

NMI Holdings, Inc.

Non-GAAP reconciliation

(\$ in thousands, except per share values)	Second Quarter 6/30/2019	Third Quarter 9/30/2019	Fourth Quarter 12/31/2019	First Quarter 3/31/2020	Second Quarter 6/30/2020	Third Quarter 9/30/2020	Fourth Quarter 12/31/2020	First Quarter 3/31/2021	Second Quarter 6/30/2021
As Reported:									
Revenues									
Net premiums earned	\$ 83,249	\$ 92,381	\$ 95,517	\$ 98,717	\$ 98,944	\$ 98,802	\$ 100,709	\$ 105,879	\$ 110,888
Net Investment Income	7,629	7,882	7,962	8,104	7,070	8,337	8,386	8,814	9,382
Net realized investment (losses) gains	(113)	81	264	(72)	711	(4)	295	-	12
Other revenues	415	1,244	1,154	900	1,223	648	513	501	483
Total revenues	\$ 91,180	\$ 101,588	\$ 104,897	\$ 107,649	\$ 107,948	\$ 107,783	\$ 109,903	\$ 115,194	\$ 120,765
Expenses									
Insurance claims and claims expenses	\$ 2,923	\$ 2,572	\$ 4,269	\$ 5,697	\$ 34,334	\$ 15,667	\$ 3,549	\$ 4,962	\$ 4,640
Underwriting and operating expenses	32,190	32,335	31,296	32,277	30,370	33,969	34,994	34,065	34,725
Service expenses	353	909	937	734	1,090	557	459	591	481
Interest expense	3,071	2,979	2,974	2,744	5,941	7,796	7,906	7,915	7,922
Loss (Gain) from change in fair value of warrant liability	1,685	(1,139)	2,632	(5,959)	1,236	\$ 437	1,379	205	(658)
Total expenses	\$ 40,222	\$ 37,656	\$ 42,108	\$ 35,493	\$ 72,971	\$ 58,426	\$ 48,287	\$ 47,738	\$ 47,110
Income before income taxes	\$ 50,958	\$ 63,932	\$ 62,789	\$ 72,156	\$ 34,977	\$ 49,357	\$ 61,616	\$ 67,456	\$ 73,655
Income tax expense	11,858	14,169	12,594	13,885	8,129	11,178	13,348	14,565	16,133
Net income	\$ 39,100	\$ 49,763	\$ 50,195	\$ 58,271	\$ 26,848	\$ 38,179	\$ 48,268	\$ 52,891	\$ 57,522
Adjustments:									
Loss (Gain) from change in fair value of warrant liability	\$ 1,685	\$ (1,139)	\$ 2,632	\$ (5,959)	\$ 1,236	\$ 437	\$ 1,379	\$ 205	\$ (658)
Capital markets transaction costs	664	1,689	-	474	2,790	2,254	1,719	378	1,615
Net realized investment losses (gains)	113	(81)	(264)	72	(711)	4	(295)	-	(12)
Adjusted Income before income taxes	\$ 53,420	\$ 64,401	\$ 65,157	\$ 66,743	\$ 38,292	\$ 52,052	\$ 64,419	\$ 68,039	\$ 74,600
Income tax expense (benefit) on adjustments	\$ 163	\$ 338	\$ (55)	\$ 115	\$ 437	\$ 474	\$ 299	\$ 79	\$ 337
Adjusted Net income	\$ 41,399	\$ 49,894	\$ 52,618	\$ 52,743	\$ 29,726	\$ 40,400	\$ 50,772	\$ 53,395	\$ 58,130
Weighted average diluted shares outstanding	69,590	70,137	70,276	70,401	74,174	85,599	86,250	86,487	86,819
Dilutive effect of non-vested shares and warrants	-	-	-	-	-	-	-	-	-
Weighted average diluted shares outstanding – Adjusted	69,590	70,137	70,276	70,401	74,174	85,599	86,250	86,487	86,819
Diluted EPS – Reported	\$ 0.56	\$ 0.69	\$ 0.71	\$ 0.74	\$ 0.36	\$ 0.45	\$ 0.56	\$ 0.61	\$ 0.65
Diluted EPS – Adjusted	\$ 0.59	\$ 0.71	\$ 0.75	\$ 0.75	\$ 0.40	\$ 0.47	\$ 0.59	\$ 0.62	\$ 0.67
Shareholders' equity	\$ 812,379	\$ 873,487	\$ 930,420	\$ 974,890	\$ 1,257,037	\$ 1,307,556	\$ 1,369,591	\$ 1,380,308	\$ 1,459,905
Return on equity – Reported	20.0%	23.6%	22.3%	24.5%	9.6%	11.9%	14.4%	15.4%	16.2%
Return on equity – Adjusted	21.2%	23.7%	23.3%	22.1%	10.7%	12.6%	15.2%	15.5%	16.4%
Expense ratio - Reported	38.7%	35.0%	32.8%	32.7%	30.7%	34.4%	34.7%	32.2%	31.3%
Expense ratio - Adjusted	37.9%	33.2%	32.8%	32.2%	30.5%	32.1%	33.0%	31.8%	29.9%
Loss ratio - Reported and Adjusted	3.5%	2.8%	4.5%	5.8%	34.7%	15.9%	3.5%	4.7%	4.2%
Combined ratio - Reported	42.2%	37.8%	37.2%	38.5%	65.4%	50.2%	38.3%	36.9%	35.5%
Combined ratio - Adjusted	41.4%	36.0%	37.2%	38.0%	65.2%	48.0%	36.6%	36.5%	34.0%