

# Non-GAAP reconciliation – Net Operating Earnings

(\$000)	2017	2018	2019	2020	2021
Net income	\$ 24,901	\$ 33,787	\$ 63,316	\$ 88,419	\$ 152,659
Adjustments:					
Change in the fair value of equity securities, before taxes <sup>(1)</sup>	-	6,555	(12,389)	(16,855)	(22,812)
Income tax expense (benefit) <sup>(2)</sup>	-	(1,377)	2,602	3,540	4,791
Change in the fair value of equity securities, after taxes	-	5,178	(9,787)	(13,315)	(18,021)
Net realized investment gains, before taxes	(151)	(281)	(359)	(3,533)	(2,828)
Income tax expense <sup>(2)</sup>	53	59	75	742	594
Net realized investment gains, after taxes	(98)	(222)	(284)	(2,791)	(2,234)
Tax Cut and Jobs Act (TCJA) charge	1,915	-	-	-	-
Net operating earnings	\$ 26,718	\$ 38,743	\$ 53,245	\$ 72,312	\$ 132,404
Average stockholders' equity	\$ 224,202	\$ 251,088	\$ 334,933	\$ 491,059	\$ 637,787
Operating return on equity <sup>(3)</sup>	11.9%	15.4%	15.9%	14.7%	20.8%

<sup>(1)</sup> Effective January 1, 2018, new accounting guidance required the change in fair value of equity securities to be recognized in net income.

<sup>(2)</sup> Income taxes on adjustments to reconcile net income to net operating earnings use a 35% effective tax rate in 2017 and 21% effective tax rate for the years 2018 through 2021.

<sup>(3)</sup> Operating return on equity is net operating earnings, a non-GAAP financial measure, expressed as a percentage of average beginning and ending stockholders' equity during the period.