NMI HOLDINGS, INC.

INVESTOR DAY 2016

Cautionary Note Regarding Forward–Looking Statements

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This report contains 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. Any statements about our expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance are not historical facts and may be forward looking. These statements are often, but not always, made through the use of words or phrases such as "anticipate," "believe," "can," "could," "may," "predict," "potential," "should," "will," "estimate," "plan," "project," "continuing," "ongoing," "expect," "intend" or words of similar meaning and include, but are not limited to, statements regarding the outlook for our future business and financial performance. All forward looking statements are necessarily only estimates of future results, and actual results may differ materially from expectations. You are, therefore, cautioned not to place undue reliance on such statements which should be read in conjunction with the other cautionary statements that are included elsewhere in this report. Further, any forward looking statement speaks only as of the date on which it is made and we undertake no obligation to update or revise any forward looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. We have based these forward looking statements on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, operating results, business strategy and financial needs. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward looking statements including, but not limited to: (1) our limited operating history; (2) our future profitability, liquidity and capital resources; (3) developments in the world's financial and capital markets and our access to such markets, including reinsurance; (4) 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.; (5) changes in the business practices of Fannie Mae and Freddie Mac (collectively, the GSEs), including implementation of the new Private Mortgage Insurer Eligibility Requirements (“PMIERs”) or decisions that have the impact of decreasing or discontinuing the use of mortgage insurance as credit enhancement; (6) our ability to remain an eligible mortgage insurer under the PMIERs and other requirements imposed by the GSEs, which they may change at any time; (7) 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; (8) adoption of new or changes to existing laws and regulations or their enforcement and implementation by regulators; (9) 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; (10) potential future lawsuits, investigations or inquiries or resolution of current lawsuits or inquiries; (11) 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; (12) 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 GSE’s and our regulators; (13) 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; (14) our ability to attract and retain a diverse customer base, including the largest mortgage originators; (15) failure of risk management or pricing or investment strategies; (16) emergence of unexpected claim and coverage issues, including claims exceeding our reserves or amounts we had expected to experience; (17) the inability of our counter-parties, including third party reinsurers, to meet their obligations to us; (18) 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; (19) failure to maintain, improve and continue to develop necessary information technology (IT) systems or the failure of technology providers to perform; and (20) ability to recruit, train and retain key personnel.

In addition, for additional discussion of those risks and uncertainties that have the potential to effect our business, financial condition, results of operations, cash flows or prospects in a material and adverse manner, you should review the Risk Factors in Part I, Item IA, of our Annual Report on 10-K for the year ended December 31, 2015, as subsequently updated on other reports we file from time to time with the U.S. Securities and Exchange Commission (SEC).

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Introduction to National MI

Brad Shuster
Chairman and CEO

Agenda

Introduction	Brad Shuster	Chairman & Chief Executive Officer
Business Development	Claudia Merkle	Chief Operating Officer
Risk Management	Patrick Mathis	Executive VP & Chief Risk Officer
Reinforcing Returns	Rob Smith	Senior VP, Pricing & Portfolio Analytics
Financial Overview	Glenn Farrell	Executive VP & Chief Financial Officer
Questions & Answers		

Highly Experienced Management Team

Bradley Shuster
Chairman of the Board and Chief Executive Officer

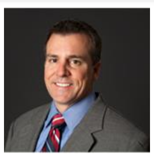
- Chairman and CEO of NMI since 2012
- Served as an executive of The PMI Group, Inc. (''PMI'') from 2003 to 2008, with roles as President of International and Strategic Investments, CEO of PMI Capital Corporation, Executive Vice President of Corporate Development, Senior Vice President, Treasurer and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

Claudia Merkle
Chief Operating Officer

- Joined NMI 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; prior to NMI she served as Vice President, PMI Mortgage Insurance Co. and VP at Meridian Mortgage/Corestates

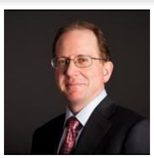
Glenn Farrell
Executive VP and Chief Financial Officer

- Joined NMI in 2015 as Executive Vice President and Chief Financial Officer
- Formerly an audit partner with KPMG LLP, serving in several leadership positions over 35 years, including audit practice leader and partner-in-charge of the firm's Northern California business



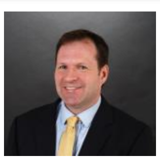
William Leatherberry
Executive VP and General Counsel

- Joined NMI in 2014 as EVP and Chief Legal Officer. Over 20 years of experience in corporate law, including mergers and acquisitions, securities law, corporate governance and compliance oversight
- Prior to 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 and Chief Risk Officer

- 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



Robert Smith
Senior VP, Pricing Strategy & Portfolio Analytics

- Joined National MI in 2012, and has more than 18 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.

Themes for Today

- ✓ Returns above all else
- ✓ Poised for rapid earnings growth 2016-2021
- ✓ Rigorous risk management culture
- ✓ Strong industry capital standards and rational pricing
- ✓ Industry consolidation is positive catalyst
- ✓ Talented and deep management team

Founding Principles/ Differentiated Vision

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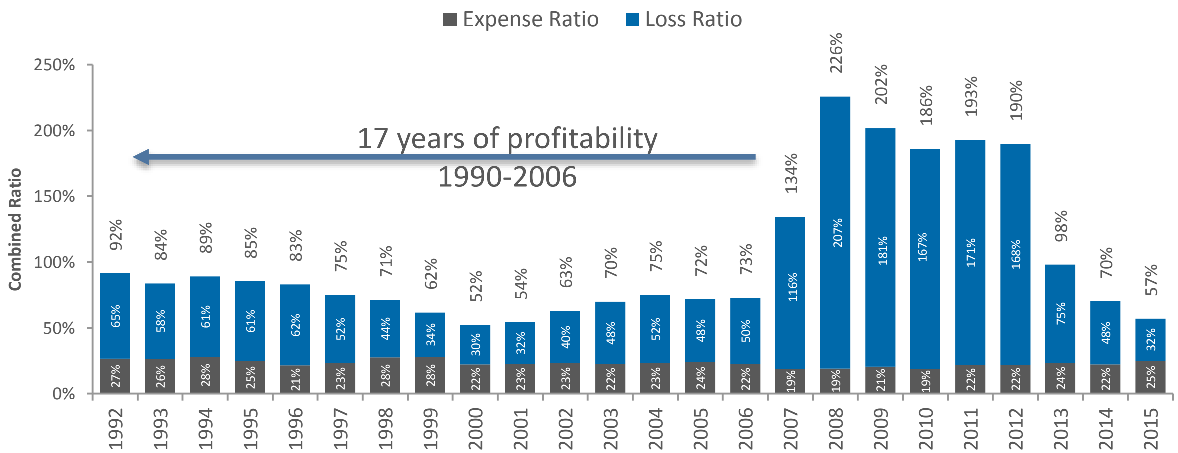
- National MI has underwritten or performed full post-close validation of ~85% of its portfolio
- Rest of industry relies on lenders to underwrite the majority of loans
  - This practice existed before the financial crisis and has not been adjusted
- Deeper underwriting and lender oversight makes National MI a superior risk manager, providing benefits to us and to the mortgage ecosystem
  - Superior loan-level knowledge of the risk in our portfolio
  - Oversight, feedback, continuous improvement of lenders' underwriting process
  - Ability to offer 12-month rescission relief

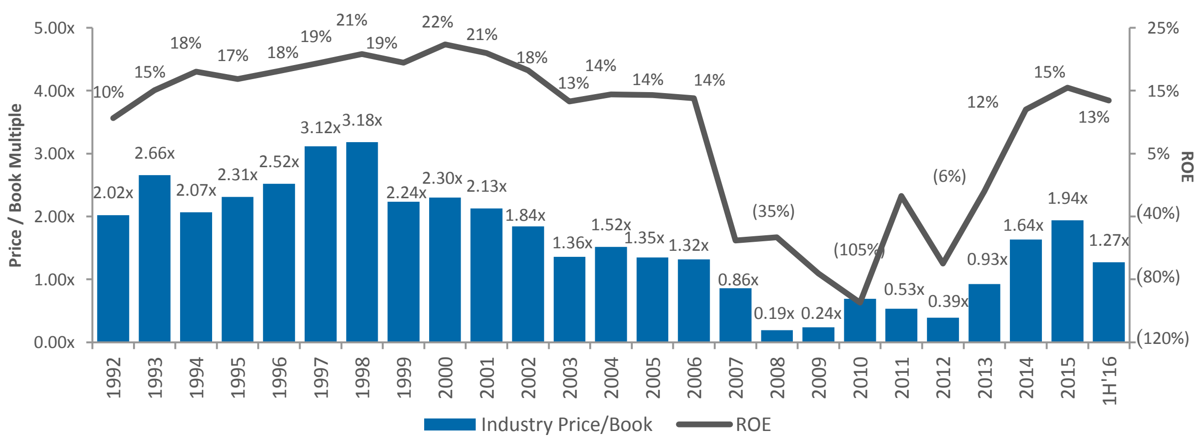
- 12-month rescission relief has been a door-opener with many lenders and is favored by GSE's
- We expect lenders will appreciate the benefit of early rescission relief as our book matures and they experience our approach to claims handling

Historically Profitable Industry

Private MI Statutory Combined Ratio (1992-2015)[1]



Historical GAAP Private MI Price / Book Multiple and ROE (1992-1H'16)[2]



- Industry track record of generating mid-teens returns on equity
- Housing and credit cycles are favorable, characterized by modest home price appreciation, healthy demand, and tight credit
- Current price/book multiples are low relative to ROE's and the risk environment

(1) Source: A.M. Best; Represents statutory combined ratio for mortgage guaranty industry on net business written basis; (2) Source: SNL Financial, company filings. RoAE calculated as annual industry net income dividend by industry average equity. Price to book multiples calculated as the annual average industry market capitalization divided by industry equity value. Equity values adjusted for DTA valuation allowances, and net income adjusted for reversal of DTA valuation allowances. Data includes RDN / CMAC ('92 to present), MTG ('92 to present), ESNT ('13 to present), NMIH ('13 to present), TGIC ('92 to '11), PMI ('93 to '10), AMRN ('94 to '98)). (3) Annualized

Commitment to Returns

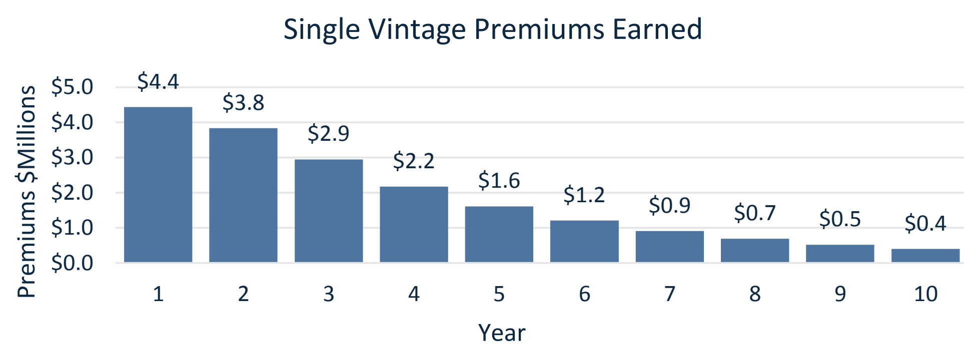
- Our pricing model is designed for mid-teens return on PMIERs required assets (capital)
- National MI manages all of the controllable variables that drive *realized return on equity:*
  - ✓ **Risk-based product pricing**
  - ✓ **Rigorous underwriting**
  - ✓ **Expense management**
  - ✓ **Low cost of capital**
  - ✓ **Use of leverage**
  - ✓ **Capital efficiency**
- Uncontrollable factors, such as market size, are less relevant to our long-term returns

Mortgage Insurance Premium Illustration

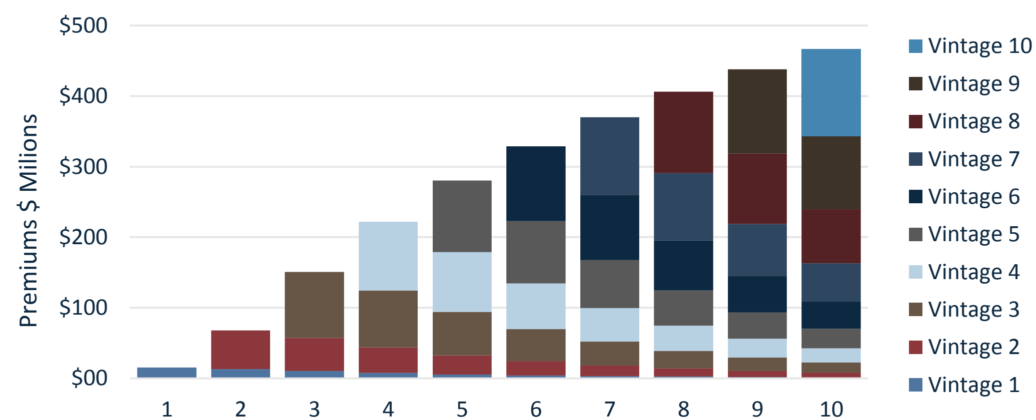
- Mortgage insurance is a highly "sticky" product with an average life of 4.5 years and average persistency of ~80%

- As new insurance written layers onto prior vintages, it creates a positive "stacking" effect, delivering predictable recurring revenue

Premiums Earned from $1B of NIW ($mm)

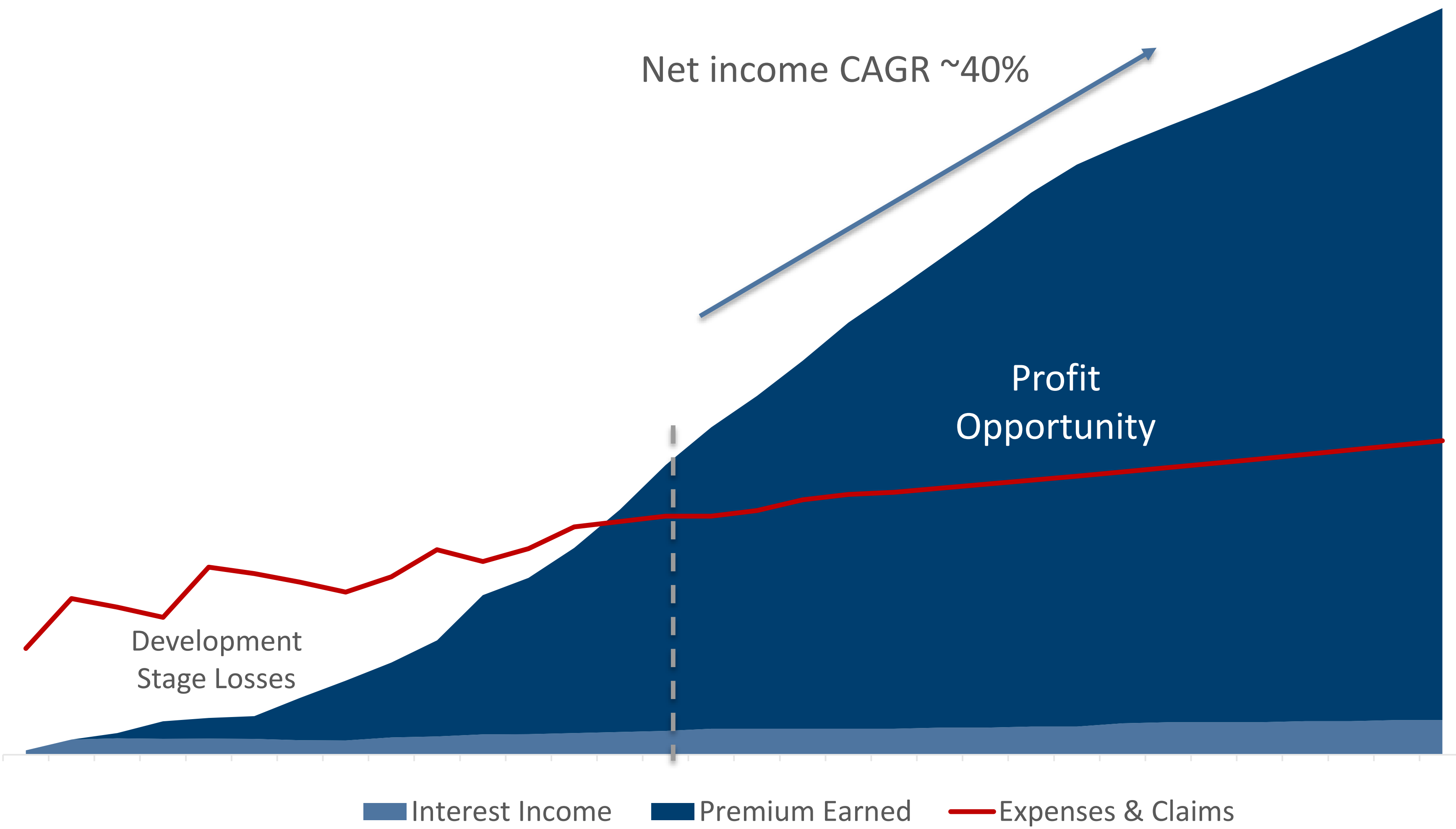


Cumulative Premiums Earned with NIW Growth



Not a forecast. Assumes 45 bps premium yield and 80% persistency.

Illustration:
Earnings Power of Fast-Growing Mortgage Insurer



Not a forecast. For illustrative purposes only.

High Quality Underwriting Environment

- Qualified Mortgage (QM) requirements have redefined the underwriting landscape
  - Elimination of riskier products such as stated income, no/alternative income documentation, 100% LTV, etc.
- 50% of our volume has credit scores >760; 90% of our volume has credit scores >700
  - Credit scoring continues to be best indicator of mortgage approvability
- Healthy home price appreciation
  - Median home price 1996-2016 CAGR = 3.1%
  - Median price still 5% below 2006 peak
  - As always, some markets and categories may be overheated (SF Bay Area, urban condominiums)

FHA Competition

- Despite FHA's improving Capital Reserve Ratio, no indication of impending changes to FHA pricing or terms of coverage
- The lender decision of FHA vs. Conventional is generally not based on price
  - No material impact from January 2015 cut in FHA premiums
- FHA is part of government's affordable housing initiative and therefore its pricing is not risk-based
  - Housing finance reform must include FHA reform -- returning the FHA to its historical role of supporting affordable housing instead of providing taxpayer support for otherwise credit-worthy borrowers
  - We do not believe our industry would become more aggressive with riskier credits to compete with FHA in lower credit bands
- Potential for private MI to take FHA share over time
  - 19% of current FHA volume at FICO>720, where private MI provides better value
- National MI provides ongoing education to lenders on the benefits of private mortgage insurance vs. FHA
- Large banks continue to move away from government lending

Regulatory Environment

- **PMIERs:** PMIERs rules created strong risk-based framework for capital and a substantial layer of protection against default risk for the GSE's
  - Expanded table stakes for any new MI entrant
- **Housing Finance Reform:** We do not expect serious reform in the near term, and National MI is well positioned to benefit from any housing finance reform that may occur
  - Every serious GSE reform proposal has emphasized putting private capital in front of taxpayer risk, and has included Private MI as a component of any new system
  - National MI's unique business model, which marries extensive underwriting with risk retention, aligns perfectly with post-Great Recession legislative objectives
- **Corporate Taxes:** Potential changes to corporate tax structure
  - Reduced corporate rates for domestically domiciled mortgage insurers would reduce the relative tax advantage of offshore-based insurers
  - Other tax reforms that curtail tax avoidance schemes between domestic operating companies and their offshore parents would also proffer a relative benefit to domestic-only companies

Industry Consolidation

- All industry participants benefit as 7 players become 6 rational competitors
- To manage counterparty risk, we anticipate that lenders served by both Arch and UG will reallocate some portion of pro forma market share and/or add a new provider
- Public statements by other market participants suggest that long-term returns will be favored over market share
- For one competitor, potential takeover by a foreign buyer creates uncertainty and potential counterparty issues for lenders

National Recognition of Our Winning Culture

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National MI®

Women
GREAT PLACE TO WORK®
2016 Best Workplaces

Baby Boomers
GREAT PLACE TO WORK®
2016 Best Workplaces

Financial Services & Insurance
GREAT PLACE TO WORK®
2016 Best Workplaces

GREAT PLACE TO WORK®
CERTIFIED
MAR 2016 - MAR 2017
USA

FORTUNE®
100 BEST
MEDIUM WORKPLACES
2016

Take-Aways

- ✓ Committed to delivering mid-teens returns
- ✓ Poised for rapid earnings growth 2016-2021
- ✓ Deeper underwriting makes us leaders in risk management
- ✓ PMIERs has fostered stable, risk-based pricing across the industry
- ✓ FHA competition is not a risk to market share or returns
- ✓ Industry consolidation is positive catalyst

Sales and Customer Development

Claudia Merkle
EVP, Chief Operating Officer

Key Agenda Topics: Sales and Customer Development

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- ✓ Sales structure
- ✓ Private MI market – lender composition
- ✓ National MI account penetration and account growth

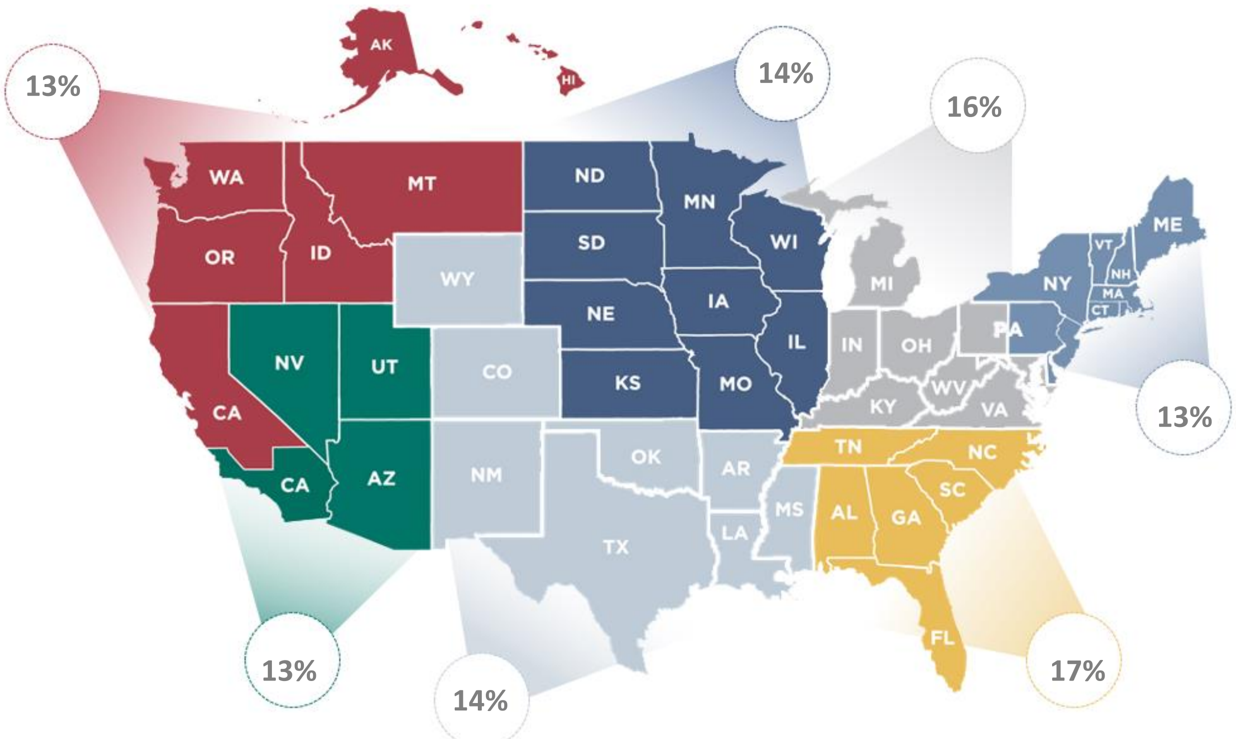
Competitive Sales Structure

National Accounts:

5 sales professionals covering ~50 top lenders

Field Sales, Regional Accounts:

7 geographic regions, managed by 7 managing directors, 52 sales representatives covering ~2500 lenders



Seasoned sales team with average of 23 years of mortgage experience

Strong and Experienced Sales Leadership

Mike Dirrane
Chief Sales Officer

- 35 years of mortgage banking experience; more than 25 years of MI experience
- Held senior management positions at Fannie Mae, GE, and PHH Mortgage
- Recently reappointed as Chairman of Mass Housing where he has been Chairman or Vice Chairman for over 25 years

Mark Daly
Senior Vice President
National Accounts

- 30+ years of sales and sales management experience
- 15 years of high level sales management experience at RMIC/Old Republic International
- Former SVP Production at a privately held mortgage bank with $1.5 billion in annual originations

Norm Fitzgerald
Senior Vice President
Field Sales

- 27+ years of sales and sales management experience
- Grew large correspondent lending platforms at Nationstar and PHH
- Managing Director at CITI managing national account team with largest lenders in the country

Strong sales leadership instills motivation and accountability to drive continued growth

Sales Framework

National MI Account Penetration and Account Growth

Two-Step Sales Engagement Process

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1 **Account Penetration**

2 **Account Growth**

This step enables field sales to have full access to the market

A **Open Aggregator Market**

Critical step to receiving NIW

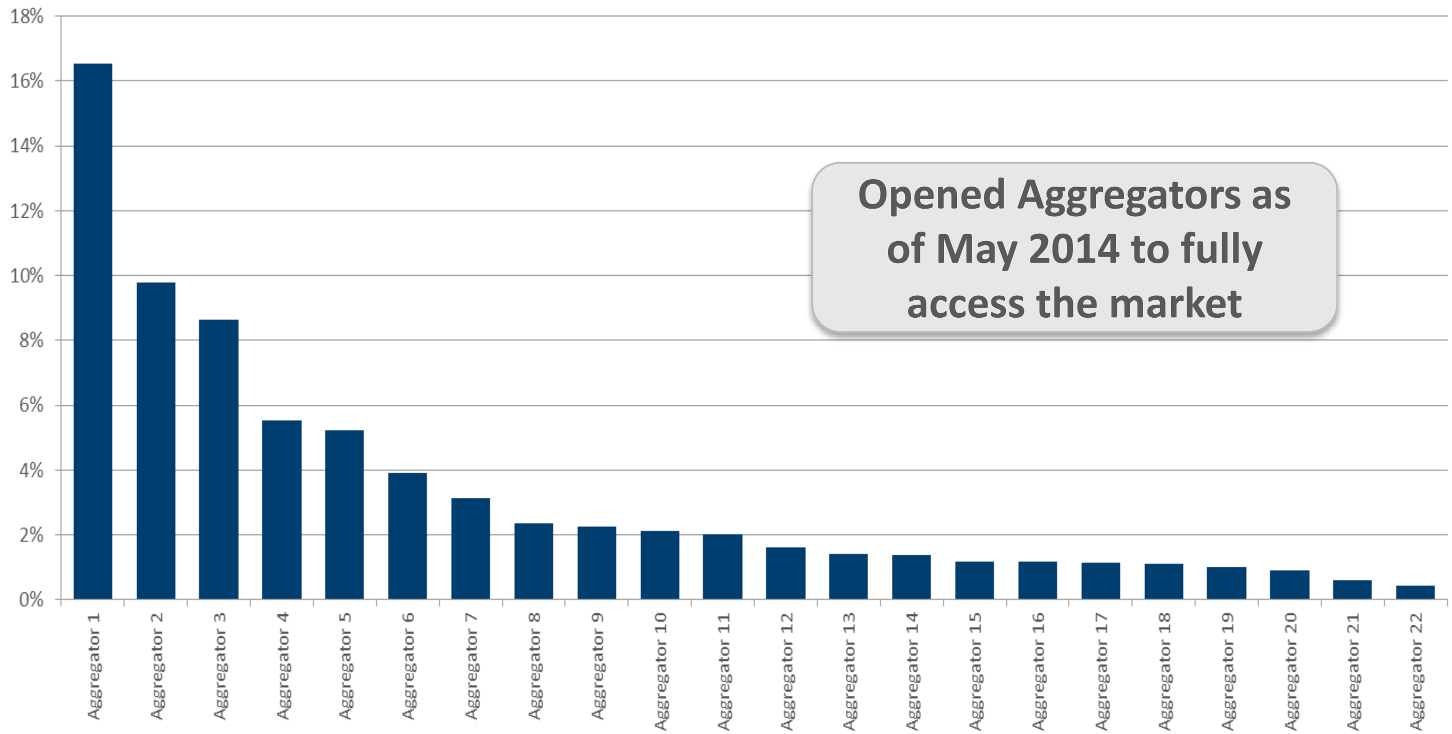
B **Master Policy with the Lender**

New Insurance Written and Insurance in Force

National MI has achieved significant account penetration and account growth

Aggregators - Achieved Critical Mass

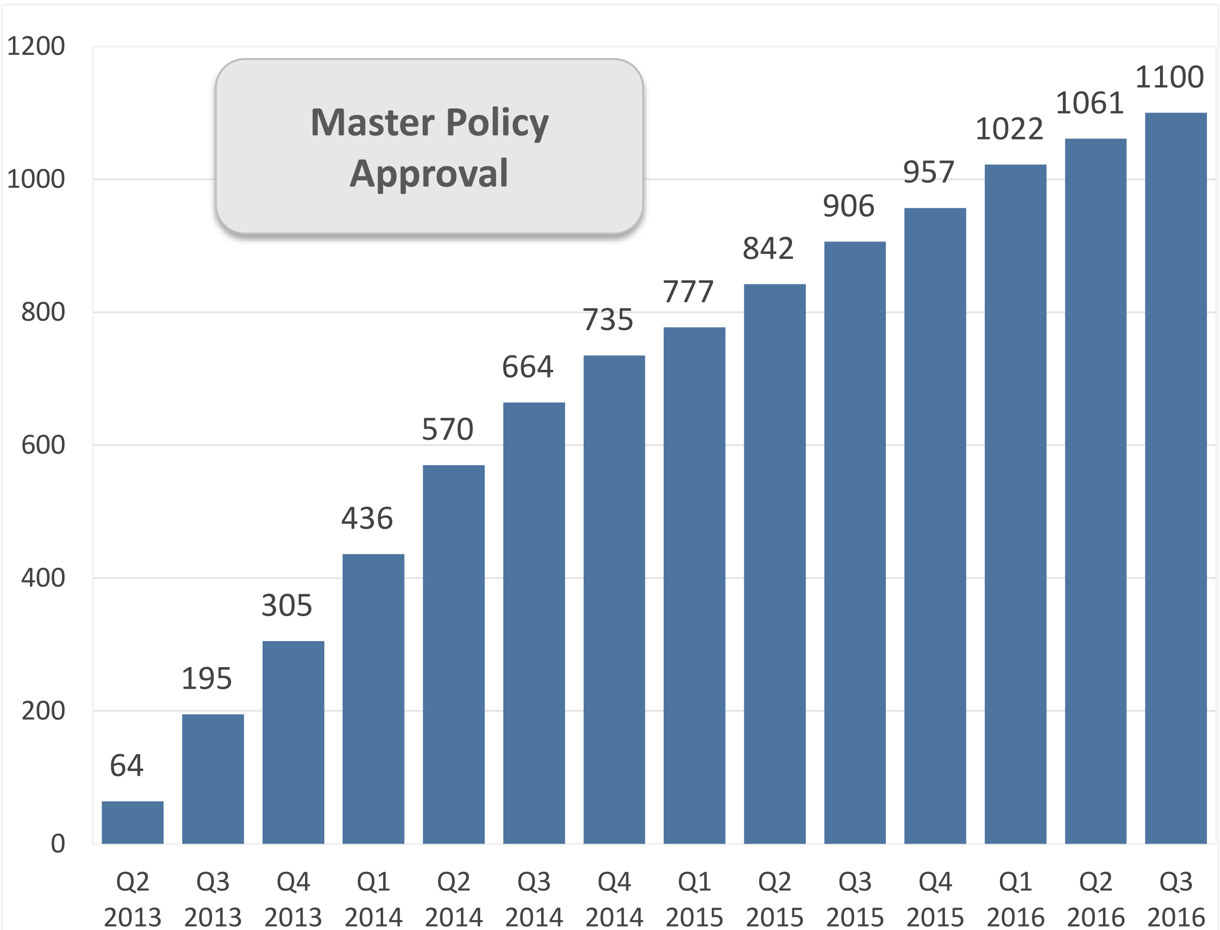
1 **Account Penetration – Aggregator Market**



National MI has unlocked the key aggregators, enabling field sales and national accounts to drive master policies and grow NIW

Customer Development

1 **Account Penetration – Customer Development**

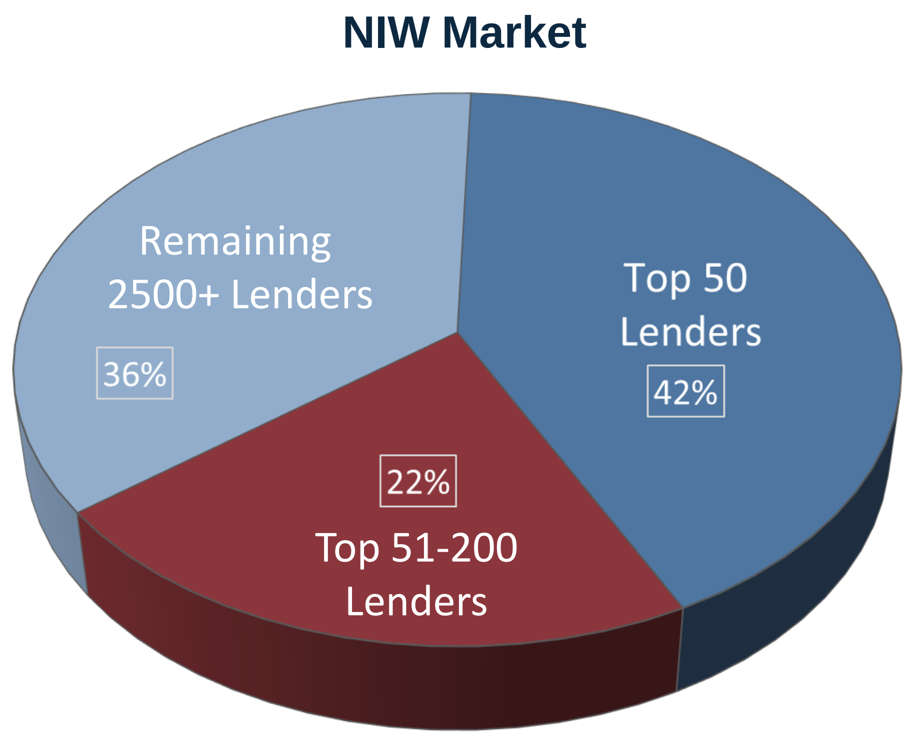


- Grew master policies 21% over past year
- Substantial opportunity to continue to grow approved master policies
- Near-term goal to penetrate ~1500 master policies, providing access to >85% of the market

Private MI Market: Top 50 lenders drive nearly half of the NIW volume

NIW opportunity is highly concentrated in top accounts

- Top 200 lenders comprise 64% of the total market

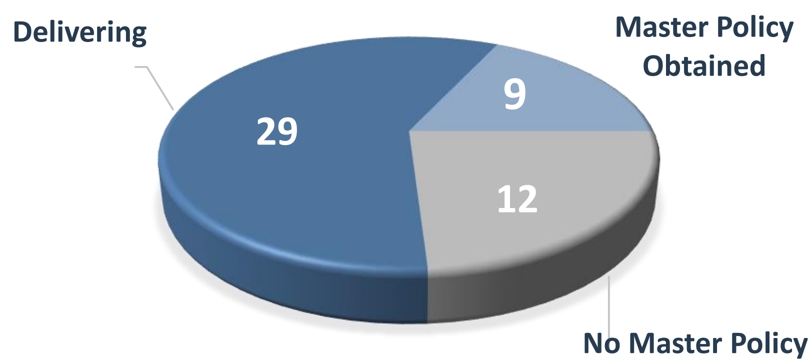


We are driving customer development across the landscape with a strong strategy and team addressing both large national accounts and smaller regional originators

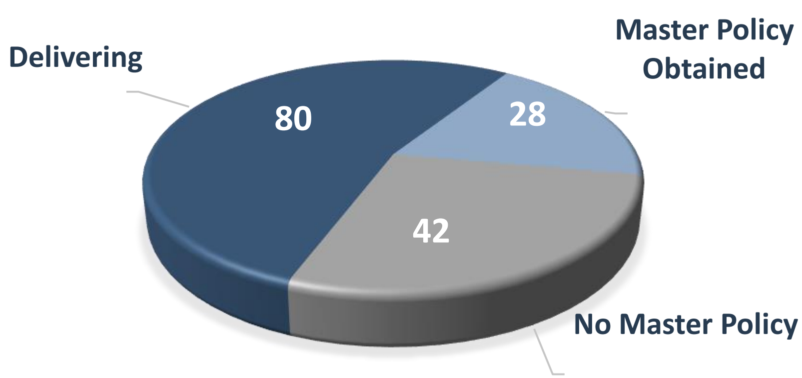
Great Progress Coupled with Substantial Opportunity

2 Account Growth – Our Progress

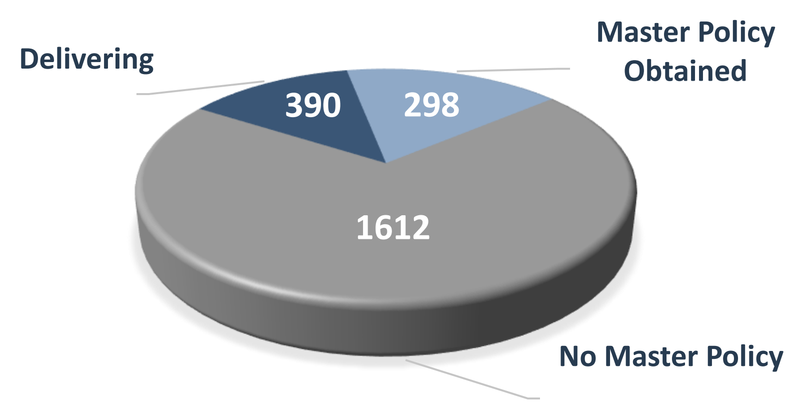
Top 50 Mortgage Lenders (42% of Market)



#51-200 Mortgage Lenders 22% of Market



Remaining 2500+ Lenders 36% of Market



NIW Growth and Positive Shift in Business Mix towards Monthly Product

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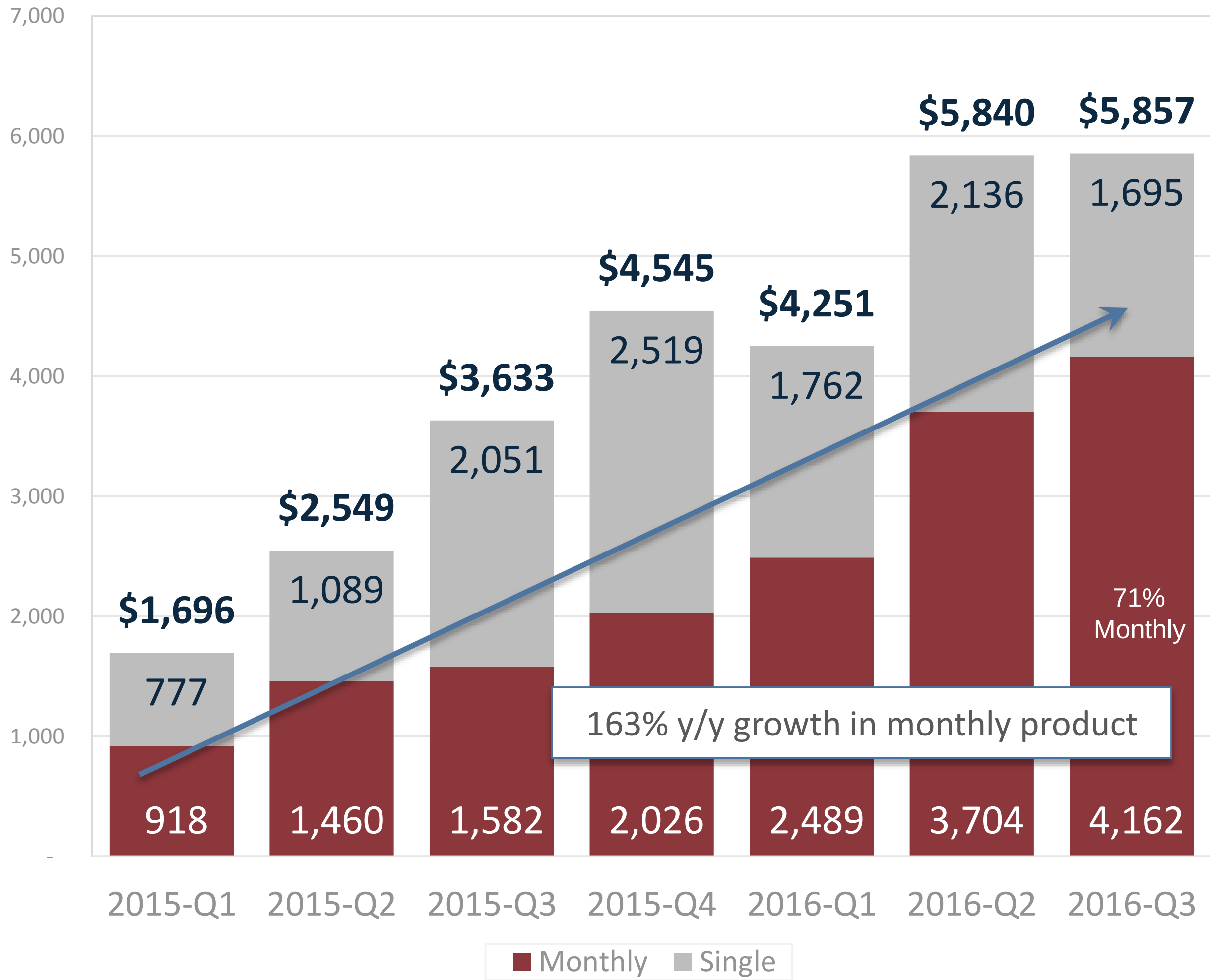


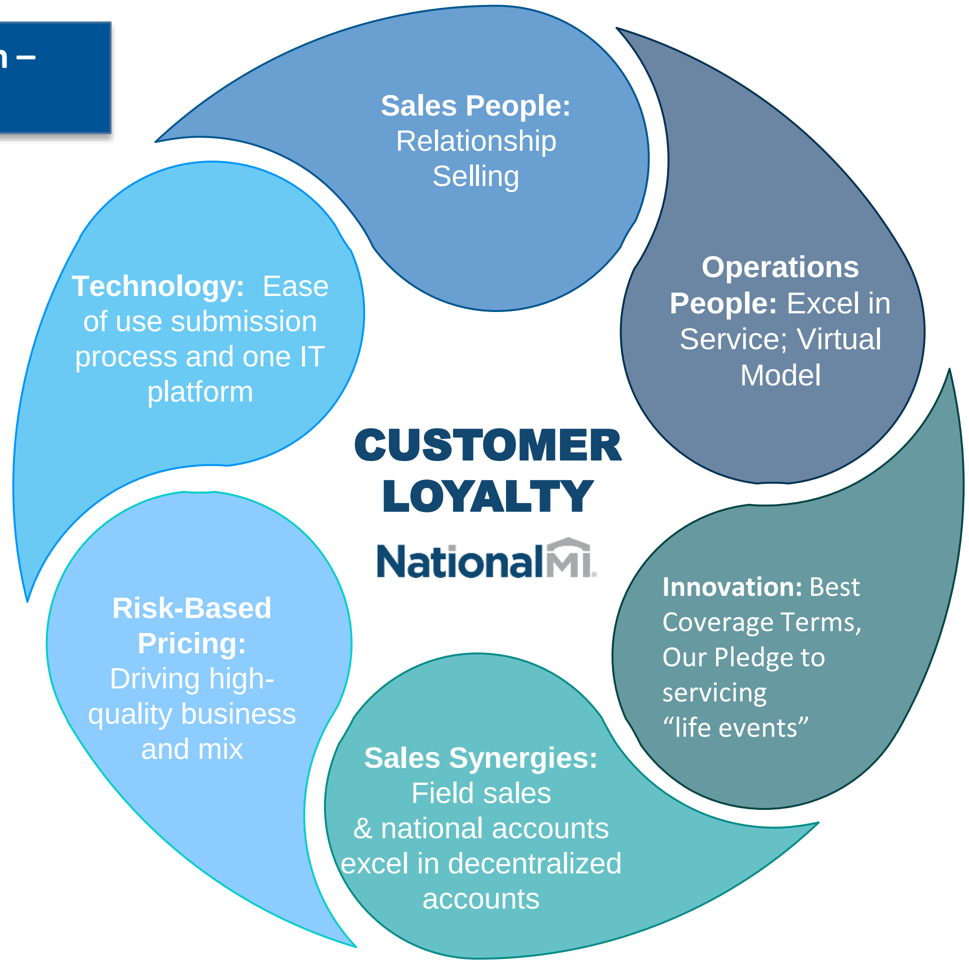
- Continued solid growth in monthly product – Q3 up 163% vs. prior year
- Increased pricing on singles effective with January 2016 PMIERs surcharges to target mid-teens returns
- Q3 NIW monthly NIW mix = 71%; October applications monthly mix = 75%

Solid NIW growth and significant shift in mix

Increasing Sales Velocity

2

Account Growth – How we win!



Our compelling value proposition and focus on customer experience build customer loyalty

In Summary

- ✓ ***Great momentum*** *for continued success*
- ✓ ***Proven track record*** *to win*
- ✓ ***Large market opportunity*** *for future growth*
- ✓ ***Unique differentiators*** *in our coverage terms and how we approach the business*
- ✓ ***Great customer experience*** *through ease of use and superior service*
- ✓ ***Seasoned sales and operations team*** *that's built to succeed*

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Risk Management

Patrick Mathis
EVP, Chief Risk Officer

Risk Management Framework

- Board and senior management oversight
  - Board Risk Committee
  - Management Risk Committee
- Policies governing critical risk activities including:
  - Underwriting guidelines and risk policy and pricing changes
  - Portfolio concentration guidelines and monitoring
  - Pricing changes
  - Portfolio Stress Testing
  - Lender approval and monitoring
  - Independent validation and QC requirements
- Independent Internal Audit and Enterprise Risk Management oversight

Portfolio Characteristics

	Risk in Force
>= 720 FICO	80.1%
Debt-to-Income Ratio <= 45%	95.0%
California	13.2%
Texas	6.8%
Virginia	6.6%
Florida	4.7%
Risk Segments we monitor and limit:	
95.01 – 97.0% LTV	5.5%
620-659 FICO	1.0%
ARMS with reset < 5 years	0.1%
Cash-Out Refinance	0.2%
Second Home	2.0%
Investor-owned Home	0.1%

Data as of 9/30/2016

- Risk limits are monitored by Risk Management and Risk Committee in monthly and quarterly meetings
- Our energy related exposure:
  - 0.5% West Texas and Oklahoma
  - 2.2% Houston MSA
  - 1.0% Western Pennsylvania (90% in the Pittsburgh MSA)
- Key Portfolio Averages:
  - LTV: 92.1%
  - FICO: 753
  - DTI: 35.5%
- Borrower DTI is 45% or less for 95% of our portfolio
- Our portfolio is geographically diversified
- We have paid 8 claims from our 131,510 policies ever in force and we currently have 115 policies 60+ days delinquent (0.1% of policies in force)

Underwriting Today Versus Before the Crisis

- The Ability to Repay (ATR) guidelines embedded in the Qualified Mortgage requirements have led to the extinction of the riskier categories of >80 LTV loans in the GSE/Private MI space:
  - Stated income
  - No/alternative documentation
  - Negative amortization
  - Interest only
  - Cash-out refi
  - 100% LTV
- The remaining types of layered risk loans consist of:
  - Loans for investment properties (Max. LTV = 85% and Min. FICO = 680)
  - Loans for second/vacation homes (Max. LTV = 90%)
- MI and GSE FICO requirements are higher for these types of loans and/or LTV maximums are lower today than they were in the 2005-2008 timeframe
- MI premium adjusters are added for these types of loans as well
- ATR guidelines are common-sense underwriting criteria designed to ensure a borrower has the documented capacity to repay a loan; likely to remain embedded in GSE requirements regardless of the fate of Dodd Frank and the CFPB

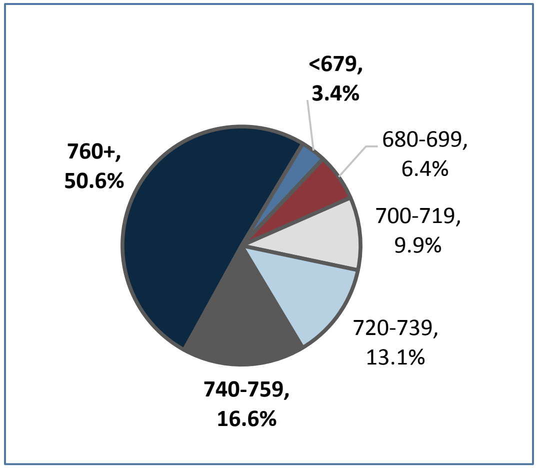
National MI Book Now Versus Legacy Book 2009

Attribute	Legacy MI* 12/31/2009	National MI 9/30/2016
Stated + No Doc	12.4%	0.0%
<620 FICO	10.0%	0.0%
Interest Only	7.3%	0.0%
97%-100% LTV	28.2%	5.5%**
>=720	42.0%	80.3%
Fixed Rate	84.5%	98.5%

*One of the legacy MIs that survived the crisis

**97% Only

- We have ***none*** of the most volatile layered risk loans in our portfolio:
  - Stated Income and No doc
  - Subprime (< 620 FICO)
  - Interest only
  - 100% LTV
- The FICO distribution is significantly better today than it was during the 2004-2008 timeframe



Additional Layer of Risk Mitigation

- We have underwritten or independently validated 85% of the loans in our portfolio
- This is a marked contrast to the practice of all mortgage insurers before the mortgage crisis when 80% to 90% of the loans they insured were "waved in" based solely on the lenders' underwrite
- Even today, no other mortgage insurer has underwritten as large a portion of their portfolio as we have at National MI
- Underwriting the majority of our portfolio provides us with both:
  - Key loan-level comfort about borrower capacity and appraisal quality
  - A thorough understanding of the "loan manufacturing process" of our customers
- We are confident that we will pay fewer claims over time by avoiding poorly underwritten loans and, where needed, helping some lenders improve their loan manufacturing process

Key Risk Management Themes

- Regulatory changes and lessons learned have led to:
  - ***Much tighter underwriting environment*** that will likely last for years
  - ***Higher average FICO score in the over 80 LTV conventional market that will drive lower expected and stress losses***
- ***National MI has an additional layer of risk mitigation*** as we have underwritten or fully reviewed post-close 85% of the loans in our portfolio
- GSE eligibility requirements (PMIERs) provide a ***comprehensive financial safety and soundness framework for the MI industry***

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Reinforcing Returns

Rob Smith
SVP, Pricing Strategy & Portfolio Analytics

Pricing Model Overview

- Three main components of MI pricing:
  1. **Expected losses**
     - Estimated by historical performance of similar insured loans
     - High quality of today's originations lead to low expected loss
  2. **Expenses**
     - MI expenses are largely fixed; acquisition costs are 10-20% of total expenses
  3. **Capital**
     - GSE PMIERs are likely to be binding constraint in managing capital going forward
- Other components include investment income, taxes, and expected duration
- These inputs are combined to generate a price that solves for a target return

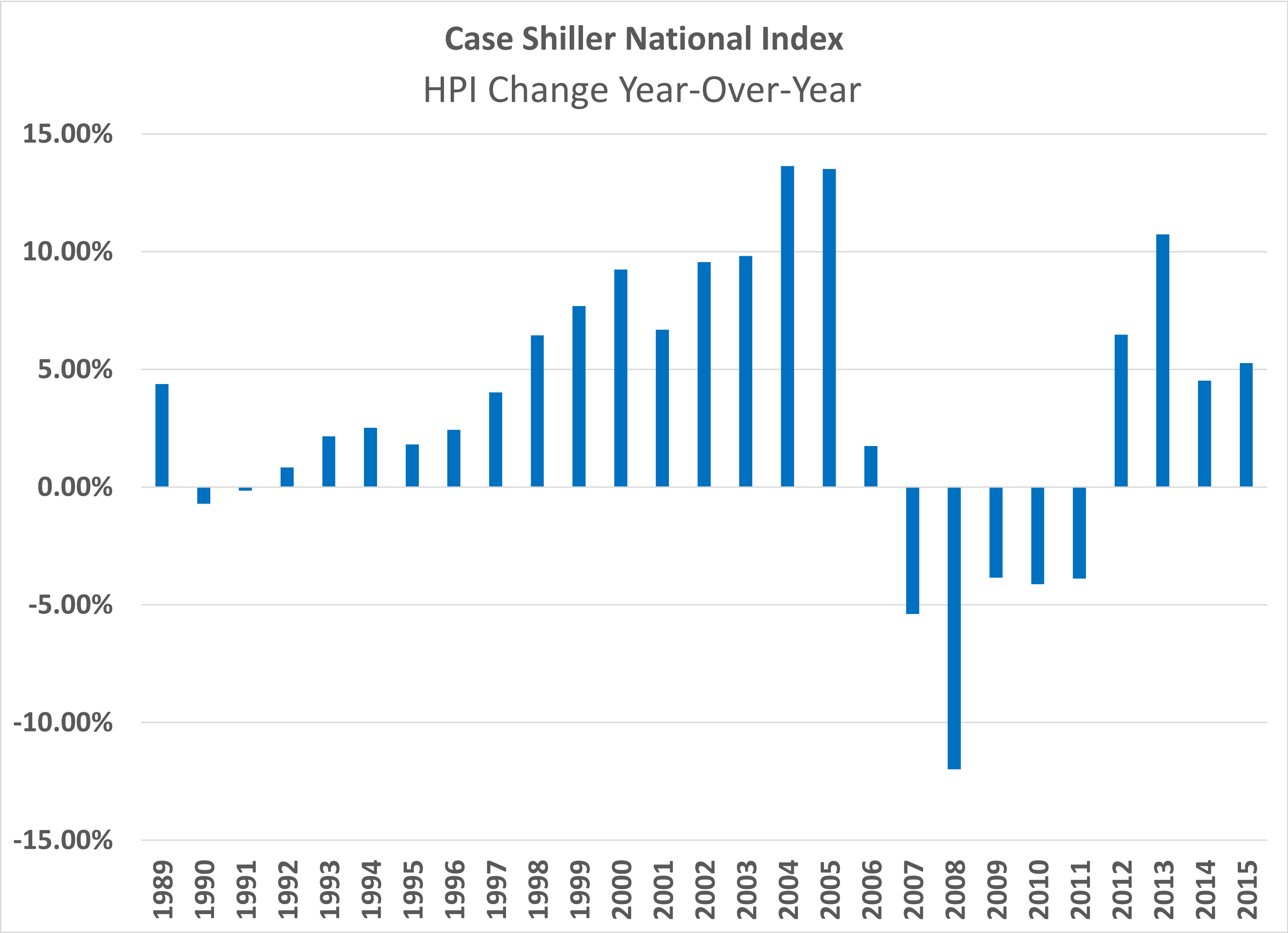
1. Losses

- Expected (non-stress) losses are lower than historical norms due to differences in loan quality
- Future performance is also a function of future house prices
- Recent vintages have benefited from higher than expected house price appreciation
- Competitor information indicates 2009 loss rates will settle below 2%
  - 2010 will likely finish below 1%
  - Compare to 15% for 2005, 22% for 2006, and 25% for 2007

Modeled Performance of Representative Mix of New Business
Based on Assumptions for Housing Price Index (HPI) and Economic Conditions

Scenario	3% HPI	1.5% HPI	4.5% HPI	Great Recession	GR, 1 Yr Delayed
Loss Rate	2.0%	3.0%	1.3%	9.6%	6.2%

1. Losses


Case Shiller National Index
HPI Change Year-Over-Year
15.00%
10.00%
5.00%
0.00%
-5.00%
-10.00%
-15.00%
1989
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015

2. Expenses

- MI expense base is largely fixed
  - Variable costs associated with generating volume – sales commissions, underwriting costs, etc. --- are 10% to 20% of total expenses
- Therefore, expense control is especially important in the current environment, where expenses make up a relatively large portion of premium
  - In today's environment, expenses consume as much, or more, premium dollars than claim payments
- Expense discipline is vital: avoiding non-core expenses that don't contribute to generating business or support core functions

3. Capital

- PMIERs required asset charges are likely to be the binding constraint in managing capital for the foreseeable future
  - The PMIER grid below is the required asset charge expressed as a percentage of risk in force, for performing primary loans
  - NMI currently holds 6.14% in assets against performing primary loans, plus additional assets for non-performing primary policies and our pool policy
- Draft proposal for changes to the NAIC model act indicate less stringent requirements than PMIERs
- No current discussions regarding material changes to PMIERs capital requirements

LTV	>760	740-759	720-739	700-719	680-699	620-679
97%	4.83%	7.60%	9.84%	11.55%	14.25%	19.20%
95%	4.39%	6.91%	8.95%	10.50%	12.96%	17.45%
90%	3.07%	5.07%	6.63%	8.14%	10.04%	14.34%
85%	1.58%	2.73%	3.61%	4.66%	5.85%	9.17%

Capital

- Asset charges are adjusted for additional risk factors, including Lender Paid Mortgage Insurance

Risk Feature	Multiplier
Not underwritten with full documentation	3.00
Investment property at origination	1.75
DTI ratio greater than 50%	1.75
Mortgage payment is not fully amortizing	2.00
Cash out refinance	1.50
Original maturity term 20 years or less	0.50
LPMI with original LTV greater than 90%*	1.10
LPMI with original LTV less than or equal to 90%*	1.35

*The multipliers for LPMI apply to insured loans with note dates on or after January 1, 2016

Solving For Return

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	Expected Case	Ratios	Stress Case	Ratios
Average Loan Size	$ 240,000		$ 240,000	
Coverage	25%		25%	
Premium Rate	0.53%		0.53%	
Average Loan Life	4.7		4.7	
Total Premium Rate	2.49%		2.49%	
Risk	$ 60,000		$ 60,000	
Claim Loss Rate	2.00%		8.00%	
Required Asset Life (Years)	4.25		4.25	
Lifetime Premium	$ 5,978		$ 5,978	
Paid Losses	$ 1,200	20%	$ 4,800	80%
Operating Expenses	$ 1,500	25%	$ 1,500	25%
Pre-Tax Income	$ 3,278		$ (322)	
Federal Income Tax @ 35%	$ 1,147		$ (113)	
Net Income From Operations	$ 2,131		$ (209)	
Required Asset Factor	6.50%		6.50%	
Loan Level Initial Required Assets	$ 3,900		$ 3,900	
Lifetime Required Assets	$ 16,575		$ 16,575	
After Tax Return From Operations	12.86%		-1.26%	
After Tax Return On Investments	2.00%		2.00%	
Total Return	14.86%		0.74%	

- In today's environment, a mid-teens return is generated with a combined ratio in the low to mid 40s.
- In a 4X loss event, we are near breakeven, meaning our capital base remains untouched

Pricing Environment

- Cross subsidization has largely been eliminated; pricing now aligned with PMIERs requirements
  - Competitors took several months, but eventually matched our monthly rate changes
  - Some housing industry experts believe this has lead to recent private MI volume surge
- Black boxes seem to be battling each other
  - To the extent one black box competitor has gained share, it seems to have come at the expense of the other black box competitor
  - There is a limited universe of lenders who will use a black box approach, especially in a post-TRID environment
- To the extent there are pockets of irrational pricing, we avoid them
- This environment has given us the opportunity to change our mix
  - Where we stepped back from aggressive LPMI single premium pricing, others stepped in

In Summary

- ***National MI's risk-based pricing is designed to deliver mid-teens returns on PMIERs required assets in expected claim environments***
- ***Our pricing structure supports stress losses up to 4X expected without impairing capital***
- ***The current pricing environment affords National MI ample opportunity to generate target returns for shareholders***

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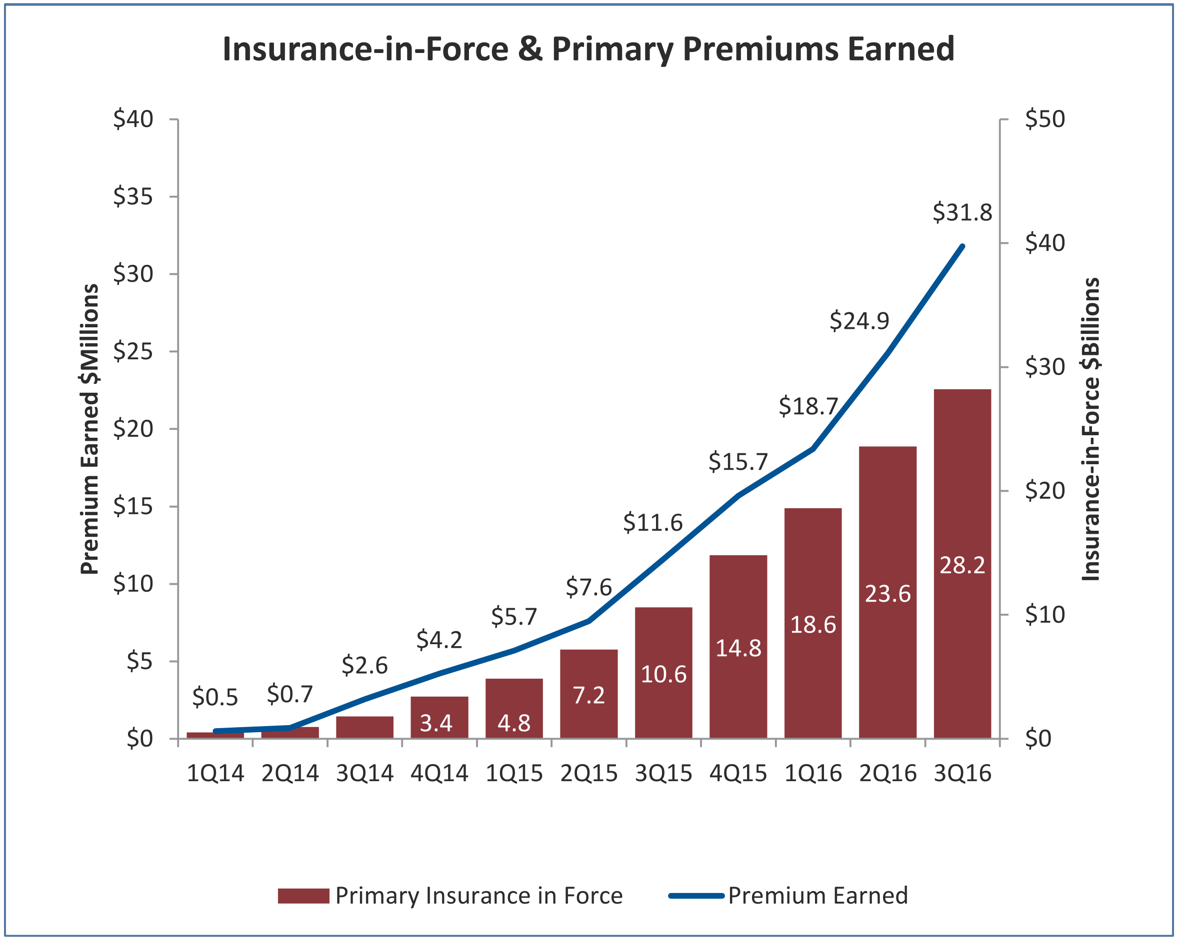
Financial Framework

Glenn Farrell
EVP, Chief Financial Officer

Themes for Today

- ✓ We measure success in terms of net income and return on equity
- ✓ Having achieved breakeven in second quarter 2016, our operating margins, earnings leverage, and returns going forward will be compelling
- ✓ We are well capitalized and have access to low-cost growth capital through reinsurance

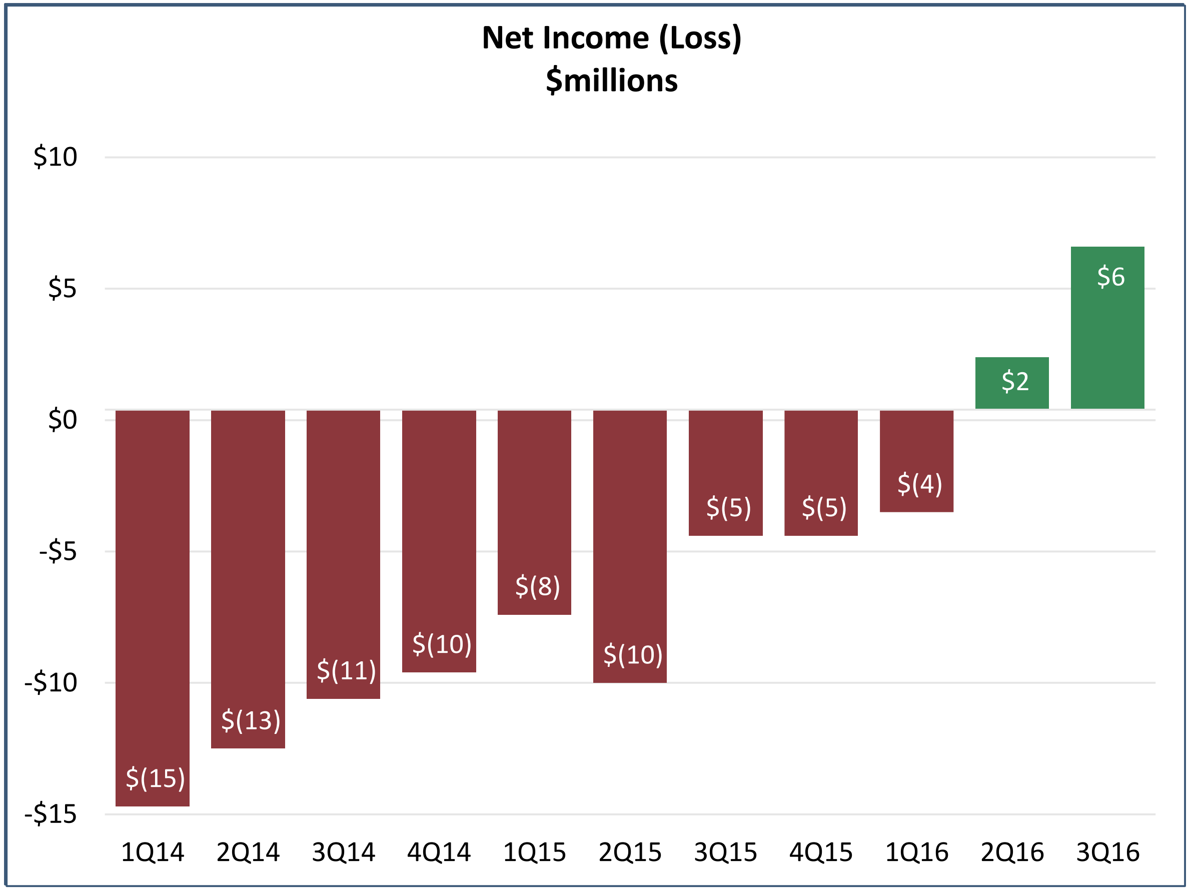
Financial Highlights



Third Quarter 2016:

- Insurance-in-force up 19% sequentially and 166% vs. prior year
- Premiums earned up 22% sequentially and 148% over prior year

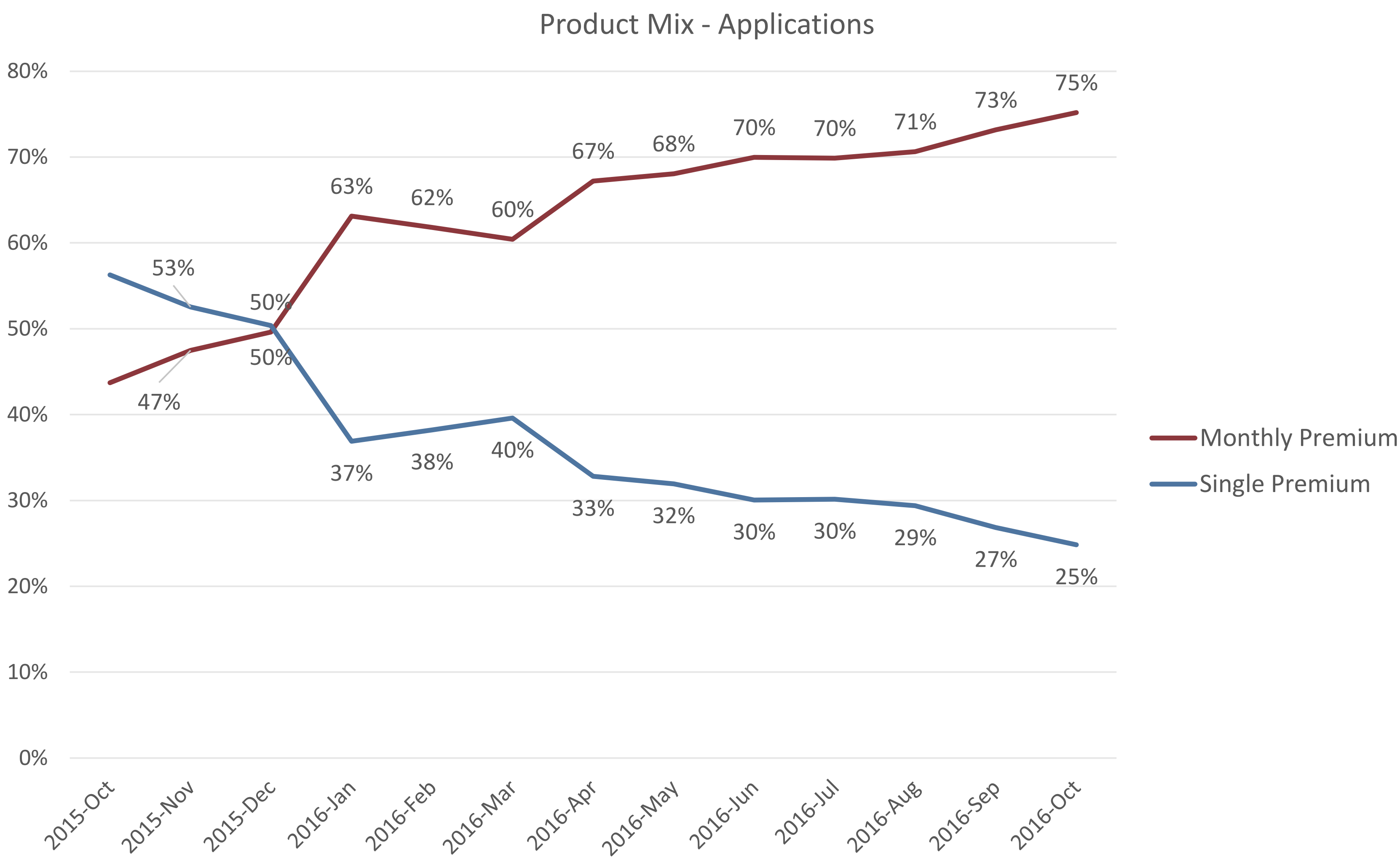
Financial Highlights



Third Quarter 2016:

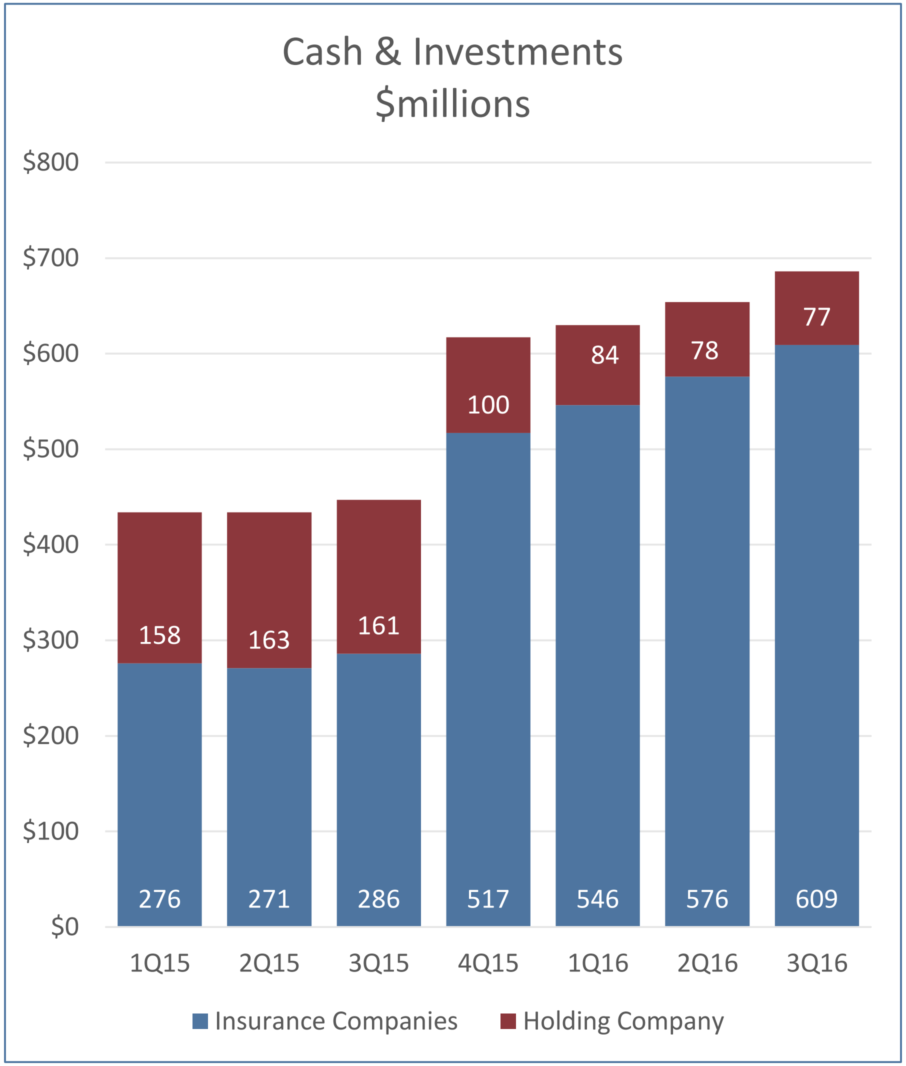
- Net income of $6.2M for quarter and $4.3M YTD
- Quarter-on-quarter, ~60% of incremental premiums earned dropped through to net income

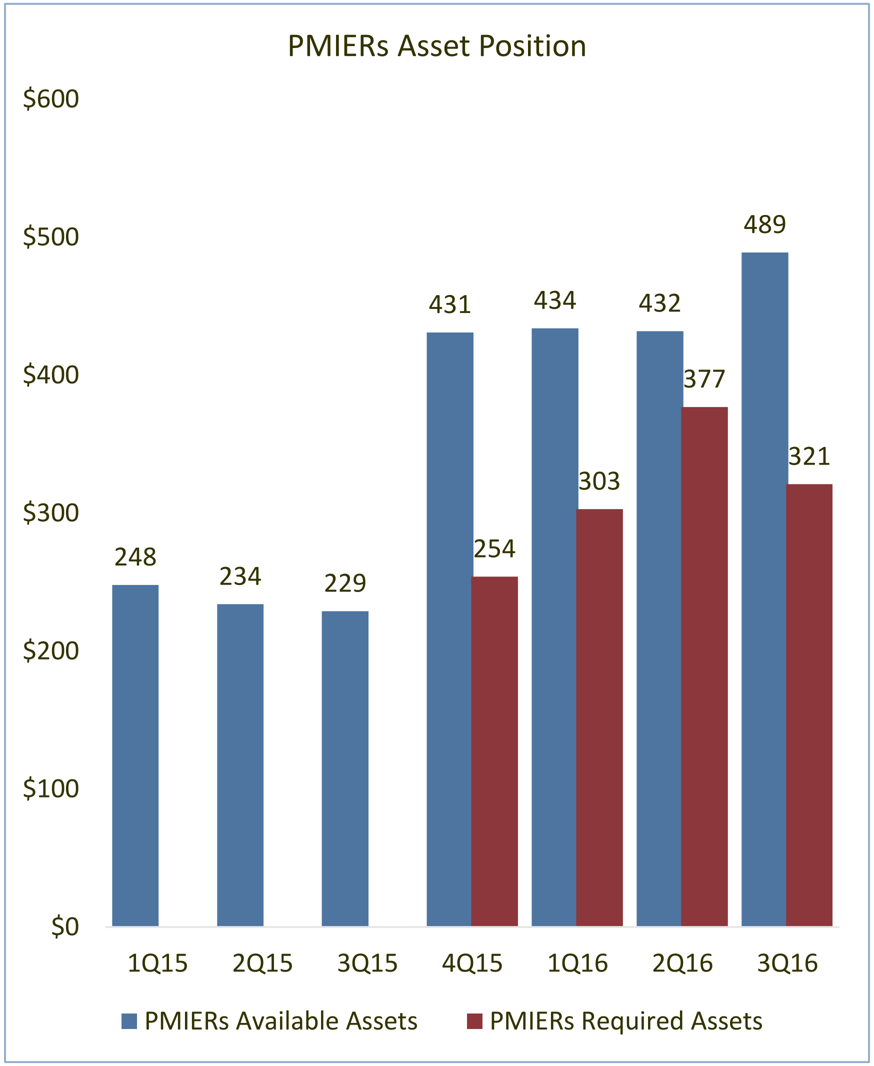
Product Mix



Product Mix - Applications
80%
70%
60%
50%
40%
30%
20%
10%
0%
53%
50%
50%
47%
63%
62%
60%
67%
68%
70%
70%
71%
73%
75%
37%
38%
40%
33%
32%
30%
30%
29%
27%
25%
2015-Oct
2015-Nov
2015-Dec
2016-Jan
2016-Feb
2016-Mar
2016-Apr
2016-May
2016-Jun
2016-Jul
2016-Aug
2016-Sep
2016-Oct
Monthly Premium
Single Premium

Balance Sheet & Capital Position





Insurance Portfolio Metrics

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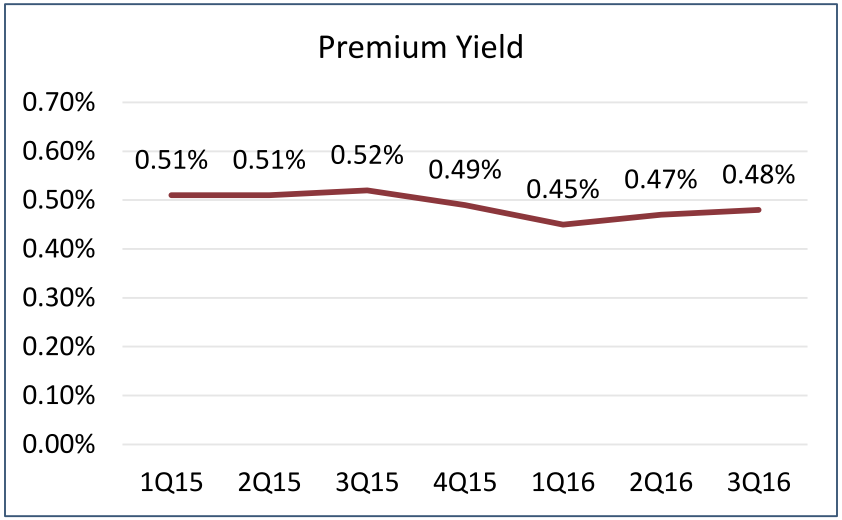
Origination Year	Policies Ever in Force	Policies Remaining in Force	# of Loans in Default	# of Claims Paid	Incurred Loss Ratio to Date[1]	Cumulative Default Frequency[2]
2013	655	264	0	1	0.0%	0.2%
2014	14,786	9,824	46	2	2.7%	0.3%
2015	52,550	46,902	61	5	1.7%	0.1%
2016	63,519	62,012	8	0	0.3%	0.0%
Total	131,510	119,002	115	8		

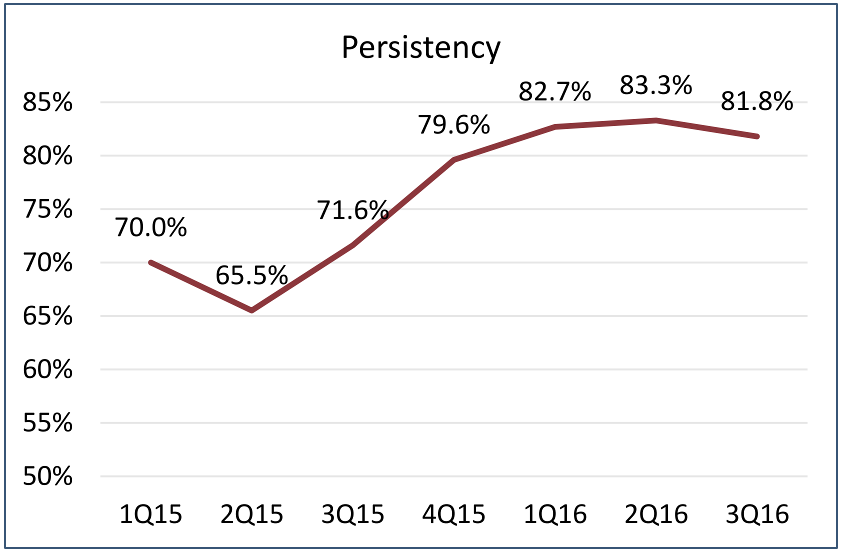
1. Cumulative Loss Ratio = [cumulative losses ÷ cumulative premiums earned]
2. Cumulative Default Frequency = [(# loans in default + # claims paid) ÷ policies ever in force]

Portfolio Performance:

- Better-than-expected claims experience to date
- Loss development has been modest as a result of solid job growth and healthy home price appreciation
- We assume 2% cumulative default frequency over a full economic cycle, resulting in long-run 20% loss ratios (losses as % of earned premiums)
- Recent loss development has not changed our view of long-term frequency of default

Insurance Portfolio Metrics





Premium Yield:

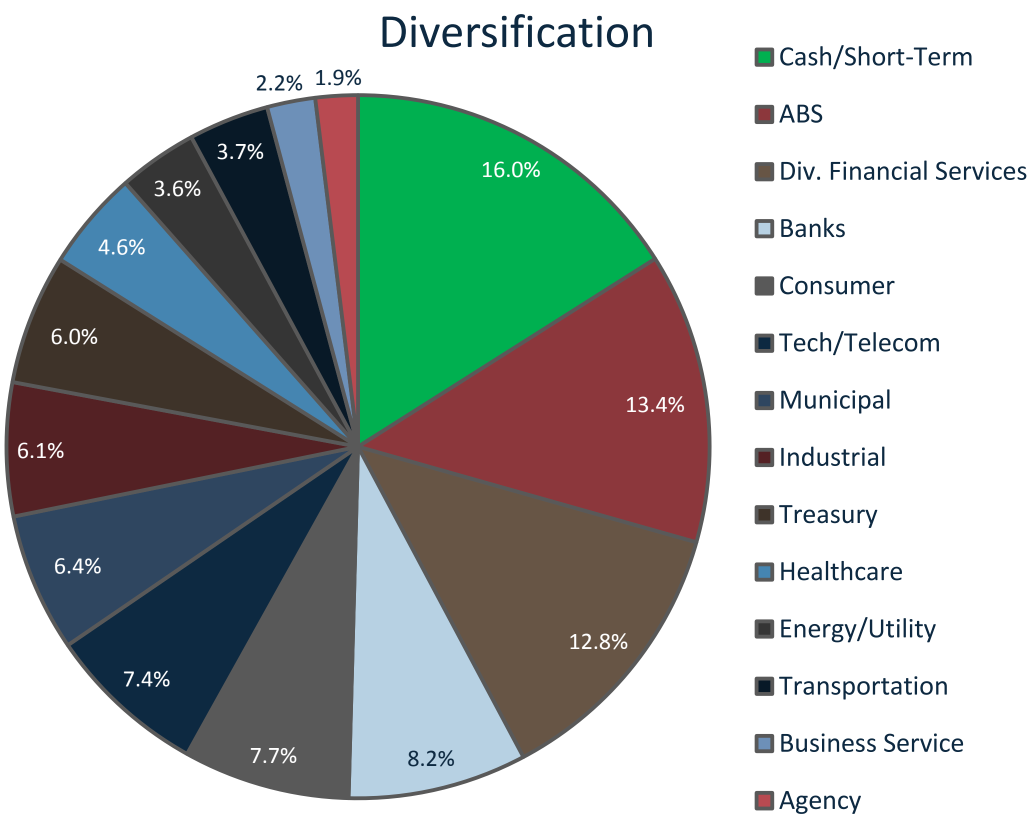
- **Volatility:** Premium yield can be volatile based on average loan quality, mix of singles, and prepayment speeds
- **Prepayments:** Recent prepayment speeds are within long-run norms and consistent with our long-run expectations for yield
- **Organic Yields:** Assuming normal prepayment activity and current mix, we expect average premium yield before reinsurance of ~50bps
- **Yields After Reinsurance:** Reinsurance reduces premium yield ~5 bps, resulting in expected go-forward yield ~45bps

Persistency:

- **Positive Rate Environment:** Persistency increasing as interest rates rise and refinance activity normalizes
- **Current Trends Align with Long-Term Average:** We assume long-term persistency of 80%

Investment Portfolio

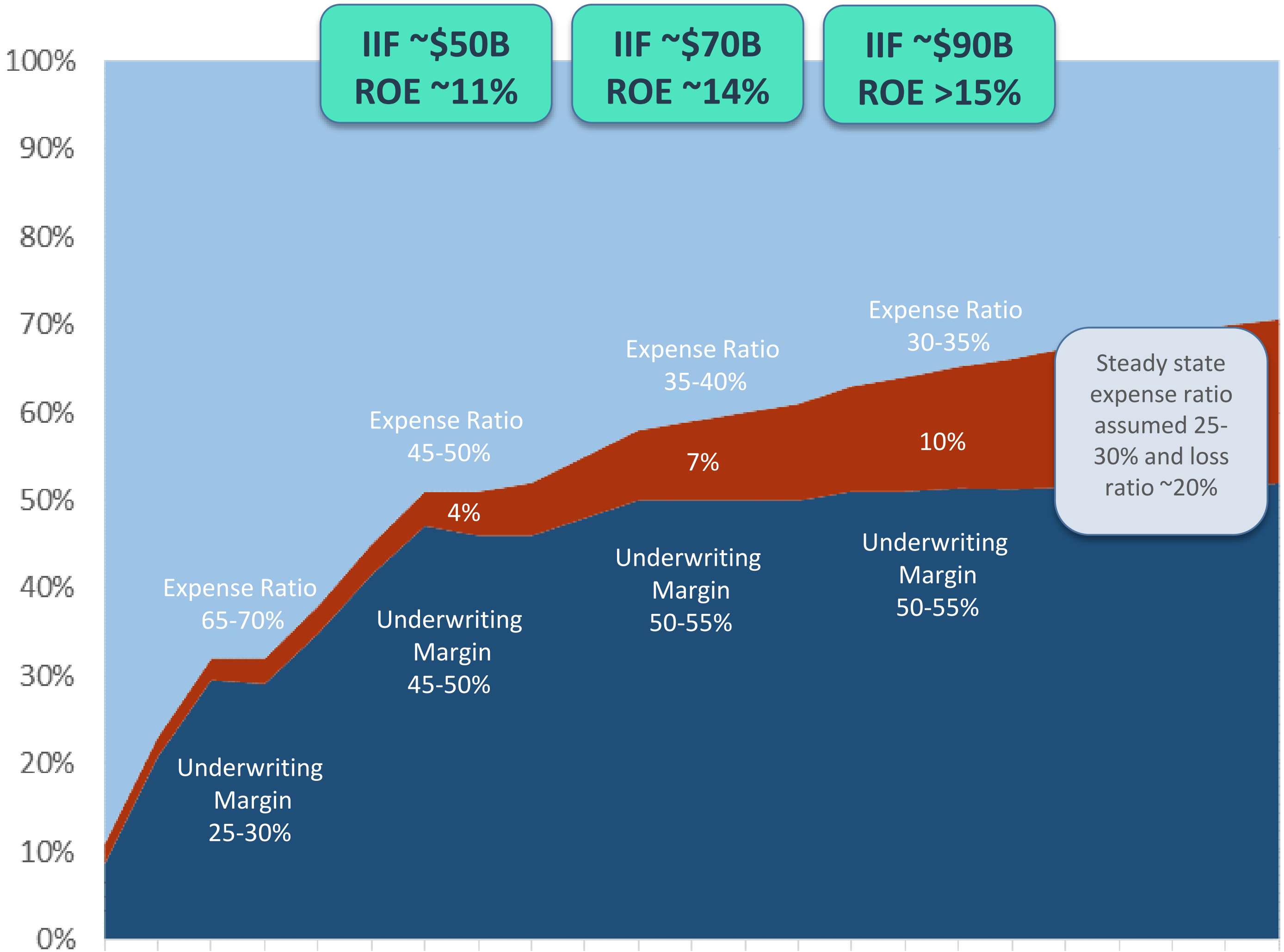
More conservatively managed than peers with regard to duration and yield



- ~$640M managed portfolio
- Investment policy governs eligible securities, issuer and asset concentration, duration
- 100% fixed income
- 100% investment grade
- 60% corporate securities
- Quality: Weighted average A rating
- Duration 3.85
- WA yield: 2.4%
- New cash being invested at >3% WA yield

Financial Framework and Returns Profile

NMI HOLDINGS, INC. INVESTOR DAY 2016



Not a forecast: for illustration only

Assumptions:

- Reinsurance at 25% cede
- 35% tax rate
- 25% debt/capital maintained at after-tax cost of ~5%

Capital Planning

- Reinsurance
  - Quota share reinsurance treaty effective 9/1/2016 – 12/31/2017
  - Provides ~$150M of initial capital relief, growing over time
  - Estimated 3% after-tax cost of capital
  - Reinsurance vehicles will continue to be preferred as growth capital
- Term Loan
  - $150M Term Loan B
  - Libor + 7.5% (1% Libor floor)
  - Matures 11/10/2018
  - Ability to prepay without penalty as of 11/10/16

	After-Tax Cost of Capital
Reinsurance	3-4%
Debt	5-6%
Equity	10+%

Quota Share Reinsurance Agreement

- Material Terms
  - Reinsured polices:
    - 100% of Fannie Pool
    - 25% of existing primary-in-force as of 9/1/2016
    - 25% of NIW 9/1/2016 through 12/31/2017 (and on renewal premiums for 10 years)
  - Ceding commission = 20% of ceded **written** premium
  - Reinsurer margin = 20% of ceded **earned** premium
  - Profit share computed and paid following each year-end during term and then following Termination Date

Reinsurance Illustration

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Reinsurance Illustration $Millions

	Before Reinsurance	Impact of Reinsurance	After Reinsurance
Insurance in Force	$ 1,000		$ 1,000
Effective Risk in Force	250.0	(62.5)	187.5
Required Assets*	14.6	(3.9)	10.7
Gross Premium	$ 5.30		$ 5.30
Ceded Premium		$ (1.33)	$ (1.33)
Profit Commission		$ 0.53	$ 0.53
Net Premiums Earned	$ 5.30	$ (0.80)	$ 4.51
Interest Income on Assets	$ 0.44		$ 0.44
Expenses	$ 1.33		$ 1.33
Ceding Commission		$ (0.27)	$ (0.27)
Net Expenses	$ 1.33	$ (0.27)	$ 1.06
Losses	$ 1.06		$ 1.06
Ceded Losses		$ (0.27)	$ (0.27)
Net Losses	$ 1.06	$ (0.27)	$ 0.80
Pretax Income	$ 3.35	$ (0.27)	$ 3.09
Taxes @35%	$ 1.17	$ 0.09	$ (1.08)
Net Income	**$ 2.18**	**$ (0.17)**	**$ 2.01**
Expense Ratio	25.0%		23.5%
Loss Ratio	20.0%		17.6%
Return on Required Assets	**14.9%**		**18.7%**

*Adjusted for PMIERs seasoning credit

25% reduction in risk and required assets

8% dilution from reinsurer margin

Significant benefit to returns

- **Risk/Capital:** Reinsurer takes 25% of risk of loss, effectively reducing NMI's capital requirement by 25%
- **Premiums:** NMI cedes to reinsurer 25% of gross premium
- **Economics to National MI:** Subject to certain limitations, we retain an 80% margin on ceded premiums; illustratively, this margin is comprised of:
  - Ceding commission ~20%
  - Profit commission ~40%
  - Ceded losses ~20%

Illustrative only – not a forecast and not representative of current operating ratios

Financial Take-Aways

- ✓ Returns above all else
- ✓ Compelling earnings leverage
- ✓ Low-cost capital to support profitable growth

NMI HOLDINGS, INC.

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Questions & Answers