

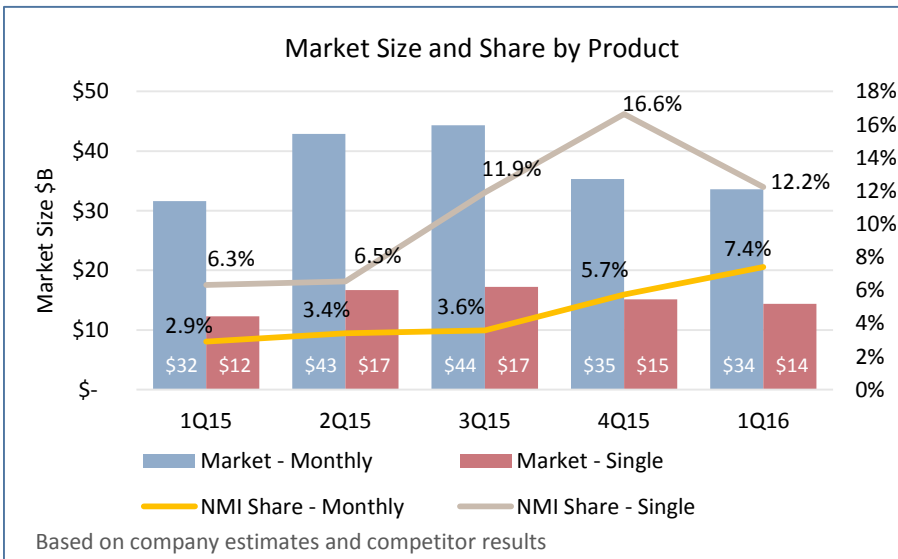
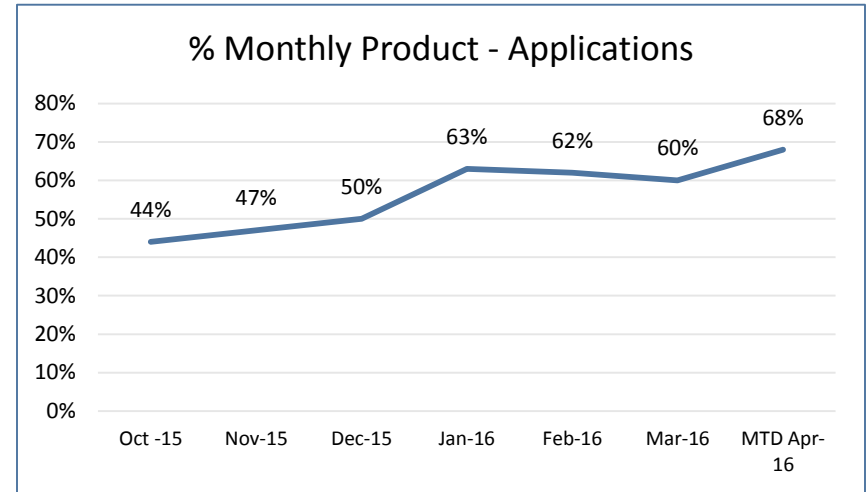
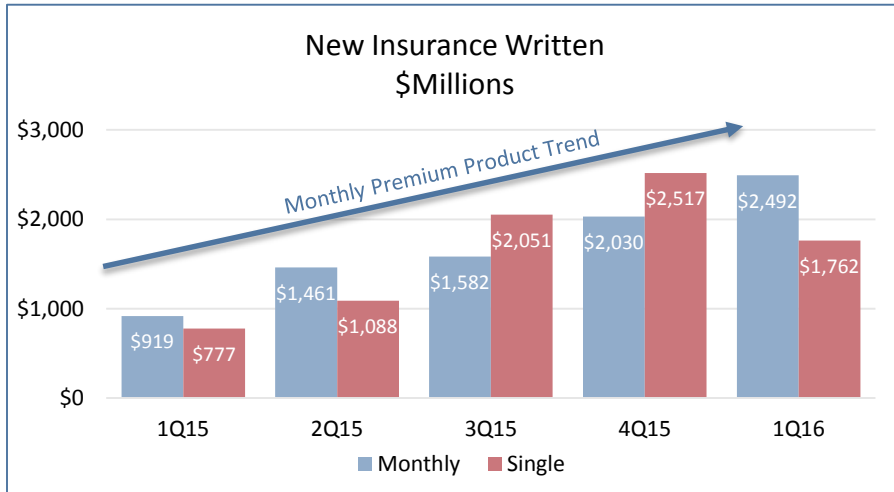


NMI Holdings, Inc. (NMIH)

First Quarter 2016  
Information Supplement

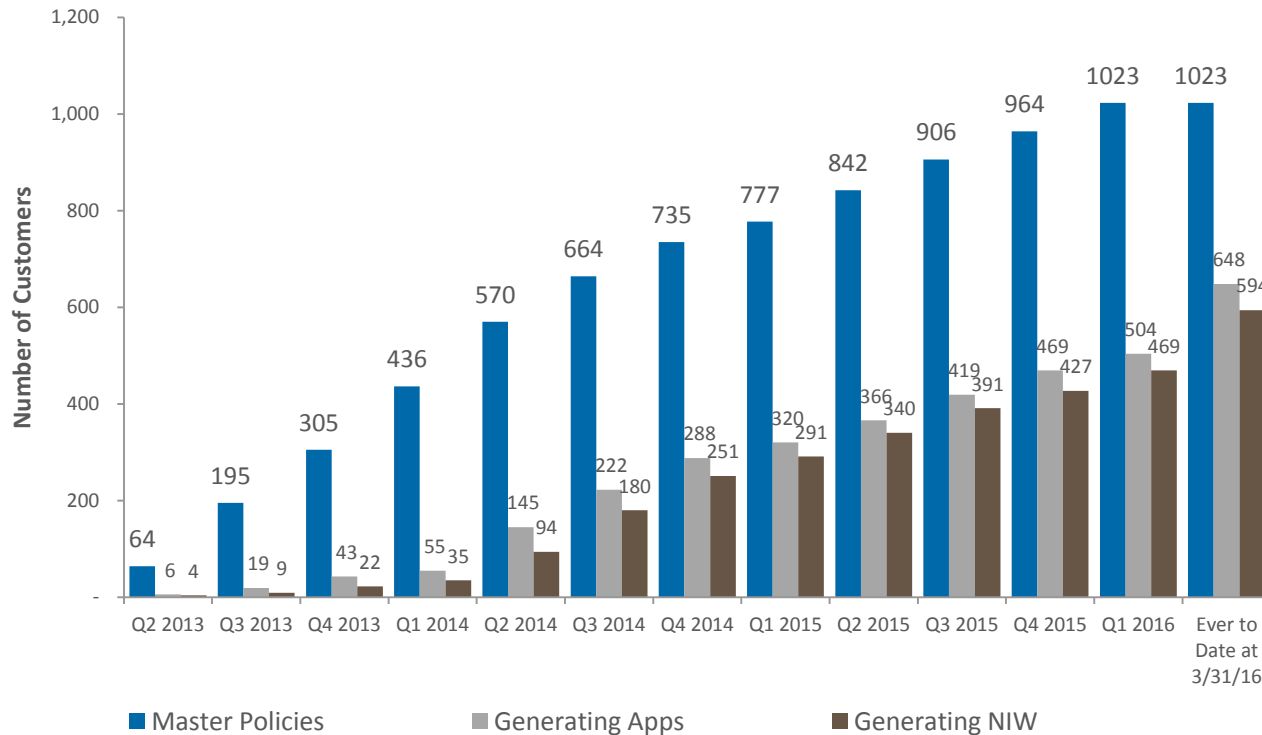
April 26, 2016

# NIW, Market Share, Application Mix



# Growing Customer Base

**\*Customers with Approved Master Policies and Those Generating Applications/NIW During the Period**

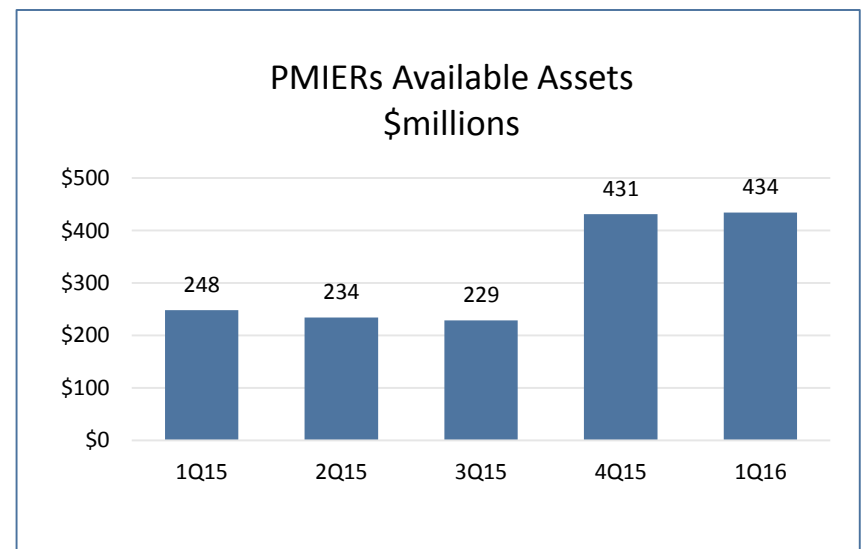
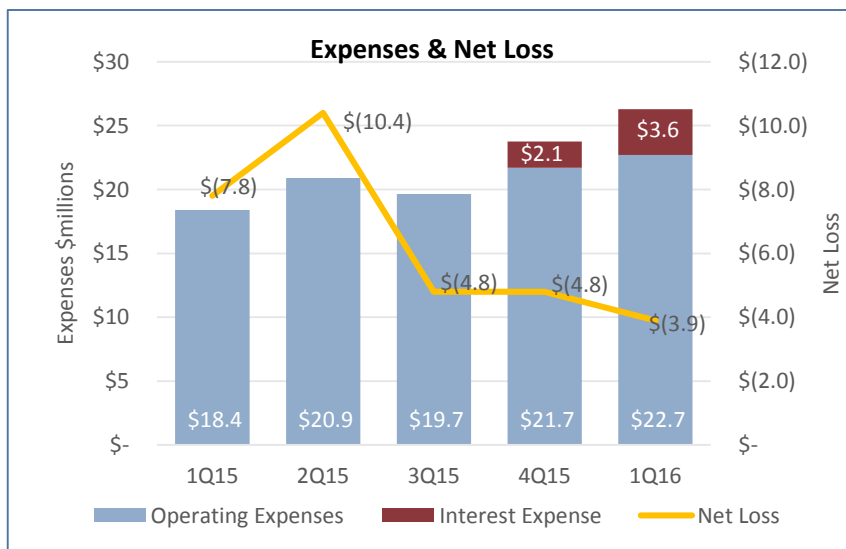
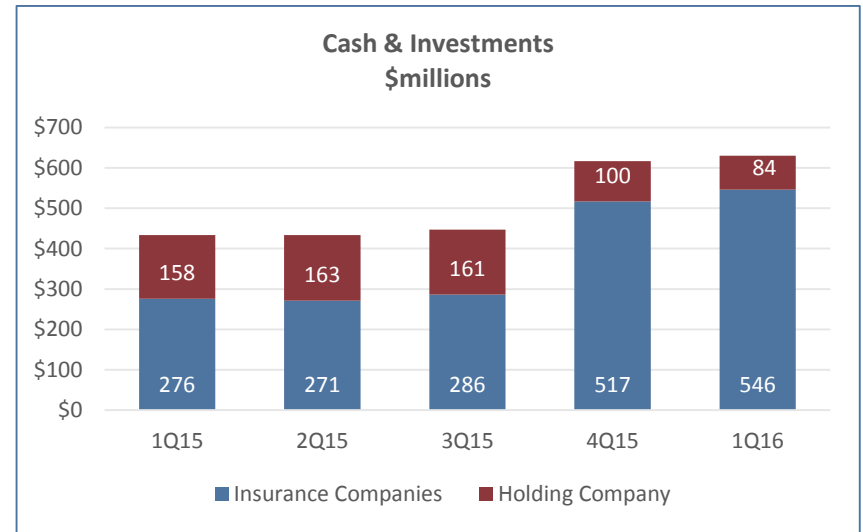
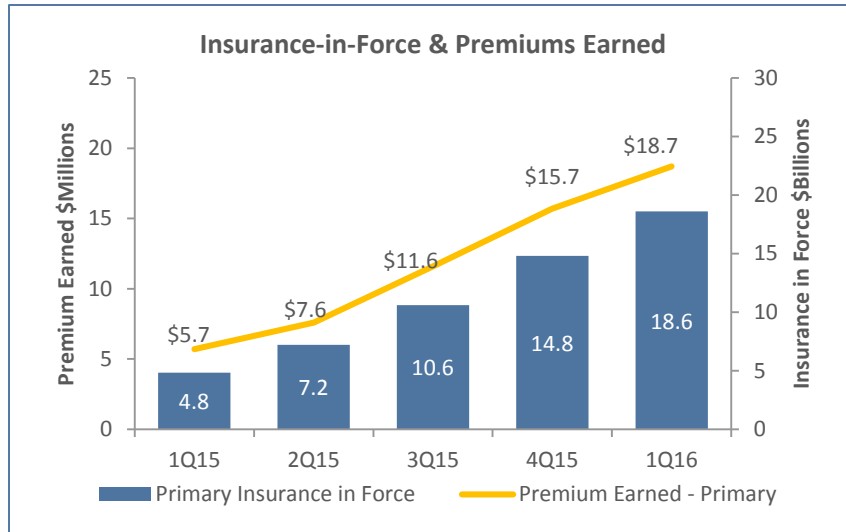


## In 1Q 2016:

- Signed up 59 new customers to master policies
- 64 new customers delivered their first application to National MI
- 69 new customers generated NIW

\*Some customers do not generate applications or NIW in every quarter

# Financial Highlights



# Rethinking the MI Pricing Model

## Illustrative Loan-Level Example\*

	Pre-Crisis	Post-PMIERS
	Legacy <sup>1</sup>	Steady State
Private MI Market Size	<b>\$265B (2004)</b>	<b>\$220B (2016E)</b>
Weighted Average FICO	685	750
Weighted Average Premium	62 bps	50 bps
Default Frequency	3.5%	2%
Loss Ratio	31%	22%
Expense Ratio	16%	20%
Combined Ratio	47%	42%
Underwriting Margin	53%	58%
Required Assets (as % of risk) <sup>2</sup>	8.0%	5.78%
After-Tax Investment Yield <sup>3</sup>	3%	2%
Return-on-Required Assets	14.87%	14.95%

- Acquisition and servicing expenses are fixed on a per-unit basis and are the same regardless of premium rate or loan size; as premium rate decreases, expense ratio increases

- Total return on required assets may be less than loan-level pricing model depending upon expense and capital efficiency
- Return on equity (ROE) for the enterprise can be enhanced through use of debt, reinsurance, or offshore tax structure

1. Legacy operating ratios 1990-2006

2. Initial post-PMIERS asset charge is 6.5%, however under PMIERS, capital charges are relieved over time by seasoning credit, which makes the effective asset charge lower

3. 35% effective tax rate

\* For illustration purposes only; this is not formal guidance or a forecast