

NMI Holdings, Inc.

Non-GAAP reconciliation

	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	First Quarter 3/31/2020	Second Quarter 6/30/2020
<i>(\$ in thousands, except per share values)</i>									
As Reported:									
Revenues									
Net premiums earned	\$ 61,615	\$ 65,407	\$ 69,261	\$ 73,868	\$ 83,249	\$ 92,381	\$ 95,517	\$ 98,717	\$ 98,944
Net Investment Income	5,735	6,277	6,952	7,383	7,629	7,882	7,962	8,104	7,070
Net realized investment gains (losses)	59	(8)	6	(187)	(113)	81	264	(72)	711
Other revenues	44	85	40	42	415	1,244	1,154	900	1,223
Total revenues	\$ 67,453	\$ 71,761	\$ 76,259	\$ 81,106	\$ 91,180	\$ 101,588	\$ 104,897	\$ 107,649	\$ 107,948
Expenses									
Insurance claims and claims expenses	\$ 643	\$ 1,099	\$ 2,141	\$ 2,743	\$ 2,923	\$ 2,572	\$ 4,269	\$ 5,697	\$ 34,334
Underwriting and operating expenses	28,958	30,323	29,339	30,800	32,190	32,335	31,296	32,277	30,370
Service expenses	62	56	45	49	353	909	937	734	1,090
Interest expense	5,560	2,972	3,028	3,061	3,071	2,979	2,974	2,744	5,941
Loss (Gain) from change in fair value of warrant liability	(109)	5,464	(3,538)	5,479	1,685	(1,139)	2,632	(5,959)	1,236
Total expenses	\$ 35,114	\$ 39,914	\$ 31,015	\$ 42,132	\$ 40,222	\$ 37,656	\$ 42,108	\$ 35,493	\$ 72,971
Income before income taxes	\$ 32,339	\$ 31,847	\$ 45,244	\$ 38,974	\$ 50,958	\$ 63,932	\$ 62,789	\$ 72,156	\$ 34,977
Income tax expense (benefit)	7,098	7,036	9,724	6,075	11,858	14,169	12,594	13,885	8,129
Net income	\$ 25,241	\$ 24,811	\$ 35,520	\$ 32,899	\$ 39,100	\$ 49,763	\$ 50,195	\$ 58,271	\$ 26,848
Adjustments:									
Loss (Gain) from change in fair value of warrant liability	\$ (109)	\$ 5,464	\$ (3,538)	\$ 5,479	\$ 1,685	\$ (1,139)	\$ 2,632	\$ (5,959)	\$ 1,236
Capital markets transaction costs	2,921	1,871	102	-	664	1,689	-	474	2,790
Net realized investment (gains) losses	(59)	8	(6)	187	113	(81)	(264)	72	(711)
Adjusted Income before income taxes	\$ 35,092	\$ 39,190	\$ 41,802	\$ 44,640	\$ 53,420	\$ 64,401	\$ 65,157	\$ 66,743	\$ 38,292
Income tax expense (benefit) on adjustments	\$ 578	\$ 395	\$ 20	\$ 39	\$ 163	\$ 338	\$ (55)	\$ 115	\$ 437
Deferred tax (expense) benefit adjustments	-	-	-	-	-	-	-	-	-
Adjusted Net income	\$ 27,416	\$ 31,759	\$ 32,058	\$ 38,526	\$ 41,399	\$ 49,894	\$ 52,618	\$ 52,743	\$ 29,726
Weighted average diluted shares outstanding	68,616	68,844	69,013	68,996	69,590	70,137	70,276	70,401	74,174
Dilutive effect of non-vested shares and warrants	-	-	-	-	-	-	-	-	-
Weighted average diluted shares outstanding – Adjusted	68,616	68,844	69,013	68,996	69,590	70,137	70,276	70,401	74,174
Diluted EPS – Reported	\$ 0.37	\$ 0.36	\$ 0.46	\$ 0.48	\$ 0.56	\$ 0.69	\$ 0.71	\$ 0.74	\$ 0.36
Diluted EPS – Adjusted	\$ 0.40	\$ 0.46	\$ 0.46	\$ 0.56	\$ 0.59	\$ 0.71	\$ 0.75	\$ 0.75	\$ 0.40
Shareholders' equity	\$ 629,642	\$ 660,493	\$ 701,500	\$ 751,881	\$ 812,379	\$ 873,487	\$ 930,420	\$ 974,890	\$ 1,257,037
Return on equity – Reported	16.4%	15.4%	20.9%	18.1%	20.0%	23.6%	22.3%	24.5%	9.6%
Return on equity – Adjusted	17.8%	19.7%	18.8%	21.2%	21.2%	23.7%	23.3%	22.1%	10.7%
Expense ratio - Reported	47.0%	46.4%	42.4%	41.7%	38.7%	35.0%	32.8%	32.7%	30.7%
Expense ratio - Adjusted	45.9%	43.5%	42.2%	41.7%	37.9%	33.2%	32.8%	32.2%	30.5%
Loss ratio - Reported and Adjusted	1.0%	1.7%	3.1%	3.7%	3.5%	2.8%	4.5%	5.8%	34.7%
Combined ratio - Reported	48.0%	48.0%	45.5%	45.4%	42.2%	37.8%	37.2%	38.5%	65.4%
Combined ratio - Adjusted	46.9%	45.2%	45.3%	45.4%	41.4%	36.0%	37.2%	38.0%	65.2%