNs*: Excess-of-loss protection on net retained risk (after-QS) for ceded vintages



# Reinsurance Mitigates Impact of “Tail Events”

## Illustrative “Lifetime” Stress Losses

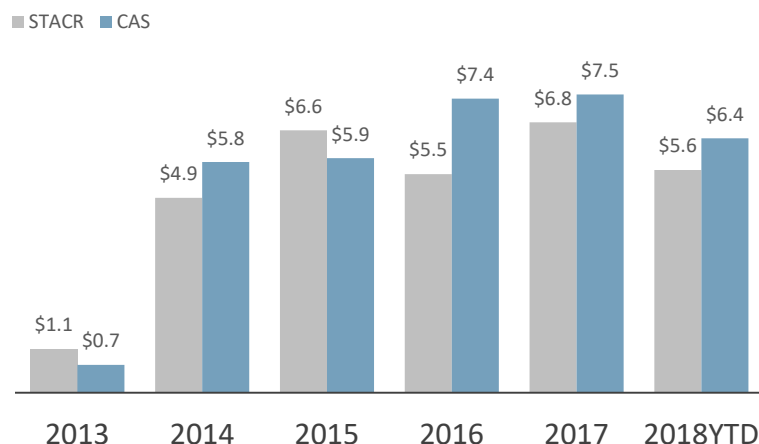
A	Insurance in-force	\$63.5 bn	@ Sep 30th
B	Net yield	43.0 bps	
C	Remaining weighted average life	4.0 years	
D	Remaining “lifetime” premiums	\$1,092 mm	$A \times B \times C$
E	Cumulative claims rate in stress scenario	6.0%	
F	Performing portfolio in stress scenario	94.0%	$1 - E$
G	“Remaining” lifetime premiums in stress scenario	\$1,027 mm	$D \times F$
H	Insurance in-force	\$63.5 bn	
I	Coverage %	25.0%	
J	Gross RIF	\$15.9 bn	$H \times I$
K	QS cession	25.0%	
L	Net RIF	\$11.9 bn	$J \times K$
M	Cumulative claims rate in stress scenario	6.0%	
N	Stress losses before cession to ILNs	\$714 mm	$L \times M$
O	Stress losses ceded to ILNs (trust balances)	\$409 mm	
P	Expected losses in stress scenario	\$306 mm	$N - O$
Q	Implied “lifetime loss ratio”	29.8%	$P \div G$

\*Not a forecast; for illustration purposes only. Some totals may not foot due to rounding

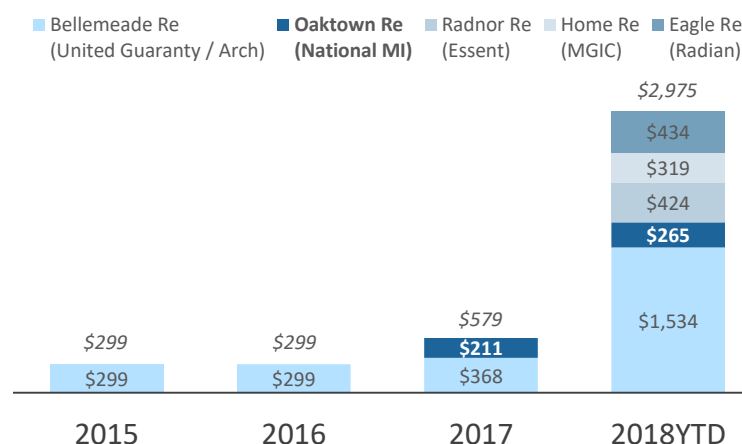
# ILN Market Overview

- Credit risk transfer has grown exponentially since the GSEs executed their first STACR / CAS deals in 2013 and United Guaranty completed its first ILN issuance in 2015, driven by:
  - General seasoning of a new asset class
  - Increased secondary market trading activity / liquidity
  - Strength of the housing market and performance of existing bonds
  - Limited supply of alternative product – no real non-agency RMBS alternative for investor dollars
- Deal sizes have grown and number of investor participants has expanded dramatically
  - Fannie / Freddie have issued over \$64 billion of CAS / STACR bonds across 67 transactions since 2013
  - Mortgage insurance industry has completed 11 ILN offerings totaling ~\$4 billion since 2015
  - Broad participation from growing group of MBS investors

STACR / CAS Issuance Volume (\$ billions)



ILN Issuance Volume (\$ millions)



- Risk management is a key organizational priority
- Investing to develop a multi-pronged approach to credit risk management
  - I. Rate GPS
  - II. Individual risk underwriting
  - III. Comprehensive reinsurance program
- Delivering credit outperformance compared to the broader mortgage insurance industry
- Believe we are positioned to outperform in stress scenarios



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# Financial Overview

Adam Pollitzer

*Executive Vice President & Chief Financial Officer*

# Achieving Our Financial Goals

## Recap of Our Success

- ✓ Exceeding the milestones we set for the business

## Financial “Sweet Spot”

- ✓ Unique combination of revenue growth, accelerating income and ROE, and high earnings visibility

## Vision and Strategy for the Future

- ✓ Optimized strategy to continue our positive financial momentum



# Delivering Financial Success

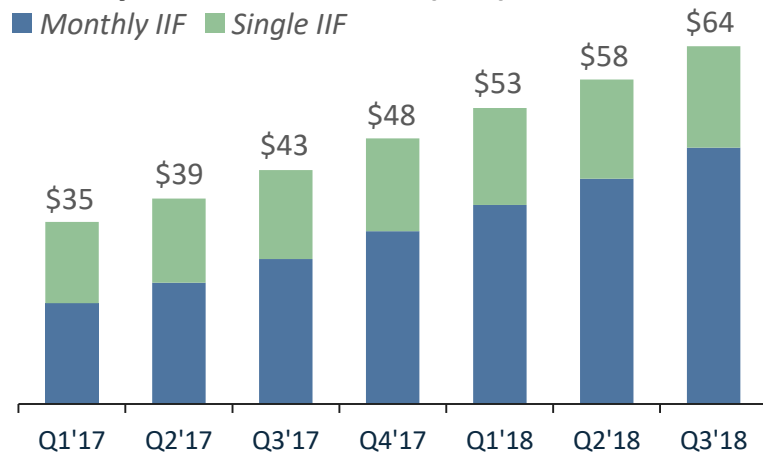
- ✓ **Revenue** \$253mm LTM / +54% one-year growth
- ✓ **Pre-tax income\*** \$121mm LTM / +143% one-year growth
- ✓ **Return on equity\*** 19.7% Q3'18 annualized
- ✓ **Book value** \$660 million
- ✓ **Book value per share** \$9.96/share / +17% one-year growth
- ✓ **Combined ratio\*** 45% Q3'18 / 12 pt one-year improvement
- ✓ **Ratings (FSR)** S&P: BBB- (OP), Moody's: Baa3 (OS)

\* Adjusted pre-tax income, return on equity, and combined ratio are non-GAAP measures. For definition of these terms and a reconciliation to the most comparable GAAP measures, refer to slides 61 and 62, or the investor relations section of the company's website at [www.nationalmi.com](http://www.nationalmi.com)

# Delivering Results – Quarter by Quarter

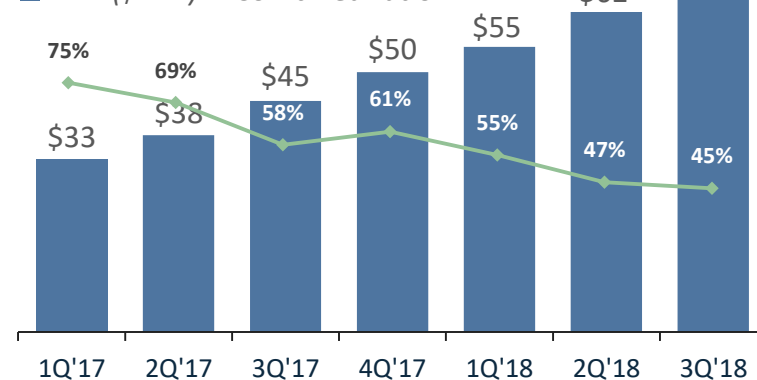
## Primary insurance in-force (\$bn)

■ Monthly IIF ■ Single IIF



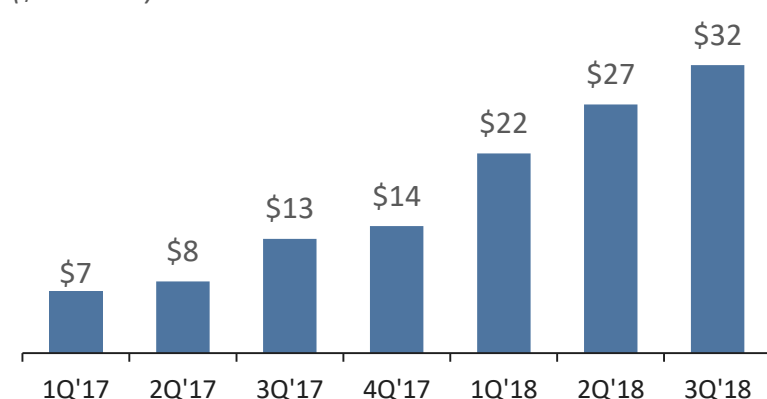
## Net premiums earned & adjusted combined ratio

■ NPE (\$mm) ■ Combined ratio



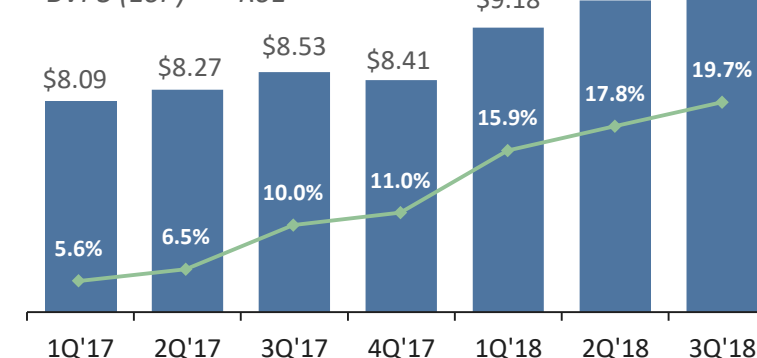
## Adjusted net income

(\$ millions)



## Book value per share & adjusted return on equity

■ BVPS (EoP) ■ RoE



\* Adjusted net income, return on equity, and combined ratio are non-GAAP measures. For definition of these terms and a reconciliation to the most comparable GAAP measures, refer to slides 61 and 62, or the investor relations section of the company's website at [www.nationalmi.com](http://www.nationalmi.com)

# Financial “Sweet Spot”

## National MI is at a “Sweet Spot” in its Financial Lifecycle

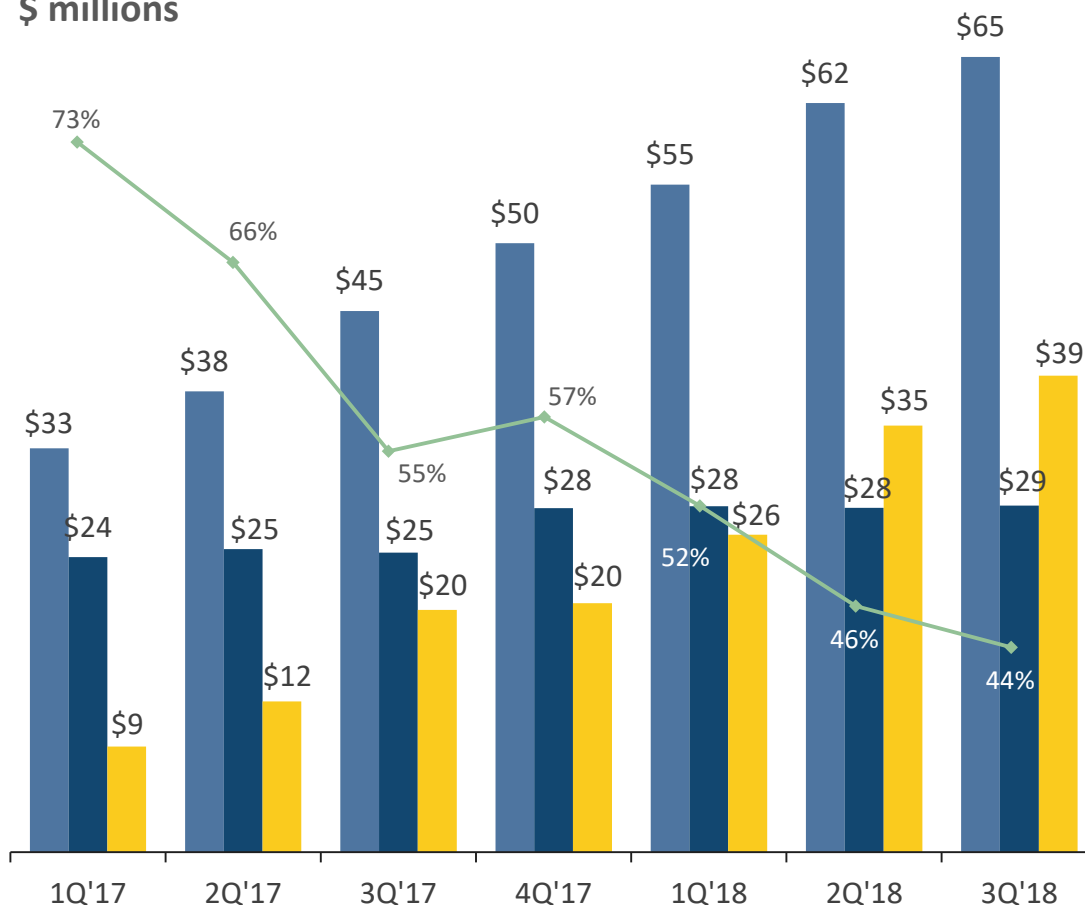
- **High growth**
  - Insurance-in-force and premium revenue
  - Net income and book value
- **Operating leverage driving accelerating profitability**
  - Premium growth significantly outpaces operating expense growth
  - Low-to-mid single-digit loss ratios
- **Capital efficiency**
  - Broad market access and funding runway
  - Estimated mid-single digit cost of capital
- **High teens returns**
  - Delivering on full potential of platform
- **High visibility**
  - Existing book drives majority of near-term financial performance



# Operating Leverage Drives Accelerating Financial Results

■ Net premiums earned ■ Operating expenses\* ■ Pre-tax income\* ■ Expense ratio\*

\$ millions



**Business model has significant embedded operating leverage**

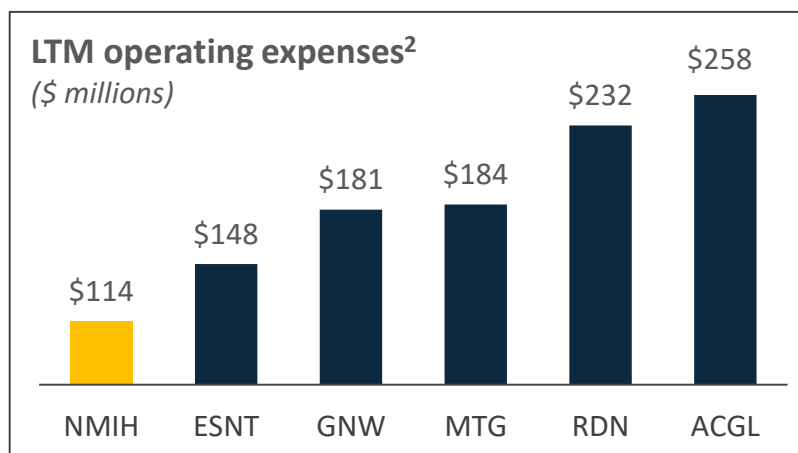
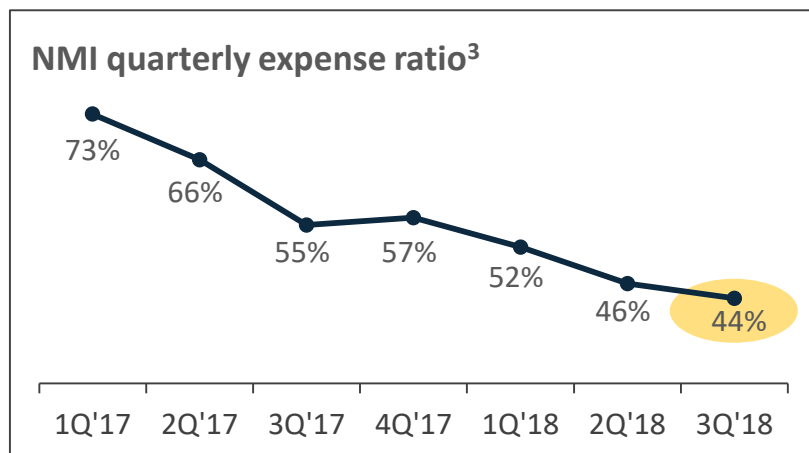
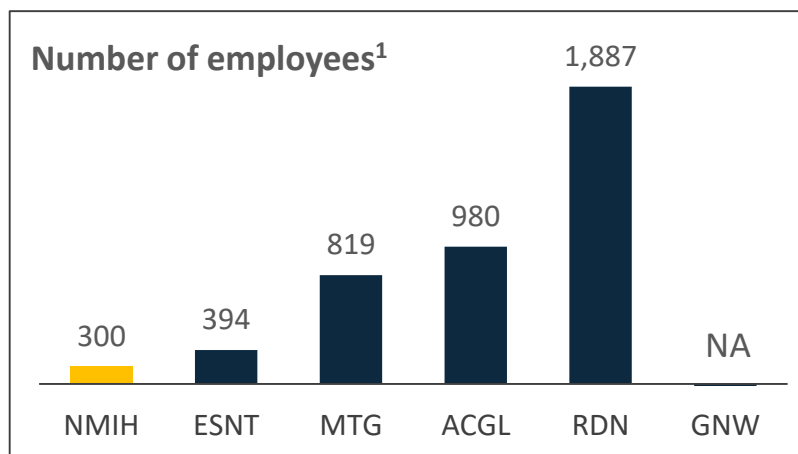
1Q'17-3Q'18 CAGR:

- Net premiums earned  
12%
- Operating expenses  
3%
- Pre-tax income  
28%

\* Adjusted pre-tax income and expense ratio are non-GAAP measures. For definition of these terms and a reconciliation to the most comparable GAAP measures, refer to slides 61 and 62, or the investor relations section of the company's website at [www.nationalmi.com](http://www.nationalmi.com)

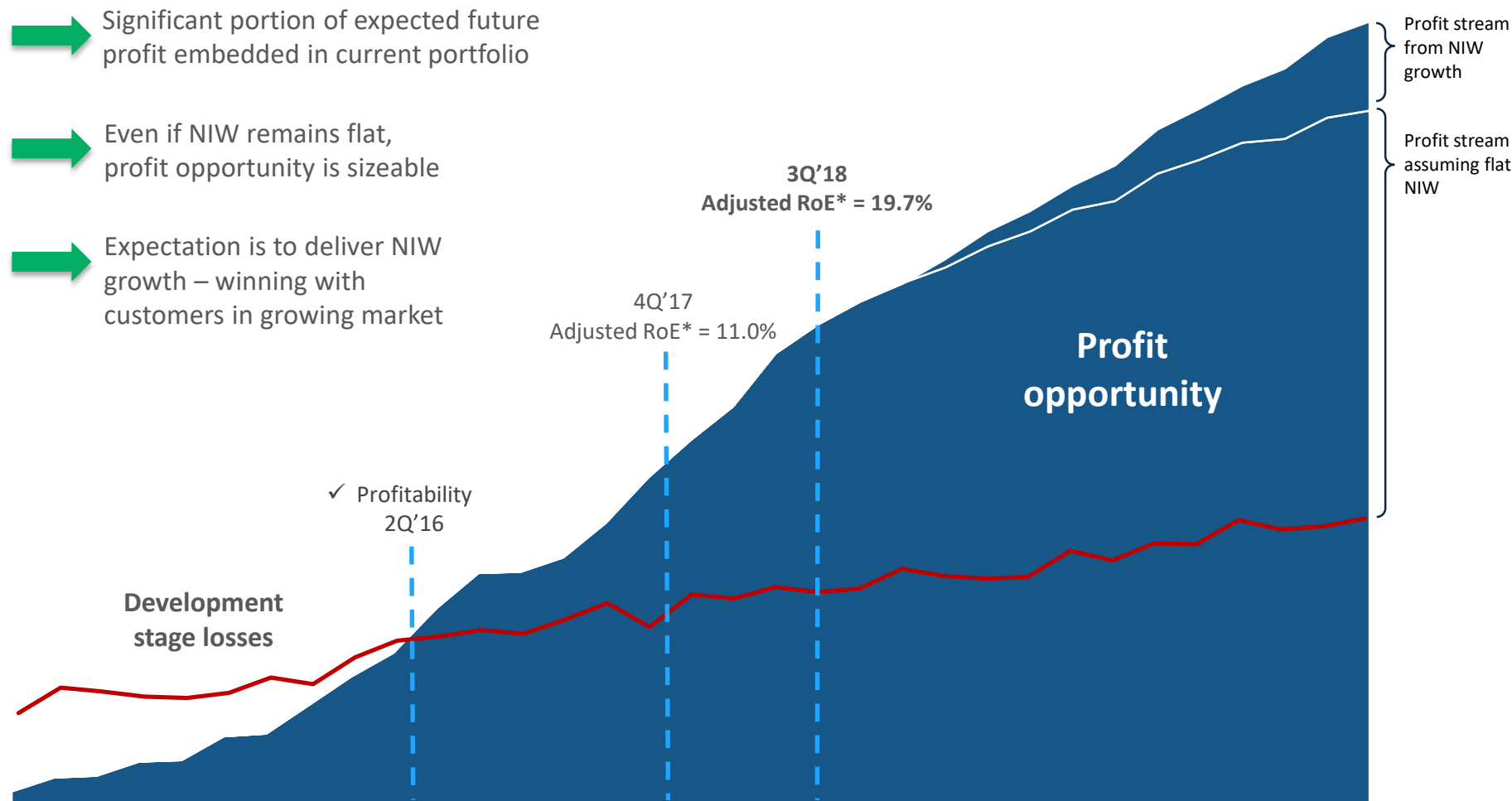
# Focus on Efficiency and Expense Management

- **Smallest employee base in industry**  
*...by far*
- **Smallest expense base in industry**  
*...by far*
- **Driving significant expense efficiency**  
*...quickly scaling our expense ratio*



<sup>1</sup> Employee count as of most recent available reporting period; NMIH as of 9/30/18; ESNT as of 9/30/18; MTG and RDN as of 12/31/17 (MTG excludes "on call" employees, RDN includes all employees – MI only employee base not disclosed); ACGL represents Mortgage Segment employees as of 2/21/18 per 2017 10K. <sup>2</sup> NMIH presented on adjusted basis; ESNT and MTG total company as reported; RDN MI segment as reported – including RDN's allocation of corporate items; ACGL and GNW MI segment as reported – excluding corporate allocation. <sup>3</sup> Presented on an adjusted basis which is a non-GAAP measure. For a reconciliation of non-GAAP measures to the most comparable GAAP measures is available on slides 61 and 62, and on the company's website at [www.nationlmi.com](http://www.nationlmi.com)

# Profit Potential is Significant and Highly Visible



Not a forecast. For illustrative purposes only.

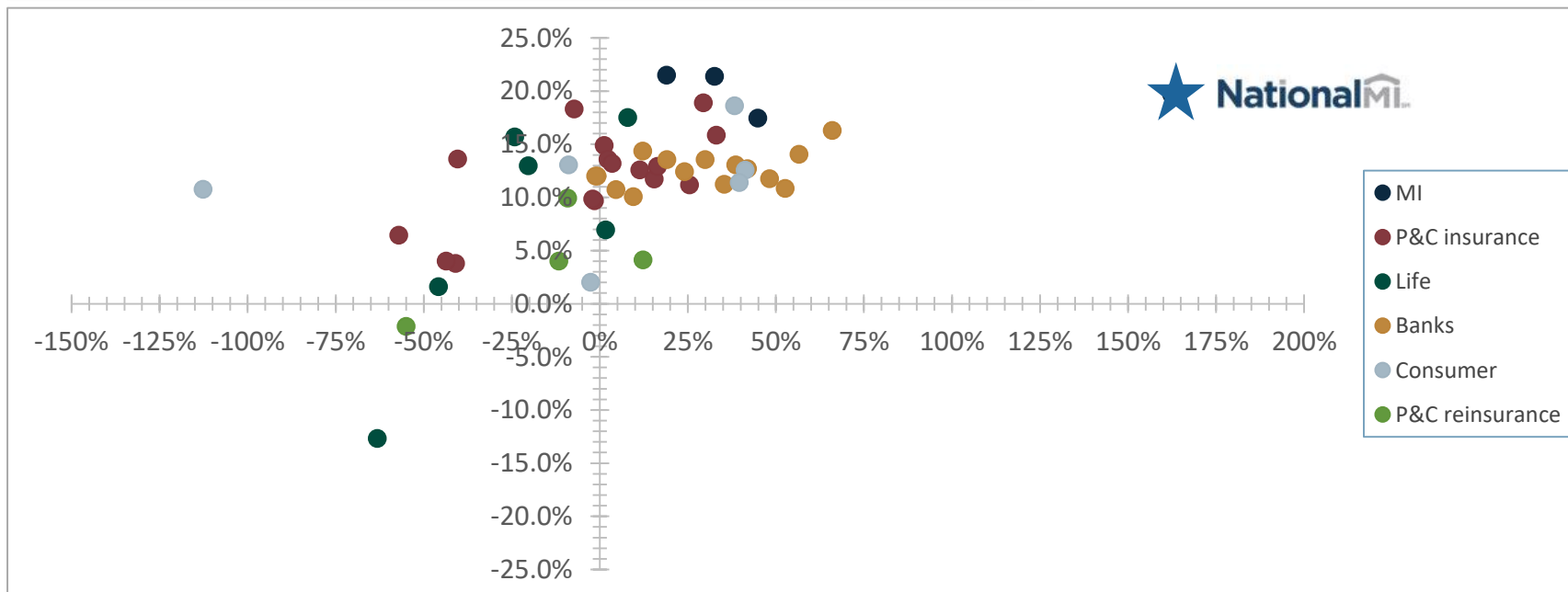
\* Adjusted return on equity is a non-GAAP measure. For definition of this term and a reconciliation to the most comparable GAAP measures, refer to slides 61 and 62, or the investor relations section of the company's website at [www.nationalmi.com](http://www.nationalmi.com)

# Growth and Return Outperformance

## Return-on-Equity vs. Earnings Growth

3Q'18 Annualized ROE vs. 9M'18 Adjusted Earnings Growth<sup>1</sup>

	ROE	Earnings growth
<b>National MI</b>	<b>19.7%</b>	<b>162.4%</b>
MI peer average	20.1%	32.1%
P&C insurance index	12.7%	1.8%
P&C reinsurance index	4.1%	-10.4%
Life insurance index	9.9%	-22.3%
Bank index	12.4%	29.9%
Consumer credit index	12.0%	17.9%

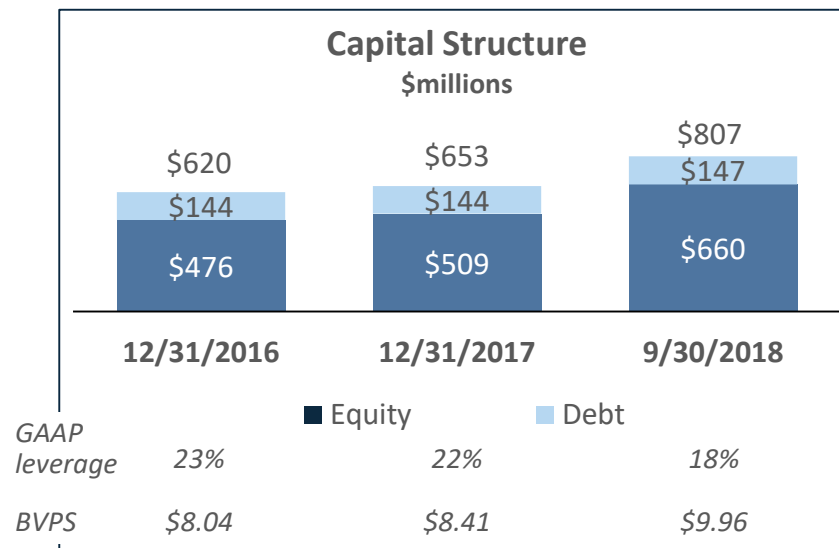


Source: SNL Financial, FactSet, Company filings

<sup>1</sup> ROE represents 3Q'18 annualized adjusted ROE (a non-GAAP measure). Earnings growth represents 9M'18 annualized relative to full year 2017. Earnings growth for P&C insurance and reinsurance companies adjusted to exclude catastrophe losses  
**Mortgage Insurance includes:** Essent, MGIC, and Radian; **P&C includes:** Allstate, American Financial, American National, Arch, Assurant, Chubb, CNA, Hanover, Horace Mann, Kinsale, Mercury General, National General, RLI, Selective, Travelers, and W.R. Berkley; **Reinsurance includes:** Aspen, AXIS, Everest Re, and RenaissanceRe **Life Insurance includes:** Athene, Lincoln National, MetLife, Principal Financial, Prudential, and Unum; **Banks includes:** Bank of America, BB&T, Comerica, Fifth Third, First Republic, Huntington Bancorp, J.P. Morgan, KeyCorp, M&T Bank, PNC Financial Services, SunTrust, Synovus, U.S. Bancorp, Wells Fargo, and Zions Bancorp; **Consumer Credit includes:** Ally Financial, Central Pacific Financial, FirstCash, Santander Consumer USA, Synchrony Financial, and World Acceptance.

# Solid, Conservative Balance Sheet

- ✓ **Strong liquidity profile and capital position**
  - \$51mm holding company cash and investments as of 9/30/18
  - \$660mm GAAP equity and \$303mm PMIERS excess as of 9/30/18
- ✓ **Access to broad spectrum of capital alternatives**
  - Common equity raise, Insurance Linked Notes, Term Loan, Revolving Credit Facility
  - Reinsurance with highly rated panel to support growth and limit losses
- ✓ **PMIERS 2.0 clarity**
  - Favorable impact to current position
  - Effective 3/31/19
- ✓ **Conservative investment portfolio**
  - 100% investment grade / average rating of “A”
  - Duration of 3.53 as of 9/30/18



\$millions	12/31/16	12/31/17	9/30/18
Available assets	\$454	\$528	\$702
Required assets	367	446	399
PMIERS excess	\$87	\$82	\$303
PMIERS cushion	24%	18%	76%





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# Questions & Answers



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# Appendix

# Highly Experienced Management Team



**Bradley Shuster**  
Chairman of the  
Board and Chief  
Executive Officer

- Chairman and CEO since 2012
- Served as an executive of The PMI Group, Inc. ("PMI") from 2003 to 2008, with roles as President of International and Strategic Investments, CEO of PMI Capital Corporation, Executive Vice President of Corporate Development, Senior Vice President, Treasurer and Chief Investment Officer



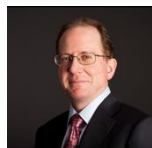
**Claudia Merkle**  
President

- Joined in May 2012; leads sales and business development, marketing, underwriting fulfillment, risk operations and policy servicing
- 25 years' experience in mortgage and MI sales and operations; previously served as Vice President, PMI Mortgage Insurance Co. and VP at Meridian Mortgage/Corestates



**William Leatherberry**  
Executive VP and  
General Counsel

- Joined in 2014 as EVP and Chief Legal Officer; 20+ years of experience in corporate law, including mergers and acquisitions, securities law, corporate governance and compliance oversight
- Prior to joining National MI, Mr. Leatherberry served as Executive VP, General Counsel and Secretary for Century Aluminum, a publicly traded primary aluminum company



**Patrick Mathis**  
Executive VP,  
Operations & IT

- More than 25 years of experience in the insurance, mortgage and financial industries, including executive level positions in the areas of risk and credit management
- Mr. Mathis previously served as Senior VP, Head of Credit Risk Management for PMI from January 2009 to May 2012



**Adam Pollitzer**  
Executive VP and  
Chief Financial  
Officer

- Joined in 2017 as Executive Vice President and Chief Financial Officer
- Formerly a Managing Director in J.P. Morgan's Corporate and Investment Banking division, where he led M&A advisory, structuring and capital raising efforts on behalf of North American insurance companies, including mortgage insurers



**Robert Smith**  
Executive VP and  
Chief Risk Officer

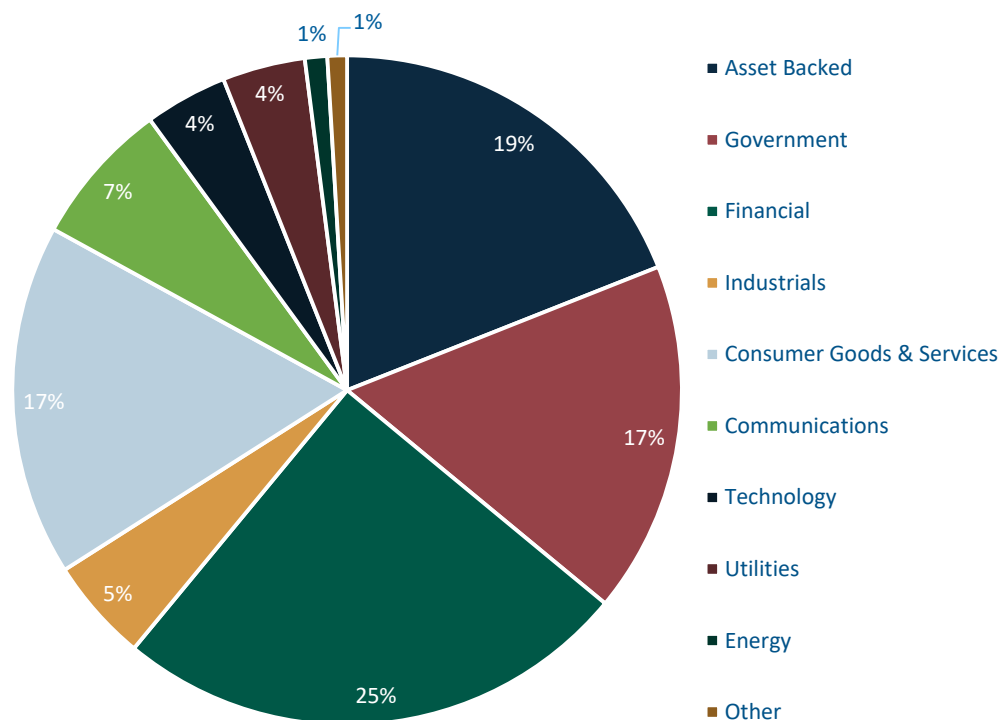
- Joined National MI in 2012, and has more than 19 years' experience in the mortgage and financial services industry, including previous roles at Washington Mutual and PMI Mortgage Insurance.
- He is a Chartered Financial Analyst and holds a master's degree in Engineering from Stanford University and an MBA from Stanford's Graduate School of Business.

# Investment Portfolio

Conservatively managed with regard to  
duration and diversification

## Highlights as of 9/30/18:

- ~\$874mm managed portfolio
- Investment policy governs eligible securities, issuer and asset concentration, duration
- 100% fixed income
- 100% investment grade
- Weighted average A rating
- 3.53 years duration
- Annualized book yield = 2.8% YTD



# Use of Non-GAAP Financial Measures

We believe that use of the non-GAAP measures of adjusted pre-tax income, adjusted net income, adjusted net income per share and adjusted return-on-equity facilitate the evaluation of our fundamental financial performance, thereby providing 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 recognized in accordance with GAAP and should not be viewed as alternatives to GAAP measures of performance. These measures have been established in order to increase transparency for the purposes of evaluating our fundamental operating trends and enabling more meaningful comparisons with our peers.

**Adjusted pre-tax income** is defined as GAAP income before tax, excluding the 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 net income per diluted share** is calculated in a manner consistent with the accounting standard regarding earnings per share by dividing (i) adjusted net income by (ii) diluted weighted average common shares outstanding, which includes shares of common stock outstanding and common stock equivalents that would be issuable upon (i) the vesting of service based RSUs and (ii) exercise of vested and unvested stock options and outstanding warrants.

**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 pre-tax income and adjusted net income exclude certain items that have occurred in the past and are expected to occur in the future, the excluded items are: (1) not viewed as part of the operating performance of our primary activities; or (2) impacted by market, economic or regulatory factors and are not necessarily indicative of operating trends, or both. These adjustments, along with the reasons for their treatment, are described below. Trends in the profitability of our fundamental operating activities can be more clearly identified by adjusting for fluctuations in these items. Other companies may calculate these measures differently. Therefore, their measures may not be comparable to those used by us.

- (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 statements of operations in the period in which the change occurred. The change in the fair value of our warrant liability can vary significantly across periods and is influenced principally by equity market and general economic factors which may not impact or reflect our current period operating results. Trends in our operating performance can be more clearly identified without the fluctuations of the change in fair value of our warrant liability.
- (2) *Capital markets transaction costs.* Capital markets transaction costs result from discretionary 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.
- (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 of specific securities sold is highly discretionary and is influenced by factors such as market opportunities, tax and capital profile and overall market cycles.
- (4) *Infrequent or unusual non-operating items.* Income Statement items occurring separately from operating earnings that are not expected to recur in the future. They are the result of unforeseen or uncommon events. Exclusion of these items provides clarity about the impact of special or rare circumstances on current financial performance. An example is income tax expense adjustments due to a re-measurement of the net deferred tax assets in connection with tax reform, which are non-recurring in nature and are not part of our primary operating activities. We did not adjust for any infrequent or unusual non-operating items to calculate the non-GAAP measures presented in this release.

# Financial Highlights and Non-GAAP Reconciliation



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## Non-GAAP reconciliation

	Fourth Quarter 12/31/2014	First Quarter 3/31/2015	Second Quarter 6/30/2015	Third Quarter 9/30/2015	Fourth Quarter 12/31/2015	First Quarter 3/31/2016	Second Quarter 6/30/2016	Third Quarter 9/30/2016	Fourth Quarter 12/31/2016
<i>(\$ in thousands, except per share values)</i>									
<b>As Reported:</b>									
<u>Revenues</u>									
Net premiums earned	\$ 5,510	\$ 6,936	\$ 8,856	\$ 12,834	\$ 16,880	\$ 19,807	\$ 26,041	\$ 31,808	\$ 32,825
Net Investment Income	1,319	1,596	1,688	1,884	2,078	3,231	3,342	3,544	3,634
Net realized investment gains (losses)	63	613	354	(15)	(121)	(885)	61	66	65
Other revenues	-	-	-	-	25	32	37	102	105
<b>Total revenues</b>	<b>\$ 6,892</b>	<b>\$ 9,145</b>	<b>\$ 10,898</b>	<b>\$ 14,703</b>	<b>\$ 18,862</b>	<b>\$ 22,185</b>	<b>\$ 29,481</b>	<b>\$ 35,520</b>	<b>\$ 36,629</b>
<u>Expenses</u>									
Insurance claims and claims expenses	\$ 81	\$ 104	\$ (6)	\$ 181	\$ 371	\$ 458	\$ 470	\$ 664	\$ 800
Underwriting and operating expenses	17,583	18,350	20,910	19,653	21,686	22,671	23,234	24,037	23,281
<b>Total expenses</b>	<b>\$ 17,664</b>	<b>\$ 18,454</b>	<b>\$ 20,904</b>	<b>\$ 19,834</b>	<b>\$ 22,057</b>	<b>\$ 23,129</b>	<b>\$ 23,704</b>	<b>\$ 24,701</b>	<b>\$ 24,081</b>
<u>Other Expenses</u>									
(Loss) Gain from change in fair value of warrant liability	\$ (60)	\$ 1,248	\$ (106)	\$ 332	\$ 431	\$ 669	\$ (59)	\$ (797)	\$ (1,713)
Interest expense	-	-	-	-	(2,057)	(3,632)	(3,707)	(3,733)	(3,777)
Total other expense	\$ (60)	\$ 1,248	\$ (106)	\$ 332	\$ (1,626)	\$ (2,963)	\$ (3,766)	\$ (4,530)	\$ (5,490)
<b>Income before income taxes</b>	<b>\$ (10,832)</b>	<b>\$ (8,061)</b>	<b>\$ (10,112)</b>	<b>\$ (4,799)</b>	<b>\$ (4,821)</b>	<b>\$ (3,907)</b>	<b>\$ 2,011</b>	<b>\$ 6,289</b>	<b>\$ 7,059</b>
Income tax expense (benefit)	(812)	(241)	241	-	-	-	-	114	(52,663)
<b>Net income</b>	<b>\$ (10,020)</b>	<b>\$ (7,820)</b>	<b>\$ (10,353)</b>	<b>\$ (4,799)</b>	<b>\$ (4,821)</b>	<b>\$ (3,907)</b>	<b>\$ 2,011</b>	<b>\$ 6,175</b>	<b>\$ 59,722</b>
<b>Adjustments:</b>									
Loss (Gain) from change in fair value of warrant liability	\$ 60	\$ (1,248)	\$ 106	\$ (332)	\$ (431)	\$ (669)	\$ 59	\$ 797	\$ 1,713
Capital markets transaction costs	-	-	-	-	-	-	-	-	-
Net realized investment (gains) losses	\$ (63)	(613)	(354)	15	121	885	(61)	(66)	(65)
<b>Adjusted Income before income taxes</b>	<b>\$ (10,835)</b>	<b>\$ (9,922)</b>	<b>\$ (10,360)</b>	<b>\$ (5,116)</b>	<b>\$ (5,131)</b>	<b>\$ (3,691)</b>	<b>\$ 2,009</b>	<b>\$ 7,020</b>	<b>\$ 8,707</b>
Income tax expense (benefit) on adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76	(1)	256	\$ 577
Deferred tax (expense) benefit adjustments	-	-	-	-	-	-	-	-	58,535
<b>Adjusted Net income</b>	<b>\$ (10,023)</b>	<b>\$ (9,681)</b>	<b>\$ (10,601)</b>	<b>\$ (5,116)</b>	<b>\$ (5,131)</b>	<b>\$ (3,767)</b>	<b>\$ 2,010</b>	<b>\$ 6,650</b>	<b>\$ 2,258</b>
Shareholders' equity	\$ 426,958	\$ 423,302	\$ 411,687	\$ 408,201	\$ 402,731	\$ 410,058	\$ 422,435	\$ 430,269	\$ 475,509
Return on equity – Reported	(9.4%)	(7.4%)	(9.9%)	(4.7%)	(4.7%)	(3.8%)	1.9%	5.8%	52.7%
Return on equity – Adjusted	(9.4%)	(9.1%)	(10.2%)	(5.0%)	(5.0%)	(3.7%)	1.9%	6.2%	2.0%
Expense ratio - Reported	319.1%	264.6%	236.1%	153.1%	128.5%	114.5%	89.2%	75.6%	70.9%
Expense ratio - Adjusted	319.1%	264.6%	236.1%	153.1%	128.5%	114.5%	89.2%	75.6%	70.9%
Loss ratio - Reported and Adjusted	1.5%	1.5%	(0.1%)	1.4%	2.2%	2.3%	1.8%	2.1%	2.4%
Combined ratio - Reported	320.6%	266.1%	236.0%	154.5%	130.7%	116.8%	91.0%	77.7%	73.3%
Combined ratio - Adjusted	320.6%	266.1%	236.0%	154.5%	130.7%	116.8%	91.0%	77.7%	73.3%

# Financial Highlights and Non-GAAP Reconciliation



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## Non-GAAP reconciliation

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter
(\$ in thousands, except per share values)	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018	9/30/2018
<b>As Reported:</b>							
<u>Revenues</u>							
Net premiums earned	\$ 33,225	\$ 37,917	\$ 44,519	\$ 50,079	\$ 54,914	\$ 61,615	\$ 65,407
Net Investment Income	3,807	3,908	4,170	4,388	4,574	5,735	6,277
Net realized investment gains (losses)	(58)	188	69	9	-	59	(8)
Other revenues	80	185	195	62	64	44	85
<b>Total revenues</b>	<b>\$ 37,054</b>	<b>\$ 42,198</b>	<b>\$ 48,953</b>	<b>\$ 54,538</b>	<b>\$ 59,552</b>	<b>\$ 67,453</b>	<b>\$ 71,761</b>
<u>Expenses</u>							
Insurance claims and claims expenses	\$ 635	\$ 1,373	\$ 957	\$ 2,374	\$ 1,569	\$ 643	\$ 1,099
Underwriting and operating expenses	25,989	28,048	24,645	28,297	28,453	29,020	30,379
<b>Total expenses</b>	<b>\$ 26,624</b>	<b>\$ 29,421</b>	<b>\$ 25,602</b>	<b>\$ 30,671</b>	<b>\$ 30,022</b>	<b>\$ 29,663</b>	<b>\$ 31,478</b>
<u>Other Expenses</u>							
(Loss) Gain from change in fair value of warrant liability	\$ (196)	\$ 19	\$ (502)	\$ (3,426)	\$ 420	\$ 109	\$ (5,464)
Interest expense	(3,494)	(3,300)	(3,352)	(3,382)	(3,419)	(5,560)	(2,972)
Total other expense	\$ (3,690)	\$ (3,281)	\$ (3,854)	\$ (6,808)	\$ (2,999)	\$ (5,451)	\$ (8,436)
<b>Income before income taxes</b>	<b>\$ 6,740</b>	<b>\$ 9,496</b>	<b>\$ 19,497</b>	<b>\$ 17,059</b>	<b>\$ 26,531</b>	<b>\$ 32,339</b>	<b>\$ 31,847</b>
Income tax expense (benefit)	1,248	3,484	7,185	18,825	4,176	7,098	7,036
<b>Net income</b>	<b>\$ 5,492</b>	<b>\$ 6,012</b>	<b>\$ 12,312</b>	<b>\$ (1,766)</b>	<b>\$ 22,355</b>	<b>\$ 25,241</b>	<b>\$ 24,811</b>
<u>Adjustments:</u>							
Loss (Gain) from change in fair value of warrant liability	\$ 196	\$ (19)	\$ 502	\$ 3,426	\$ (420)	\$ (109)	\$ 5,464
Capital markets transaction costs	1,711	3,105	-	-	-	2,921	1,871
Net realized investment (gains) losses	58	(188)	(69)	(9)	-	(59)	8
<b>Adjusted income before income taxes</b>	<b>\$ 8,705</b>	<b>\$ 12,394</b>	<b>\$ 19,930</b>	<b>\$ 20,476</b>	<b>\$ 26,111</b>	<b>\$ 35,092</b>	<b>\$ 39,190</b>
Income tax expense (benefit) on adjustments	\$ 688	\$ 1,014	\$ 152	\$ 1,196	\$ (88)	\$ 578	\$ 395
Deferred tax (expense) benefit adjustments	-	-	-	(13,554)	-	-	-
<b>Adjusted Net income</b>	<b>\$ 6,769</b>	<b>\$ 7,896</b>	<b>\$ 12,593</b>	<b>\$ 14,009</b>	<b>\$ 22,023</b>	<b>\$ 27,416</b>	<b>\$ 31,759</b>
Weighted average diluted shares outstanding	62,339	63,010	63,089	60,219	65,697	68,616	68,844
Dilutive effect of non-vested shares and warrants	-	-	-	3,449	-	-	-
<b>Weighted average diluted shares outstanding – Adjusted</b>	<b>62,339</b>	<b>63,010</b>	<b>63,089</b>	<b>63,668</b>	<b>65,697</b>	<b>68,616</b>	<b>68,844</b>
Diluted EPS – Reported	\$ 0.09	\$ 0.10	\$ 0.20	\$ (0.03)	\$ 0.34	\$ 0.37	\$ 0.36
Diluted EPS – Adjusted	\$ 0.11	\$ 0.13	\$ 0.20	\$ 0.22	\$ 0.34	\$ 0.40	\$ 0.46
Shareholders' equity	\$ 483,909	\$ 495,040	\$ 511,025	\$ 509,077	\$ 601,944	\$ 629,642	\$ 660,493
Return on equity – Reported	4.6%	4.9%	9.8%	(1.4%)	16.1%	16.4%	15.4%
Return on equity – Adjusted	5.6%	6.5%	10.0%	11.0%	15.9%	17.8%	19.7%
Expense ratio - Reported	78.2%	74.0%	55.4%	56.5%	51.8%	47.1%	46.4%
Expense ratio - Adjusted	73.1%	65.8%	55.4%	56.5%	51.8%	46.0%	43.6%
Loss ratio - Reported and Adjusted	1.9%	3.6%	2.1%	4.7%	2.9%	1.0%	1.7%
Combined ratio - Reported	80.1%	77.6%	57.5%	61.2%	54.7%	48.1%	48.1%
Combined ratio - Adjusted	75.0%	69.4%	57.5%	61.2%	54.7%	47.0%	45.3%

# Cautionary Note Regarding Forward-Looking Statements



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Certain statements contained in this presentation or any other 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, future events, profitability 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 public mortgage insurers such as 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 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 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; 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 as expected; 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, 2017 and in Item 1A of Part II of our Quarterly Report on Form 10-Q for the quarter ended March 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.