

**NMI Holdings, Inc.**

Non-GAAP reconciliation



(\$ in thousands, except per share values)	Third Quarter 9/30/2016	Fourth Quarter 12/31/2016	Year Ended 12/31/2016	First Quarter 3/31/2017	Second Quarter 6/30/2017	Third Quarter 9/30/2017	Fourth Quarter 12/31/2017	Year Ended 12/31/2017	First Quarter 3/31/2018	Second Quarter 6/30/2018	Third Quarter 9/30/2018
<b>As Reported:</b>											
<b>Revenues</b>											
Net premiums earned	\$ 31,808	\$ 32,825	\$ 110,481	\$ 33,225	\$ 37,917	\$ 44,519	\$ 50,079	\$ 165,740	\$ 54,914	\$ 61,615	\$ 65,407
Net Investment Income	3,544	3,634	13,751	3,807	3,908	4,170	4,388	16,273	4,574	5,735	6,277
Net realized investment gains (losses)	66	65	(693)	(58)	188	69	9	208	-	59	(8)
Other revenues	102	105	276	80	185	195	62	522	64	44	85
<b>Total revenues</b>	<b>\$ 35,520</b>	<b>\$ 36,629</b>	<b>\$ 123,815</b>	<b>\$ 37,054</b>	<b>\$ 42,198</b>	<b>\$ 48,953</b>	<b>\$ 54,538</b>	<b>\$ 182,743</b>	<b>\$ 59,552</b>	<b>\$ 67,453</b>	<b>\$ 71,761</b>
<b>Expenses</b>											
Insurance claims and claims expenses	\$ 664	\$ 800	\$ 2,392	\$ 635	\$ 1,373	\$ 957	\$ 2,374	\$ 5,339	\$ 1,569	\$ 643	\$ 1,099
Underwriting and operating expenses	24,037	23,281	93,223	25,989	28,048	24,645	28,297	106,979	28,453	29,020	30,379
<b>Total expenses</b>	<b>\$ 24,701</b>	<b>\$ 24,081</b>	<b>\$ 95,615</b>	<b>\$ 26,624</b>	<b>\$ 29,421</b>	<b>\$ 25,602</b>	<b>\$ 30,671</b>	<b>\$ 112,318</b>	<b>\$ 30,022</b>	<b>\$ 29,663</b>	<b>\$ 31,478</b>
<b>Other Expenses</b>											
(Loss) Gain from change in fair value of warrant liability	\$ (797)	\$ (1,713)	\$ (1,900)	\$ (196)	\$ 19	\$ (502)	\$ (3,426)	\$ (4,105)	\$ 420	\$ 109	\$ (5,464)
Interest expense	(3,733)	(3,777)	(14,848)	(3,494)	(3,300)	(3,352)	(3,382)	(13,528)	(3,419)	(5,560)	(2,972)
Total other expense	\$ (4,530)	\$ (5,490)	\$ (16,748)	\$ (3,690)	\$ (3,281)	\$ (3,854)	\$ (6,808)	\$ (17,633)	\$ (2,999)	\$ (5,451)	\$ (8,436)
<b>Income before income taxes</b>	<b>\$ 6,289</b>	<b>\$ 7,059</b>	<b>\$ 11,452</b>	<b>\$ 6,740</b>	<b>\$ 9,496</b>	<b>\$ 19,497</b>	<b>\$ 17,059</b>	<b>\$ 52,792</b>	<b>\$ 26,531</b>	<b>\$ 32,339</b>	<b>\$ 31,847</b>
Income tax expense (benefit)	114	(52,663)	(52,549)	1,248	3,484	7,185	18,825	30,742	4,176	7,098	7,036
<b>Net income</b>	<b>\$ 6,175</b>	<b>\$ 59,722</b>	<b>\$ 64,001</b>	<b>\$ 5,492</b>	<b>\$ 6,012</b>	<b>\$ 12,312</b>	<b>\$ (1,766)</b>	<b>\$ 22,050</b>	<b>\$ 22,355</b>	<b>\$ 25,241</b>	<b>\$ 24,811</b>
<b>Adjustments:</b>											
Loss (Gain) from change in fair value of warrant liability	\$ 797	\$ 1,713	\$ 1,900	\$ 196	\$ (19)	\$ 502	\$ 3,426	\$ 4,105	\$ (420)	\$ (109)	\$ 5,464
Capital markets transaction costs	-	-	-	1,711	3,105	-	-	4,816	-	2,921	1,871
Net realized investment (gains) losses	(66)	(65)	693	58	(188)	(69)	(9)	(208)	-	(59)	8
<b>Adjusted Income before income taxes</b>	<b>\$ 7,020</b>	<b>\$ 8,707</b>	<b>\$ 14,045</b>	<b>\$ 8,705</b>	<b>\$ 12,394</b>	<b>\$ 19,930</b>	<b>\$ 20,476</b>	<b>\$ 61,505</b>	<b>\$ 26,111</b>	<b>\$ 35,092</b>	<b>\$ 39,190</b>
Income tax expense (benefit) on adjustments	\$ 256	\$ 577	\$ 908	\$ 688	\$ 1,014	\$ 152	\$ 1,196	\$ 3,050	\$ (88)	\$ 578	\$ 395
Deferred tax (expense) benefit adjustments	-	58,535	58,535	-	-	-	(13,554)	(13,554)	-	-	-
<b>Adjusted Net income</b>	<b>\$ 6,650</b>	<b>\$ 2,258</b>	<b>\$ 7,151</b>	<b>\$ 6,769</b>	<b>\$ 7,896</b>	<b>\$ 12,593</b>	<b>\$ 14,009</b>	<b>\$ 41,267</b>	<b>\$ 22,023</b>	<b>\$ 27,416</b>	<b>\$ 31,759</b>
Weighted average diluted shares outstanding	60,285	61,229	60,829	62,339	63,010	63,089	60,219	62,186	65,697	68,616	68,844
Dilutive effect of non-vested shares and warrants	-	-	-	-	-	-	3,449	3,449	-	-	-
<b>Weighted average diluted shares outstanding – Adjusted</b>	<b>60,285</b>	<b>61,229</b>	<b>60,829</b>	<b>62,339</b>	<b>63,010</b>	<b>63,089</b>	<b>63,668</b>	<b>65,635</b>	<b>65,697</b>	<b>68,616</b>	<b>68,844</b>
Diluted EPS – Reported	\$ 0.10	\$ 0.98	\$ 1.05	\$ 0.09	\$ 0.10	\$ 0.20	\$ (0.03)	\$ 0.35	\$ 0.34	\$ 0.37	\$ 0.36
Diluted EPS – Adjusted	\$ 0.11	\$ 0.04	\$ 0.12	\$ 0.11	\$ 0.13	\$ 0.20	\$ 0.22	\$ 0.63	\$ 0.34	\$ 0.40	\$ 0.46
Shareholders' equity	\$ 430,269	\$ 475,509	\$ 475,509	\$ 483,909	\$ 495,040	\$ 511,025	\$ 509,077	\$ 509,077	\$ 601,944	\$ 629,642	\$ 660,493
Return on equity – Reported	5.8%	52.7%	14.6%	4.6%	4.9%	9.8%	(1.4%)	4.5%	16.1%	16.4%	15.4%
Return on equity – Adjusted	6.2%	2.0%	1.6%	5.6%	6.5%	10.0%	11.0%	8.4%	15.9%	17.8%	19.7%