

NMI Holdings, Inc.

Non-GAAP reconciliation

	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	First Quarter 3/31/2020	Second Quarter 6/30/2020	Third Quarter 9/30/2020	Fourth Quarter 12/31/2020
<i>(\$ in thousands, except per share values)</i>									
As Reported:									
Revenues									
Net premiums earned	\$ 69,261	\$ 73,868	\$ 83,249	\$ 92,381	\$ 95,517	\$ 98,717	\$ 98,944	\$ 98,802	\$ 100,709
Net Investment Income	6,952	7,383	7,629	7,882	7,962	8,104	7,070	8,337	8,386
Net realized investment gains (losses)	6	(187)	(113)	81	264	(72)	711	(4)	295
Other revenues	40	42	415	1,244	1,154	900	1,223	648	513
Total revenues	\$ 76,259	\$ 81,106	\$ 91,180	\$ 101,588	\$ 104,897	\$ 107,649	\$ 107,948	\$ 107,783	\$ 109,903
Expenses									
Insurance claims and claims expenses	\$ 2,141	\$ 2,743	\$ 2,923	\$ 2,572	\$ 4,269	\$ 5,697	\$ 34,334	\$ 15,667	\$ 3,549
Underwriting and operating expenses	29,339	30,800	32,190	32,335	31,296	32,277	30,370	33,969	34,994
Service expenses	45	49	353	909	937	734	1,090	557	459
Interest expense	3,028	3,061	3,071	2,979	2,974	2,744	5,941	7,796	7,906
Loss (Gain) from change in fair value of warrant liability	\$ (3,538)	\$ 5,479	\$ 1,685	\$ (1,139)	\$ 2,632	\$ (5,959)	\$ 1,236	\$ 437	\$ 1,379
Total expenses	\$ 31,015	\$ 42,132	\$ 40,222	\$ 37,656	\$ 42,108	\$ 35,493	\$ 72,971	\$ 58,426	\$ 48,287
Income before income taxes	\$ 45,244	\$ 38,974	\$ 50,958	\$ 63,932	\$ 62,789	\$ 72,156	\$ 34,977	\$ 49,357	\$ 61,616
Income tax expense (benefit)	9,724	6,075	11,858	14,169	12,594	13,885	8,129	11,178	13,348
Net income	\$ 35,520	\$ 32,899	\$ 39,100	\$ 49,763	\$ 50,195	\$ 58,271	\$ 26,848	\$ 38,179	\$ 48,268
Adjustments:									
Loss (Gain) from change in fair value of warrant liability	\$ (3,538)	\$ 5,479	\$ 1,685	\$ (1,139)	\$ 2,632	\$ (5,959)	\$ 1,236	\$ 437	\$ 1,379
Capital markets transaction costs	102	-	664	1,689	-	474	2,790	2,254	1,719
Net realized investment (gains) losses	(6)	187	113	(81)	(264)	72	(711)	4	(295)
Adjusted income before income taxes	\$ 41,802	\$ 44,640	\$ 53,420	\$ 64,401	\$ 65,157	\$ 66,743	\$ 38,292	\$ 52,052	\$ 64,419
Income tax expense (benefit) on adjustments	\$ 20	\$ 39	\$ 163	\$ 338	\$ (55)	\$ 115	\$ 437	\$ 474	\$ 299
Deferred tax (expense) benefit adjustments	-	-	-	-	-	-	-	-	-
Adjusted Net income	\$ 32,058	\$ 38,526	\$ 41,399	\$ 49,894	\$ 52,618	\$ 52,743	\$ 29,726	\$ 40,400	\$ 50,772
Weighted average diluted shares outstanding	69,013	68,996	69,590	70,137	70,276	70,401	74,174	85,599	86,250
Dilutive effect of non-vested shares and warrants	-	-	-	-	-	-	-	-	-
Weighted average diluted shares outstanding – Adjusted	69,013	68,996	69,590	70,137	70,276	70,401	74,174	85,599	86,250
Diluted EPS – Reported	\$ 0.46	\$ 0.48	\$ 0.56	\$ 0.69	\$ 0.71	\$ 0.74	\$ 0.36	\$ 0.45	\$ 0.56
Diluted EPS – Adjusted	\$ 0.46	\$ 0.56	\$ 0.59	\$ 0.71	\$ 0.75	\$ 0.75	\$ 0.40	\$ 0.47	\$ 0.59
Shareholders' equity	\$ 701,500	\$ 751,881	\$ 812,379	\$ 873,487	\$ 930,420	\$ 974,890	\$ 1,257,037	\$ 1,307,556	\$ 1,369,591
Return on equity – Reported	20.9%	18.1%	20.0%	23.6%	22.3%	24.5%	9.6%	11.9%	14.4%
Return on equity – Adjusted	18.8%	21.2%	21.2%	23.7%	23.3%	22.1%	10.7%	12.6%	15.2%
Expense ratio - Reported	42.4%	41.7%	38.7%	35.0%	32.8%	32.7%	30.7%	34.4%	34.7%
Expense ratio - Adjusted	42.2%	41.7%	37.9%	33.2%	32.8%	32.2%	30.5%	32.1%	33.0%
Loss ratio - Reported and Adjusted	3.1%	3.7%	3.5%	2.8%	4.5%	5.8%	34.7%	15.9%	3.5%
Combined ratio - Reported	45.5%	45.4%	42.2%	37.8%	37.2%	38.5%	65.4%	50.2%	38.3%
Combined ratio - Adjusted	45.3%	45.4%	41.4%	36.0%	37.2%	38.0%	65.2%	48.0%	36.6%