

NMI Holdings, Inc.

Non-GAAP reconciliation

	Fourth Quarter 12/31/2017	First Quarter 3/31/2018	Second Quarter 6/30/2018	Third Quarter 9/30/2018	Fourth Quarter 12/31/2018	First Quarter 3/31/2019	Second Quarter 6/30/2019	Third Quarter 9/30/2019	Fourth Quarter 12/31/2019
<i>(\$ in thousands, except per share values)</i>									
As Reported:									
Revenues									
Net premiums earned	\$ 50,079	\$ 54,914	\$ 61,615	\$ 65,407	\$ 69,261	\$ 73,868	\$ 83,249	\$ 92,381	\$ 95,517
Net Investment Income	4,388	4,574	5,735	6,277	6,952	7,383	7,629	7,882	7,962
Net realized investment gains (losses)	9	-	59	(8)	6	(187)	(113)	81	264
Other revenues	62	64	44	85	40	42	415	1,244	1,154
Total revenues	\$ 54,538	\$ 59,552	\$ 67,453	\$ 71,761	\$ 76,259	\$ 81,106	\$ 91,180	\$ 101,588	\$ 104,897
Expenses									
Insurance claims and claims expenses	\$ 2,374	\$ 1,569	\$ 643	\$ 1,099	\$ 2,141	\$ 2,743	\$ 2,923	\$ 2,572	\$ 4,269
Underwriting and operating expenses ⁽¹⁾	28,196	28,346	28,958	30,323	29,339	30,800	32,190	32,335	31,296
Service expenses ⁽¹⁾	101	107	62	56	45	49	353	909	937
Interest expense	3,382	3,419	5,560	2,972	3,028	3,061	3,071	2,979	2,974
Loss (Gain) from change in fair value of warrant liability	\$ 3,426	\$ (420)	\$ (109)	\$ 5,464	\$ (3,538)	\$ 5,479	\$ 1,685	\$ (1,139)	\$ 2,632
Total expenses	\$ 37,479	\$ 33,021	\$ 35,114	\$ 39,914	\$ 31,015	\$ 42,132	\$ 40,222	\$ 37,656	\$ 42,108
Income before income taxes	\$ 17,059	\$ 26,531	\$ 32,339	\$ 31,847	\$ 45,244	\$ 38,974	\$ 50,958	\$ 63,932	\$ 62,789
Income tax expense	18,825	4,176	7,098	7,036	9,724	6,075	11,858	14,169	12,594
Net income	\$ (1,766)	\$ 22,355	\$ 25,241	\$ 24,811	\$ 35,520	\$ 32,899	\$ 39,100	\$ 49,763	\$ 50,195
Adjustments:									
Loss (Gain) from change in fair value of warrant liability	\$ 3,426	\$ (420)	\$ (109)	\$ 5,464	\$ (3,538)	\$ 5,479	\$ 1,685	\$ (1,139)	\$ 2,632
Capital markets transaction costs	-	-	2,921	1,871	102	-	664	1,689	-
Net realized investment (gains) losses	(9)	-	(59)	8	(6)	187	113	(81)	(264)
Adjusted Income before income taxes	\$ 20,476	\$ 26,111	\$ 35,092	\$ 39,190	\$ 41,802	\$ 44,640	\$ 53,420	\$ 64,401	\$ 65,157
Income tax expense (benefit) on adjustments	\$ 1,196	\$ (88)	\$ 578	\$ 395	\$ 20	\$ 39	\$ 163	\$ 338	\$ (55)
Deferred tax (expense) benefit adjustments	(13,554)	-	-	-	-	-	-	-	-
Adjusted Net income	\$ 14,009	\$ 22,023	\$ 27,416	\$ 31,759	\$ 32,058	\$ 38,526	\$ 41,399	\$ 49,894	\$ 52,618
Weighted average diluted shares outstanding	60,219	65,697	68,616	68,844	69,013	68,996	69,590	70,137	70,276
Dilutive effect of non-vested shares and warrants	3,449	-	-	-	-	-	-	-	-
Weighted average diluted shares outstanding – Adjusted	63,668	65,697	68,616	68,844	69,013	68,996	69,590	70,137	70,276
Diluted EPS – Reported	\$ (0.03)	\$ 0.34	\$ 0.37	\$ 0.36	\$ 0.46	\$ 0.48	\$ 0.56	\$ 0.69	\$ 0.71
Diluted EPS – Adjusted	\$ 0.22	\$ 0.34	\$ 0.40	\$ 0.46	\$ 0.46	\$ 0.56	\$ 0.59	\$ 0.71	\$ 0.75
Shareholders' equity	\$ 509,077	\$ 601,944	\$ 629,642	\$ 660,493	\$ 701,500	\$ 751,881	\$ 812,379	\$ 873,487	\$ 930,420
Return on equity – Reported	(1.4%)	16.1%	16.4%	15.4%	20.9%	18.1%	20.0%	23.6%	22.3%
Return on equity – Adjusted	11.0%	15.9%	17.8%	19.7%	18.8%	21.2%	21.2%	23.7%	23.3%

⁽¹⁾ Certain "Underwriting and operating expenses" have been reclassified as "Service expenses" in prior periods.