

NMI Holdings, Inc.

Non-GAAP reconciliation



(\$ in thousands, except per share values)	Fourth Quarter 12/31/2016	First Quarter 3/31/2017	Second Quarter 6/30/2017	Third Quarter 9/30/2017	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
As Reported:									
Revenues									
Net premiums earned	\$ 32,825	\$ 33,225	\$ 37,917	\$ 44,519	\$ 50,079	\$ 54,914	\$ 61,615	\$ 65,407	\$ 69,261
Net Investment Income	3,634	3,807	3,908	4,170	4,388	4,574	5,735	6,277	6,952
Net realized investment gains (losses)	65	(58)	188	69	9	-	59	(8)	6
Other revenues	105	80	185	195	62	64	44	85	40
Total revenues	\$ 36,629	\$ 37,054	\$ 42,198	\$ 48,953	\$ 54,538	\$ 59,552	\$ 67,453	\$ 71,761	\$ 76,259
Expenses									
Insurance claims and claims expenses	\$ 800	\$ 635	\$ 1,373	\$ 957	\$ 2,374	\$ 1,569	\$ 643	\$ 1,099	\$ 2,141
Underwriting and operating expenses	23,281	25,989	28,048	24,645	28,297	28,453	29,020	30,379	29,384
Total expenses	\$ 24,081	\$ 26,624	\$ 29,421	\$ 25,602	\$ 30,671	\$ 30,022	\$ 29,663	\$ 31,478	\$ 31,525
Other Expenses									
(Loss) Gain from change in fair value of warrant liability	\$ (1,713)	\$ (196)	\$ 19	\$ (502)	\$ (3,426)	\$ 420	\$ 109	\$ (5,464)	\$ 3,538
Interest expense	(3,777)	(3,494)	(3,300)	(3,352)	(3,382)	(3,419)	(5,560)	(2,972)	(3,028)
Total other expense	\$ (5,490)	\$ (3,690)	\$ (3,281)	\$ (3,854)	\$ (6,808)	\$ (2,999)	\$ (5,451)	\$ (8,436)	\$ 510
Income before income taxes	\$ 7,059	\$ 6,740	\$ 9,496	\$ 19,497	\$ 17,059	\$ 26,531	\$ 32,339	\$ 31,847	\$ 45,244
Income tax expense (benefit)	(52,663)	1,248	3,484	7,185	18,825	4,176	7,098	7,036	9,724
Net income	\$ 59,722	\$ 5,492	\$ 6,012	\$ 12,312	\$ (1,766)	\$ 22,355	\$ 25,241	\$ 24,811	\$ 35,520
Adjustments:									
Loss (Gain) from change in fair value of warrant liability	\$ 1,713	\$ 196	\$ (19)	\$ 502	\$ 3,426	\$ (420)	\$ (109)	\$ 5,464	\$ (3,538)
Capital markets transaction costs	-	1,711	3,105	-	-	-	2,921	1,871	102
Net realized investment (gains) losses	(65)	58	(188)	(69)	(9)	-	(59)	8	(6)
Adjusted Income before taxes	\$ 8,707	\$ 8,705	\$ 12,394	\$ 19,930	\$ 20,476	\$ 26,111	\$ 35,092	\$ 39,190	\$ 41,802
Income tax expense (benefit) on adjustments	\$ 577	\$ 688	\$ 1,014	\$ 152	\$ 1,196	\$ (88)	\$ 578	\$ 395	\$ 20
Deferred tax (expense) benefit adjustments	58,535	-	-	-	(13,554)	-	-	-	-
Adjusted Net income	\$ 2,258	\$ 6,769	\$ 7,896	\$ 12,593	\$ 14,009	\$ 22,023	\$ 27,416	\$ 31,759	\$ 32,058
Weighted average diluted shares outstanding	61,229	62,339	63,010	63,089	60,219	65,697	68,616	68,844	69,013
Dilutive effect of non-vested shares and warrants	-	-	-	-	3,449	-	-	-	-
Weighted average diluted shares outstanding – Adjusted	61,229	62,339	63,010	63,089	63,668	65,697	68,616	68,844	69,013
Diluted EPS – Reported	\$ 0.98	\$ 0.09	\$ 0.10	\$ 0.20	\$ (0.03)	\$ 0.34	\$ 0.37	\$ 0.36	\$ 0.46
Diluted EPS – Adjusted	\$ 0.04	\$ 0.11	\$ 0.13	\$ 0.20	\$ 0.22	\$ 0.34	\$ 0.40	\$ 0.46	\$ 0.46
Shareholders' equity	\$ 475,509	\$ 483,909	\$ 495,040	\$ 511,025	\$ 509,077	\$ 601,944	\$ 629,642	\$ 660,493	\$ 701,500
Return-on-equity – Reported	52.7%	4.6%	4.9%	9.8%	(1.4%)	16.1%	16.4%	15.4%	20.9%
Return-on-equity – Adjusted	2.0%	5.6%	6.5%	10.0%	11.0%	15.9%	17.8%	19.7%	18.8%