



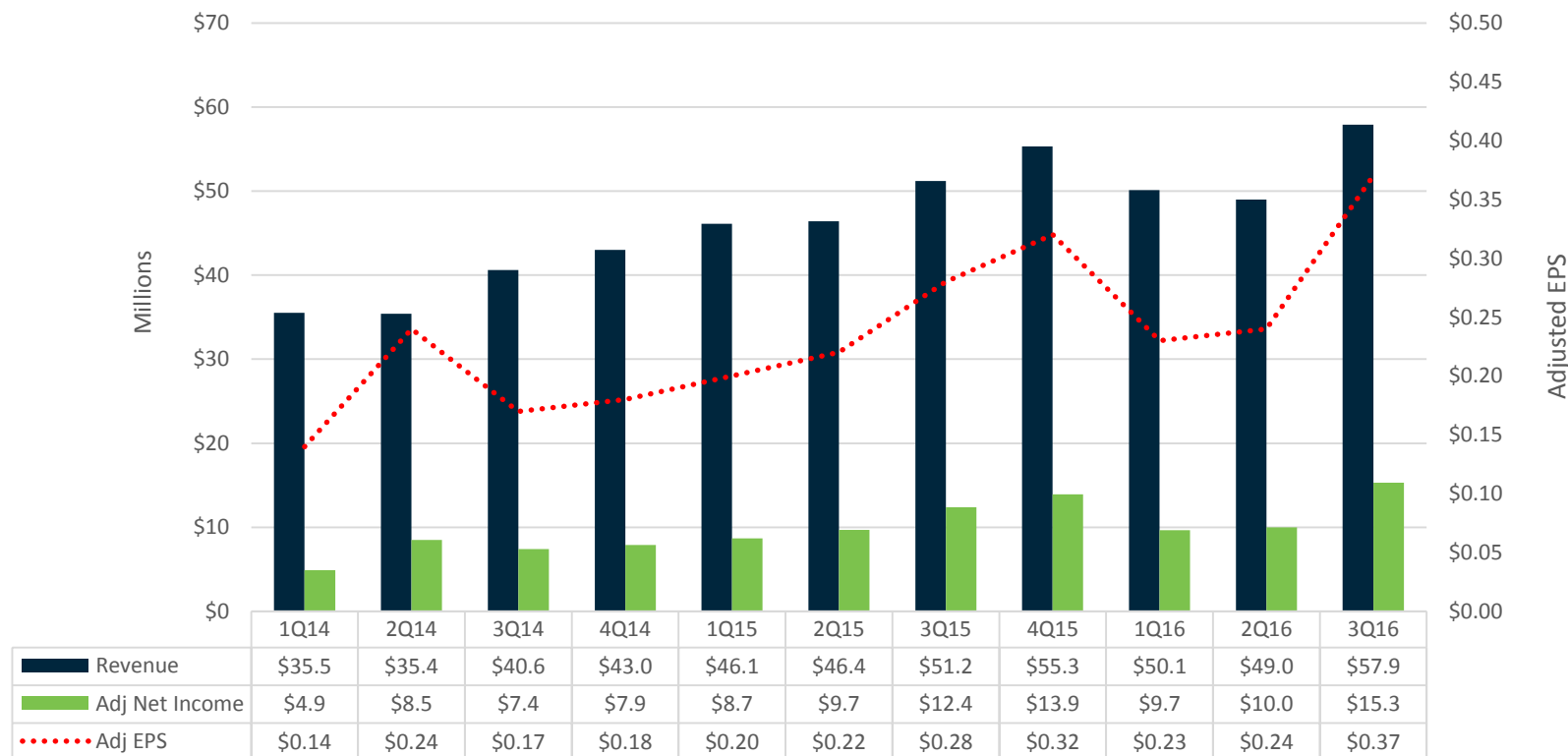
# Historical Financial Information

**Third Quarter 2016**



# State National Companies

## Revenue, Adjusted Net Income and Adjusted Earnings Per Share<sup>1</sup>



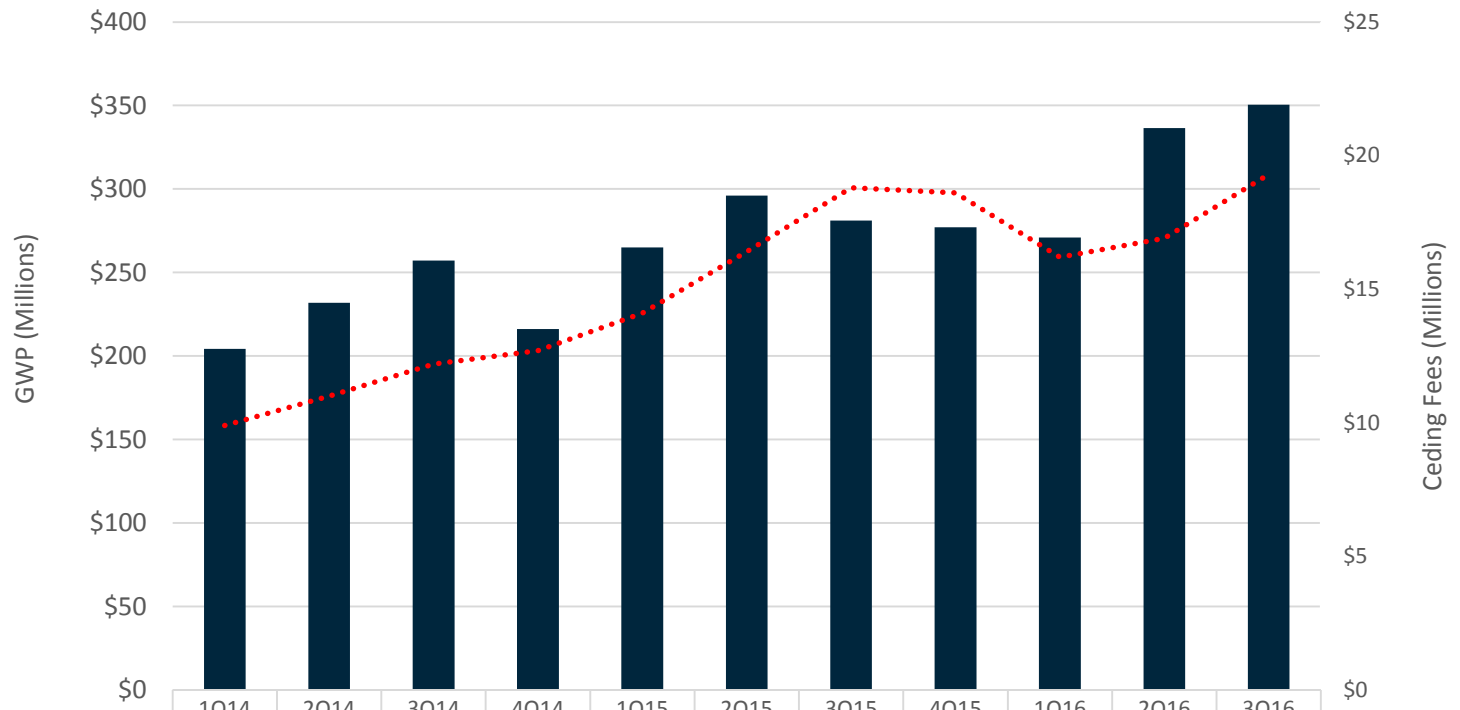
Adjustments to net income and earnings per share only apply to 2014. There were no adjustments to net income or earnings per share in 2015 and 2016.

<sup>1</sup>Reconciliation of these non-GAAP financial measures to their most directly comparable GAAP measure can be found on Page 6.



# Program Services Segment

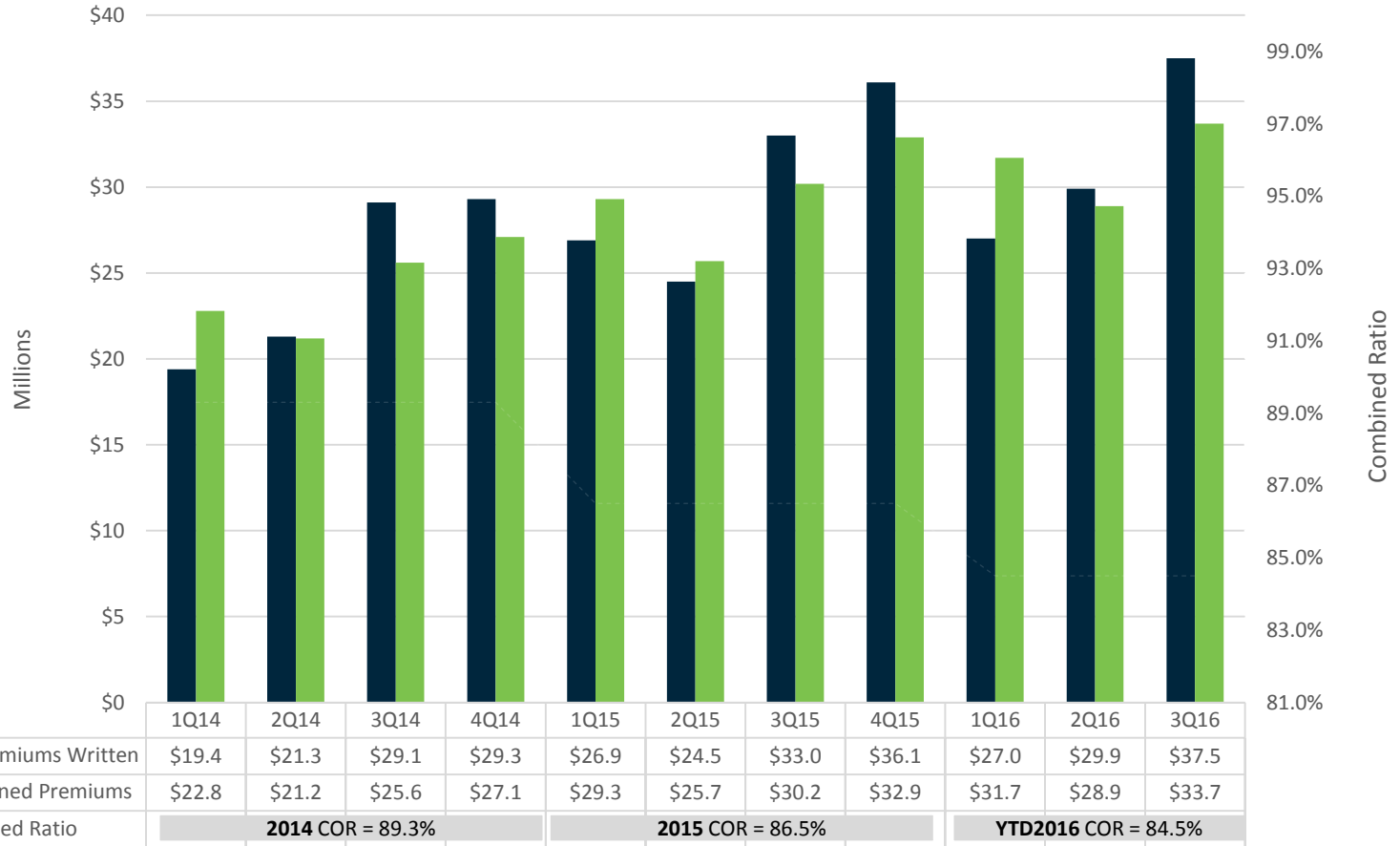
Gross Written Premiums / Ceding Fees



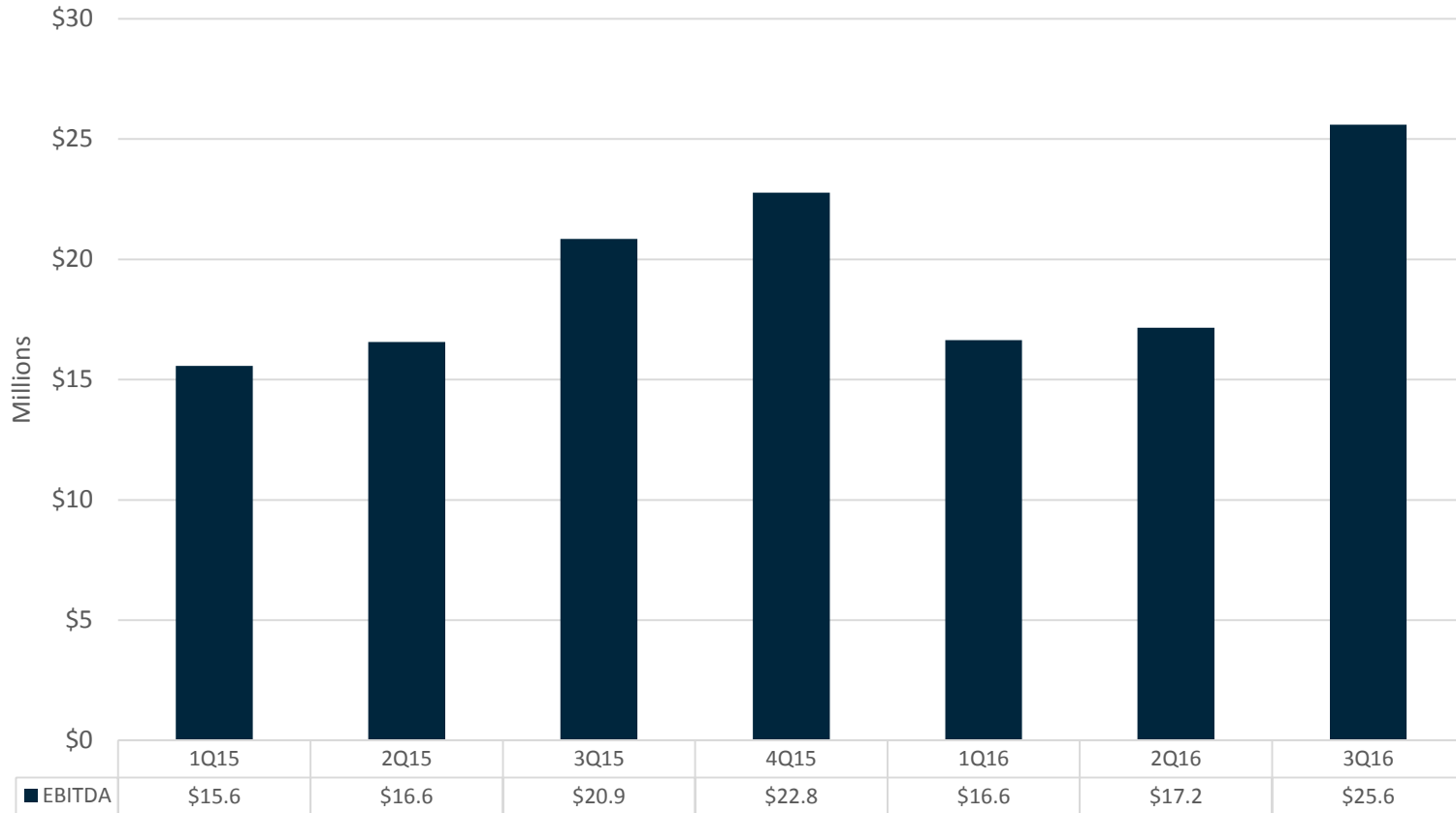
■ Gross Written Premiums	\$204.2	\$231.9	\$257.2	\$216.2	\$264.9	\$296.1	\$281.0	\$277.1	\$271.0	\$336.4	\$350.5
●●●● Ceding Fees	\$9.9	\$11.0	\$12.2	\$12.7	\$14.1	\$16.4	\$18.8	\$18.6	\$16.2	\$16.9	\$19.3



# Lender Services



# EBITDA



Reconciliation of EBITDA, a non-GAAP financial measure, to net income, its most directly comparable financial measure calculated and presented in accordance with GAAP can be found on Page 6.



# Reconciliation of Non-GAAP Financial Measures

<i>(in millions)</i>	1Q14	2Q14	3Q14	4Q14
<b>Net income</b>	\$ (3.4)	\$ 0.6	\$ 7.0	\$ 6.8
Plus: Provision for income taxes to reflect change to C corporation status <sup>1</sup>	2.2	1.8	0.2	(0.1)
Less: Recognition of deferred tax asset upon conversion to C corporation status <sup>2</sup>	-	14.5	-	(0.2)
Plus: Founder special compensation	11.2	6.7	-	-
Plus: Offering expenses	-	7.1	1.1	0.6
Plus: Contract modification expense <sup>3</sup>	-	17.8	-	-
Plus: Tax effect of non-GAAP expense adjustments <sup>4</sup>	(5.1)	(11.0)	(0.9)	0.4
<b>Adjusted net income</b>	<b>\$ 4.9</b>	<b>\$ 8.5</b>	<b>\$ 7.4</b>	<b>\$ 7.9</b>

	1Q14	2Q14	3Q14	4Q14
<b>Earnings per share</b>	\$ (0.10)	\$ 0.02	\$ 0.16	\$ 0.15
Plus: Provision for income taxes to reflect change to C corporation status <sup>1</sup>	0.06	0.05	-	-
Less: Recognition of deferred tax asset upon conversion to C corporation status <sup>2</sup>	-	0.42	-	-
Plus: Founder special compensation	0.33	0.19	-	-
Plus: Offering expenses	-	0.20	0.02	0.01
Plus: Contract modification expense <sup>3</sup>	-	0.51	-	-
Plus: Tax effect of non-GAAP expense adjustments <sup>4</sup>	(0.15)	(0.31)	(0.01)	0.02
<b>Adjusted earnings per share</b>	<b>\$ 0.14</b>	<b>\$ 0.24</b>	<b>\$ 0.17</b>	<b>\$ 0.18</b>

<i>(in millions)</i>	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16
<b>Net income</b>	\$ 8.7	\$ 9.7	\$ 12.4	\$ 13.9	\$ 9.7	\$ 10.0	\$ 15.3
Plus: Interest expense	0.5	0.5	0.5	0.5	0.5	0.6	0.5
Plus: Income tax expense	5.1	5.7	6.9	7.3	5.4	5.6	8.7
Plus: Depreciation and amortization	1.3	0.7	1.1	1.1	1.0	1.0	1.1
<b>EBITDA</b>	<b>\$ 15.6</b>	<b>\$ 16.6</b>	<b>\$ 20.9</b>	<b>\$ 22.8</b>	<b>\$ 16.6</b>	<b>\$ 17.2</b>	<b>\$ 25.6</b>

1. Upon the completion of the private placement, our parent company's status as a Subchapter S corporation terminated and our consolidated income became fully subject to U.S. federal income taxes. This adjustment represents estimated income taxes as if the Company had been treated as a C Corporation for each period presented.
2. As a result of the Company's conversion to a C Corporation, the deferred tax asset increased by approximately \$14.3 million primarily due to the effects of eliminating deferred tax balances on the insurance subsidiaries related to intercompany transactions.
3. In connection with the 2014 amendment to the alliance agreement with CUNA Mutual, we paid CUNA Mutual \$17.8 million. As a result, we recorded non-recurring contract modification expense of \$17.8 million.
4. Tax effect of founder special compensation, offering-related expenses and contract modification expense adjustments using the effective tax rate for each period presented.

