

NMI Holdings, Inc.

Non-GAAP reconciliation



(\$ in thousands, except per share values)	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	First Quarter 3/31/2019	Second Quarter 6/30/2019	Third Quarter 9/30/2019
As Reported:									
Revenues									
Net premiums earned	\$ 44,519	\$ 50,079	\$ 54,914	\$ 61,615	\$ 65,407	\$ 69,261	\$ 73,868	\$ 83,249	\$ 92,381
Net Investment Income	4,170	4,388	4,574	5,735	6,277	6,952	7,383	7,629	7,882
Net realized investment gains (losses)	69	9	-	59	(8)	6	(187)	(113)	81
Other revenues	195	62	64	44	85	40	42	415	1,244
Total revenues	\$ 48,953	\$ 54,538	\$ 59,552	\$ 67,453	\$ 71,761	\$ 76,259	\$ 81,106	\$ 91,180	\$ 101,588
Expenses									
Insurance claims and claims expenses	\$ 957	\$ 2,374	\$ 1,569	\$ 643	\$ 1,099	\$ 2,141	\$ 2,743	\$ 2,923	\$ 2,572
Underwriting and operating expenses	24,645	28,297	28,453	29,020	30,379	29,384	30,849	32,543	33,244
Total expenses	\$ 25,602	\$ 30,671	\$ 30,022	\$ 29,663	\$ 31,478	\$ 31,525	\$ 33,592	\$ 35,466	\$ 35,816
Other Expenses									
(Loss) Gain from change in fair value of warrant liability	\$ (502)	\$ (3,426)	\$ 420	\$ 109	\$ (5,464)	\$ 3,538	\$ (5,479)	\$ (1,685)	\$ 1,139
Interest expense	(3,352)	(3,382)	(3,419)	(5,560)	(2,972)	(3,028)	(3,061)	(3,071)	(2,979)
Total other expense	\$ (3,854)	\$ (6,808)	\$ (2,999)	\$ (5,451)	\$ (8,436)	\$ 510	\$ (8,540)	\$ (4,756)	\$ (1,840)
Income before income taxes	\$ 19,497	\$ 17,059	\$ 26,531	\$ 32,339	\$ 31,847	\$ 45,244	\$ 38,974	\$ 50,958	\$ 63,932
Income tax expense (benefit)	7,185	18,825	4,176	7,098	7,036	9,724	6,075	11,858	14,169
Net income	\$ 12,312	\$ (1,766)	\$ 22,355	\$ 25,241	\$ 24,811	\$ 35,520	\$ 32,899	\$ 39,100	\$ 49,763
Adjustments:									
(Gain) loss from change in fair value of warrant liability	\$ 502	\$ 3,426	\$ (420)	\$ (109)	\$ 5,464	\$ (3,538)	\$ 5,479	\$ 1,685	\$ (1,139)
Capital markets transaction costs	-	-	-	2,921	1,871	102	-	664	1,689
Net realized investment (gains) losses	(69)	(9)	-	(59)	8	(6)	187	113	(81)
Adjusted Income before income taxes	\$ 19,930	\$ 20,476	\$ 26,111	\$ 35,092	\$ 39,190	\$ 41,802	\$ 44,640	\$ 53,420	\$ 64,401
Income tax expense (benefit) on adjustments	\$ 152	\$ 1,196	\$ (88)	\$ 578	\$ 395	\$ 20	\$ 39	\$ 163	\$ 338
Deferred tax (expense) benefit adjustments	-	(13,554)	-	-	-	-	-	-	-
Adjusted Net income	\$ 12,593	\$ 14,009	\$ 22,023	\$ 27,416	\$ 31,759	\$ 32,058	\$ 38,526	\$ 41,399	\$ 49,894
Weighted average diluted shares outstanding	63,089	60,219	65,697	68,616	68,844	69,013	68,996	69,590	70,137
Dilutive effect of non-vested shares and warrants	-	3,449	-	-	-	-	-	-	-
Weighted average diluted shares outstanding – Adjusted	63,089	63,668	65,697	68,616	68,844	69,013	68,996	69,590	70,137
Diluted EPS – Reported	\$ 0.20	\$ (0.03)	\$ 0.34	\$ 0.37	\$ 0.36	\$ 0.46	\$ 0.48	\$ 0.56	\$ 0.69
Diluted EPS – Adjusted	\$ 0.20	\$ 0.22	\$ 0.34	\$ 0.40	\$ 0.46	\$ 0.46	\$ 0.56	\$ 0.59	\$ 0.71
Shareholders' equity	\$ 511,025	\$ 509,077	\$ 601,944	\$ 629,642	\$ 660,493	\$ 701,500	\$ 751,881	\$ 812,379	\$ 873,487
Return on equity – Reported	9.8%	(1.4%)	16.1%	16.4%	15.4%	20.9%	18.1%	20.0%	23.6%
Return on equity – Adjusted	10.0%	11.0%	15.9%	17.8%	19.7%	18.8%	21.2%	21.2%	23.7%