

Essent Group Ltd. and Subsidiaries
Financial Results and Supplemental Information (Unaudited)
Quarter and Year Ended December 31, 2017

Exhibit A	Condensed Consolidated Statements of Comprehensive Income (Unaudited)
Exhibit B	Condensed Consolidated Balance Sheets (Unaudited)
Exhibit C	Historical Quarterly Data
Exhibit D	New Insurance Written
Exhibit E	Insurance in Force and Risk in Force
Exhibit F	Other Risk in Force
Exhibit G	Portfolio Vintage Data
Exhibit H	Portfolio Geographic Data
Exhibit I	Defaults, Reserve for Losses and LAE, and Claims
Exhibit J	Investment Portfolio
Exhibit K	Insurance Company Capital
Exhibit L	Reconciliation of Non-GAAP Financial Measure - Adjusted Book Value per Share

Essent Group Ltd. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(In thousands, except per share amounts)	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Revenues:				
Net premiums written	\$ 161,771	\$ 116,412	\$ 570,186	\$ 441,278
(Increase) decrease in unearned premiums	(13,795)	380	(40,056)	(18,571)
Net premiums earned	147,976	116,792	530,130	422,707
Net investment income	11,765	8,225	40,226	27,890
Realized investment gains, net	252	445	2,015	1,934
Other income	1,117	911	4,140	5,727
Total revenues	161,110	126,373	576,511	458,258
Losses and expenses:				
Provision for losses and LAE	17,456	3,865	27,232	15,525
Other underwriting and operating expenses	36,480	34,836	145,533	130,425
Interest expense	1,817	370	5,178	426
Total losses and expenses	55,753	39,071	177,943	146,376
Income before income taxes	105,357	87,302	398,568	311,882
Income tax (benefit) expense	(57,281)	24,616	18,821	89,276
Net income	\$ 162,638	\$ 62,686	\$ 379,747	\$ 222,606
Earnings per share:				
Basic	\$ 1.69	\$ 0.69	\$ 4.07	\$ 2.45
Diluted	1.65	0.68	3.99	2.41
Weighted average shares outstanding:				
Basic	96,429	90,991	93,330	90,913
Diluted	98,497	92,577	95,211	92,245
Net income	\$ 162,638	\$ 62,686	\$ 379,747	\$ 222,606
Other comprehensive income (loss):				
Change in unrealized (depreciation) appreciation of investments	(7,230)	(34,209)	8,068	(12,156)
Total other comprehensive (loss) income	(7,230)	(34,209)	8,068	(12,156)
Comprehensive income	\$ 155,408	\$ 28,477	\$ 387,815	\$ 210,450
Loss ratio	11.8%	3.3%	5.1%	3.7%
Expense ratio	24.7	29.8	27.5	30.9
Combined ratio	36.4%	33.1%	32.6%	34.5%

Essent Group Ltd. and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)

<u>(In thousands, except per share amounts)</u>	December 31,	December 31,
	2017	2016
Assets		
Investments available for sale, at fair value		
Fixed maturities	\$ 1,992,371	\$ 1,482,754
Short-term investments	312,694	132,348
Total investments	<u>2,305,065</u>	<u>1,615,102</u>
Cash	43,524	27,531
Accrued investment income	12,807	9,488
Accounts receivable	29,752	21,632
Deferred policy acquisition costs	15,354	13,400
Property and equipment	6,979	8,119
Prepaid federal income tax	252,157	181,272
Other assets	<u>8,730</u>	<u>6,454</u>
Total assets	<u>\$ 2,674,368</u>	<u>\$ 1,882,998</u>
Liabilities and Stockholders' Equity		
Liabilities		
Reserve for losses and LAE	\$ 46,850	\$ 28,142
Unearned premium reserve	259,672	219,616
Net deferred tax liability	127,636	142,587
Credit facility borrowings, net of deferred costs	248,591	100,000
Securities purchased payable	14,999	14,999
Other accrued liabilities	36,184	33,881
Total liabilities	<u>733,932</u>	<u>539,225</u>
Commitments and contingencies		
Stockholders' Equity		
Common shares	1,476	1,397
Additional paid-in capital	1,127,137	918,296
Accumulated other comprehensive loss	(3,252)	(12,255)
Retained earnings	815,075	436,335
Total stockholders' equity	<u>1,940,436</u>	<u>1,343,773</u>
Total liabilities and stockholders' equity	<u>\$ 2,674,368</u>	<u>\$ 1,882,998</u>
Return on average equity	23.1%	18.1%

Essent Group Ltd. and Subsidiaries
Supplemental Information
Historical Quarterly Data

Selected Income Statement Data	2017				2016			
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
<i>(In thousands, except per share amounts)</i>								
Revenues:								
Net premiums written	\$ 161,771	\$ 155,055	\$ 134,063	\$ 119,297	\$ 116,412	\$ 115,887	\$ 108,513	\$ 100,466
Net premiums earned	147,976	137,940	126,563	117,651	116,792	110,801	100,711	94,403
Other revenues (1)	13,134	12,263	11,043	9,941	9,581	10,453	7,454	8,063
Total revenues	161,110	150,203	137,606	127,592	126,373	121,254	108,165	102,466
Losses and expenses:								
Provision for losses and LAE	17,456	4,313	1,770	3,693	3,865	4,965	2,964	3,731
Other underwriting and operating expenses	36,480	37,035	35,686	36,332	34,836	32,792	31,409	31,388
Interest expense	1,817	1,456	1,189	716	370	56	—	—
Total losses and expenses	55,753	42,804	38,645	40,741	39,071	37,813	34,373	35,119
Income before income taxes	105,357	107,399	98,961	86,851	87,302	83,441	73,792	67,347
Income tax (benefit) expense (2) (3)	(57,281)	29,006	26,843	20,253	24,616	23,730	21,534	19,396
Net income	\$ 162,638	\$ 78,393	\$ 72,118	\$ 66,598	\$ 62,686	\$ 59,711	\$ 52,258	\$ 47,951
Earnings per share:								
Basic	\$ 1.69	\$ 0.83	\$ 0.79	\$ 0.73	\$ 0.69	\$ 0.66	\$ 0.57	\$ 0.53
Diluted	1.65	0.82	0.77	0.72	0.68	0.65	0.57	0.52
Weighted average shares outstanding:								
Basic	96,429	94,185	91,381	91,258	90,991	90,961	90,912	90,785
Diluted	98,497	96,094	93,162	93,023	92,577	92,399	92,138	91,859
Other Data:								
Loss ratio (4)	11.8%	3.1%	1.4%	3.1%	3.3%	4.5%	2.9%	4.0%
Expense ratio (5)	24.7	26.8	28.2	30.9	29.8	29.6	31.2	33.2
Combined ratio	36.4%	30.0%	29.6%	34.0%	33.1%	34.1%	34.1%	37.2%
Return on average equity (annualized)	35.0%	19.1%	19.8%	19.3%	18.9%	18.7%	17.2%	16.7%

(1) In 2016, other revenues included the change in the fair value of insurance and certain reinsurance policies issued by Essent Reinsurance Ltd. ("Essent Re") in connection with Freddie Mac's Agency Credit Insurance Structure ("ACIS") program that were accounted for as derivatives under GAAP. In the three months ended September 30, 2016, these contracts were amended and are now accounted for as insurance contracts. The change in fair values of these policies was \$2,012, (\$755) and \$677 in the three months ended September 30, 2016, June 30, 2016 and March 31, 2016, respectively.

(2) Income tax expense for the quarter ended March 31, 2017 was reduced by \$3,023 of excess tax benefits associated with the vesting of common shares and common share units during the quarter. Prior to January 1, 2017, excess tax benefits were recognized in additional paid-in-capital.

(3) Income tax expense for the quarter ended December 31, 2017 was reduced by \$85,091 of income tax benefit due to the one-time impact of the reduced U.S. corporate income tax rate on the company's net deferred tax liability position.

(4) Loss ratio is calculated by dividing the provision for losses and LAE by net premiums earned.

(5) Expense ratio is calculated by dividing other underwriting and operating expenses by net premiums earned.

Essent Group Ltd. and Subsidiaries
Supplemental Information
Historical Quarterly Data

Other Data, continued: (\$ in thousands)	2017				2016			
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
U.S. Mortgage Insurance Portfolio								
Flow:								
New insurance written	\$ 11,234,855	\$ 13,221,038	\$ 11,368,276	\$ 8,034,153	\$ 10,475,258	\$ 10,299,161	\$ 8,715,171	\$ 5,366,675
New risk written	2,737,008	3,228,603	2,786,501	1,929,832	2,498,831	2,536,734	2,167,333	1,340,588
Bulk:								
New insurance written	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 93,054
New risk written	—	—	—	—	—	—	—	8,480
Total:								
Average premium rate (6)	0.53%	0.53%	0.53%	0.53%	0.56%	0.58%	0.57%	0.56%
New insurance written	\$ 11,234,855	\$ 13,221,038	\$ 11,368,276	\$ 8,034,153	\$ 10,475,258	\$ 10,299,161	\$ 8,715,171	\$ 5,459,729
New risk written	\$ 2,737,008	\$ 3,228,603	\$ 2,786,501	\$ 1,929,832	\$ 2,498,831	\$ 2,536,734	\$ 2,167,333	\$ 1,349,068
Insurance in force (end of period)	\$110,461,950	\$103,936,307	\$95,494,390	\$87,993,227	\$83,265,522	\$77,614,373	\$72,267,099	\$67,716,741
Risk in force (end of period)	\$ 27,443,985	\$ 25,807,358	\$23,665,045	\$21,801,667	\$20,627,317	\$ 19,289,387	\$17,937,364	\$16,745,819
Policies in force	496,477	467,483	430,585	397,650	375,898	350,600	328,441	308,779
Weighted average coverage (7)	24.8%	24.8%	24.8%	24.8%	24.8%	24.9%	24.8%	24.7%
Annual persistency	83.9%	82.1%	80.1%	78.2%	77.7%	79.4%	81.0%	81.0%
Loans in default (count)	4,783	2,153	1,776	1,777	1,757	1,453	1,174	1,060
Percentage of loans in default	0.96%	0.46%	0.41%	0.45%	0.47%	0.41%	0.36%	0.34%
Other Risk in Force								
GSE Risk Share (8)	\$ 538,944	\$ 501,485	\$ 479,762	\$ 436,991	\$ 384,103	\$ 302,211	\$ 305,357	\$ 188,766
Credit Facility								
Borrowings outstanding	\$ 250,000	\$ 175,000	\$ 175,000	\$ 125,000	\$ 100,000	\$ 50,000	\$ —	N/A
Undrawn committed capacity	\$ 125,000	\$ 200,000	\$ 200,000	\$ 75,000	\$ 100,000	\$ 150,000	\$ 200,000	N/A
Weighted average interest rate	3.49%							

(6) Average premium rate is calculated by dividing net premiums earned for the U.S. mortgage insurance portfolio by average insurance in force for the period.

(7) Weighted average coverage is calculated by dividing end of period risk in force by insurance in force.

(8) Essent Re provides insurance or reinsurance relating to the risk in force on loans in reference pools acquired by Freddie Mac and Fannie Mae, including in connection with Freddie Mac's Agency Credit Insurance Structure ("ACIS") and Fannie Mae's Credit Insurance Risk Transfer ("CIRT") programs.

Essent Group Ltd. and Subsidiaries
Supplemental Information
New Insurance Written: Flow

NIW by Credit Score

	Three Months Ended				Year Ended			
	December 31, 2017		December 31, 2016		December 31, 2017		December 31, 2016	
	(\$ in thousands)							
>=760	\$ 4,551,775	40.5%	\$ 4,642,666	44.3%	\$18,455,482	42.1%	\$15,827,689	45.4%
740-759	1,793,713	16.0	1,636,508	15.6	6,851,174	15.6	5,533,992	15.9
720-739	1,644,956	14.6	1,456,147	13.9	6,223,802	14.2	4,750,940	13.6
700-719	1,378,170	12.3	1,212,922	11.6	5,228,590	11.9	3,859,363	11.1
680-699	1,024,440	9.1	879,907	8.4	3,843,164	8.8	2,801,820	8.0
<=679	841,801	7.5	647,108	6.2	3,256,110	7.4	2,082,461	6.0
Total	\$11,234,855	100.0%	\$10,475,258	100.0%	\$43,858,322	100.0%	\$34,856,265	100.0%
Weighted average credit score	743		747		744		748	

NIW by LTV

	Three Months Ended				Year Ended			
	December 31, 2017		December 31, 2016		December 31, 2017		December 31, 2016	
	(\$ in thousands)							
85.00% and below	\$ 1,532,008	13.6%	\$ 1,808,741	17.3%	\$ 5,839,270	13.3%	\$ 5,155,388	14.8%
85.01% to 90.00%	3,286,879	29.3	3,242,535	30.9	13,072,845	29.8	11,148,955	32.0
90.01% to 95.00%	4,845,713	43.1	4,525,547	43.2	19,301,353	44.0	16,516,689	47.4
95.01% and above	1,570,255	14.0	898,435	8.6	5,644,854	12.9	2,035,233	5.8
Total	\$11,234,855	100.0%	\$10,475,258	100.0%	\$43,858,322	100.0%	\$34,856,265	100.0%
Weighted average LTV	92%		91%		92%		92%	

NIW by Product

	Three Months Ended		Year Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	Single Premium policies	19.0%	12.7%	16.3%
Monthly Premium policies	81.0	87.3	83.7	83.0
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

NIW by Purchase vs. Refinance

	Three Months Ended		Year Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	Purchase	84.4%	73.9%	85.2%
Refinance	15.6	26.1	14.8	20.8
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Essent Group Ltd. and Subsidiaries
Supplemental Information
New Insurance Written: Bulk

NIW by Credit Score

	Three Months Ended				Year Ended				
	December 31, 2017		December 31, 2016		December 31, 2017		December 31, 2016		
	(\$ in thousands)								
>=760	\$	—	0.0%	\$	—	0.0%	\$	45,625	49.0%
740-759		—	—		—	—		18,154	19.5
720-739		—	—		—	—		11,475	12.3
700-719		—	—		—	—		8,220	8.8
680-699		—	—		—	—		6,453	7.0
<=679		—	—		—	—		3,127	3.4
Total	\$	—	0.0%	\$	—	0.0%	\$	93,054	100.0%
Weighted average credit score		N/A		N/A		N/A		750	

NIW by LTV

	Three Months Ended				Year Ended				
	December 31, 2017		December 31, 2016		December 31, 2017		December 31, 2016		
	(\$ in thousands)								
85.00% and below	\$	—	0.0%	\$	—	0.0%	\$	755	0.8%
85.01% to 90.00%		—	—		—	—		27,757	29.8
90.01% to 95.00%		—	—		—	—		64,542	69.4
95.01% and above		—	—		—	—		—	—
Total	\$	—	0.0%	\$	—	0.0%	\$	93,054	100.0%
Weighted average LTV		N/A		N/A		N/A		91%	

NIW by Product

	Three Months Ended				Year Ended			
	December 31, 2017		December 31, 2016		December 31, 2017		December 31, 2016	
	(\$ in thousands)							
Single Premium policies		0.0%		0.0%		0.0%		100.0%
Monthly Premium policies		—		—		—		—
		<u>0.0%</u>		<u>0.0%</u>		<u>0.0%</u>		<u>100.0%</u>

NIW by Purchase vs. Refinance

	Three Months Ended				Year Ended			
	December 31, 2017		December 31, 2016		December 31, 2017		December 31, 2016	
	(\$ in thousands)							
Purchase		0.0%		0.0%		0.0%		100.0%
Refinance		—		—		—		—
		<u>0.0%</u>		<u>0.0%</u>		<u>0.0%</u>		<u>100.0%</u>

Essent Group Ltd. and Subsidiaries
Supplemental Information
Insurance in Force and Risk in Force

Portfolio by Credit Score

Total IIF by FICO score (\$ in thousands)	December 31, 2017		September 30, 2017		December 31, 2016	
>=760	\$ 48,668,705	44.1%	\$ 46,220,799	44.5%	\$ 37,858,422	45.5%
740-759	17,939,206	16.2	16,890,061	16.2	13,760,610	16.5
720-739	15,761,787	14.3	14,767,164	14.2	11,855,648	14.2
700-719	12,167,285	11.0	11,307,184	10.9	8,712,971	10.5
680-699	9,156,196	8.3	8,523,233	8.2	6,611,166	7.9
<=679	6,768,771	6.1	6,227,866	6.0	4,466,705	5.4
Total	\$ 110,461,950	100.0%	\$ 103,936,307	100.0%	\$ 83,265,522	100.0%

Weighted average credit score 747 747 749

Total RIF by FICO score (\$ in thousands)	December 31, 2017		September 30, 2017		December 31, 2016	
>=760	\$ 12,058,196	43.9%	\$ 11,434,540	44.3%	\$ 9,319,522	45.2%
740-759	4,485,439	16.4	4,218,828	16.3	3,434,392	16.7
720-739	3,957,922	14.4	3,707,571	14.4	2,970,941	14.4
700-719	3,018,341	11.0	2,805,886	10.9	2,151,657	10.4
680-699	2,286,082	8.3	2,129,638	8.2	1,656,791	8.0
<=679	1,638,005	6.0	1,510,895	5.9	1,094,014	5.3
Total	\$ 27,443,985	100.0%	\$ 25,807,358	100.0%	\$ 20,627,317	100.0%

Portfolio by LTV

Total IIF by LTV (\$ in thousands)	December 31, 2017		September 30, 2017		December 31, 2016	
85.00% and below	\$ 12,917,751	11.7%	\$ 12,103,499	11.6%	\$ 9,756,578	11.7%
85.01% to 90.00%	34,794,108	31.5	33,129,815	31.9	27,409,202	32.9
90.01% to 95.00%	54,323,103	49.2	51,684,041	49.7	42,854,633	51.5
95.01% and above	8,426,988	7.6	7,018,952	6.8	3,245,109	3.9
Total	\$ 110,461,950	100.0%	\$ 103,936,307	100.0%	\$ 83,265,522	100.0%

Weighted average LTV 92% 92% 92%

Total RIF by LTV (\$ in thousands)	December 31, 2017		September 30, 2017		December 31, 2016	
85.00% and below	\$ 1,462,351	5.3%	\$ 1,366,982	5.3%	\$ 1,101,947	5.3%
85.01% to 90.00%	8,262,322	30.1	7,858,283	30.4	6,512,613	31.6
90.01% to 95.00%	15,576,125	56.8	14,810,490	57.4	12,234,306	59.3
95.01% and above	2,143,187	7.8	1,771,603	6.9	778,451	3.8
Total	\$ 27,443,985	100.0%	\$ 25,807,358	100.0%	\$ 20,627,317	100.0%

Portfolio by Loan Amortization Period

Total IIF by Loan Amortization Period (\$ in thousands)	December 31, 2017		September 30, 2017		December 31, 2016	
FRM 30 years and higher	\$ 100,592,946	91.1%	\$ 94,299,877	90.7%	\$ 75,428,964	90.6%
FRM 20-25 years	2,879,977	2.6	2,695,714	2.6	2,113,529	2.5
FRM 15 years	3,857,152	3.5	3,779,626	3.7	3,066,893	3.7
ARM 5 years and higher	3,131,875	2.8	3,161,090	3.0	2,656,136	3.2
Total	\$ 110,461,950	100.0%	\$ 103,936,307	100.0%	\$ 83,265,522	100.0%

Essent Group Ltd. and Subsidiaries
Supplemental Information
Other Risk in Force

<u>(\$ in thousands)</u>	<u>December 31, 2017</u>	<u>September 30, 2017</u>	<u>December 31, 2016</u>
GSE Risk Share (1)	<u>\$ 538,944</u>	<u>\$ 501,485</u>	<u>\$ 384,103</u>
Weighted average credit score	749	749	749
Weighted average LTV	84%	84%	82%

(1) Essent Reinsurance Ltd. ("Essent Re") provides insurance or reinsurance relating to the risk in force on loans in reference pools acquired by Freddie Mac and Fannie Mae, including in connection with Freddie Mac's Agency Credit Insurance Structure ("ACIS") and Fannie Mae's Credit Insurance Risk Transfer ("CIRT") programs.

Essent Group Ltd. and Subsidiaries
Supplemental Information
Portfolio Vintage Data
December 31, 2017

Origination Year	Original Insurance Written (\$ in thousands)	Remaining Insurance in Force (\$ in thousands)	% Remaining of Original Insurance	Number of Policies in Force	Insurance in Force						Incurred Loss Ratio (Inception to Date) (1)	Number of Loans in Default
					% Purchase	>90% LTV	>95% LTV	FICO < 700	FICO >= 760	% FRM		
2010	\$ 245,898	\$ 14,320	5.8%	100	77.7%	63.2%	0.0%	2.6%	60.8%	100.0%	2.6%	—
2011	3,229,720	392,583	12.2	2,237	77.0	47.6	0.2	5.5	54.4	96.7	3.6	40
2012	11,241,161	2,759,869	24.6	14,221	76.7	56.3	0.5	5.6	56.1	98.4	2.5	161
2013	21,152,638	6,905,742	32.6	35,003	79.6	58.2	1.9	7.7	51.5	97.8	2.5	440
2014	24,799,434	10,794,703	43.5	55,665	87.9	61.8	4.1	15.4	42.0	95.5	3.6	890
2015	26,193,656	17,283,506	66.0	79,549	83.4	56.6	2.5	14.5	44.1	96.9	4.0	1,023
2016	34,949,319	30,252,690	86.6	129,285	80.3	54.5	6.2	13.9	45.2	98.1	4.6	1,164
2017	43,858,322	42,058,537	95.9	180,417	85.2	57.1	13.2	16.3	41.7	96.9	7.5	1,065
Total	<u>\$ 165,670,148</u>	<u>\$ 110,461,950</u>	66.7	<u>496,477</u>	83.2	56.8	7.6	14.4	44.1	97.2	3.7	<u>4,783</u>

(1) Incurred loss ratio is calculated by dividing the sum of case reserves and cumulative amount paid for claims by cumulative net premiums earned.

Essent Group Ltd. and Subsidiaries
Supplemental Information
Portfolio Geographic Data

IIF by State

	<u>December 31, 2017</u>	<u>September 30, 2017</u>	<u>December 31, 2016</u>
CA	9.4%	9.4%	9.4%
TX	8.0	8.1	8.2
FL	7.0	7.0	6.6
WA	4.8	4.8	4.8
IL	4.0	4.0	4.0
NJ	3.7	3.6	3.5
NC	3.5	3.6	3.7
GA	3.4	3.4	3.4
OH	3.2	3.2	3.1
AZ	3.1	3.1	3.2
All Others	49.9	49.8	50.1
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

RIF by State

	<u>December 31, 2017</u>	<u>September 30, 2017</u>	<u>December 31, 2016</u>
CA	9.1%	9.1%	9.0%
TX	8.3	8.3	8.5
FL	7.1	7.1	6.9
WA	4.9	4.9	4.8
IL	3.9	3.9	4.0
NJ	3.6	3.6	3.5
NC	3.5	3.6	3.7
GA	3.5	3.5	3.5
OH	3.2	3.2	3.1
MN	3.2	3.2	3.3
All Others	49.7	49.6	49.7
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Essent Group Ltd. and Subsidiaries
Supplemental Information
Defaults, Reserve for Losses and LAE, and Claims

Rollforward of Insured Loans in Default

	Three Months Ended		Year Ended	
	December 31,	December 31,	December 31,	December 31,
	2017	2016	2017	2016
Beginning default inventory	2,153	1,453	1,757	1,028
Plus: new defaults	4,332	1,208	8,229	3,746
Less: cures	(1,648)	(861)	(4,970)	(2,857)
Less: claims paid	(53)	(39)	(229)	(154)
Less: rescissions and denials, net	(1)	(4)	(4)	(6)
Ending default inventory	<u>4,783</u>	<u>1,757</u>	<u>4,783</u>	<u>1,757</u>

Rollforward of Reserve for Losses and LAE

	Three Months Ended		Year Ended	
	December 31,	December 31,	December 31,	December 31,
	2017	2016	2017	2016
<i>(\$ in thousands)</i>				
Reserve for losses and LAE at beginning of period	\$ 31,579	\$ 25,731	\$ 28,142	\$ 17,760
Add provision for losses and LAE occurring in:				
Current year	18,912	5,502	38,178	21,889
Prior years	(1,456)	(1,637)	(10,946)	(6,364)
Incurred losses during the period	<u>17,456</u>	<u>3,865</u>	<u>27,232</u>	<u>15,525</u>
Deduct payments for losses and LAE occurring in:				
Current year	390	460	633	927
Prior years	1,795	994	7,891	4,216
Loss and LAE payments during the period	<u>2,185</u>	<u>1,454</u>	<u>8,524</u>	<u>5,143</u>
Reserve for losses and LAE at end of period	<u>\$ 46,850</u>	<u>\$ 28,142</u>	<u>\$ 46,850</u>	<u>\$ 28,142</u>

Claims

	Three Months Ended		Year Ended	
	December 31,	December 31,	December 31,	December 31,
	2017	2016	2017	2016
Number of claims paid	53	39	229	154
Total amount paid for claims (in thousands)	\$ 2,125	\$ 1,438	\$ 8,280	\$ 5,028
Average amount paid per claim (in thousands)	\$ 40	\$ 37	\$ 36	\$ 33
Severity	87%	70%	83%	73%

Essent Group Ltd. and Subsidiaries
Supplemental Information
Defaults, Reserve for Losses and LAE, and Claims

December 31, 2017

	Number of Policies in Default	Percentage of Policies in Default	Amount of Reserves	Percentage of Reserves	Defaulted RIF	Reserves as a Percentage of Defaulted RIF
<u>(\$ in thousands)</u>						
Missed Payments:						
Three payments or less	3,243	68%	\$ 15,925	37%	\$ 187,163	9%
Four to eleven payments	1,284	27	18,087	42	73,547	25
Twelve or more payments	211	4	6,781	16	11,139	61
Pending claims	45	1	2,075	5	2,355	88
Total case reserves	<u>4,783</u>	<u>100%</u>	<u>42,868</u>	<u>100%</u>	<u>\$ 274,204</u>	<u>16</u>
IBNR			3,215			
LAE			767			
Total reserves for losses and LAE			<u>\$ 46,850</u>			
Average reserve per default:						
Case			\$ 9.0			
Total			\$ 9.8			
Default Rate	0.96%					

December 31, 2016

	Number of Policies in Default	Percentage of Policies in Default	Amount of Reserves	Percentage of Reserves	Defaulted RIF	Reserves as a Percentage of Defaulted RIF
<u>(\$ in thousands)</u>						
Missed Payments:						
Three payments or less	914	52%	\$ 6,615	26%	\$ 50,737	13%
Four to eleven payments	620	35	11,505	45	32,833	35
Twelve or more payments	179	10	5,678	22	9,575	59
Pending claims	44	3	1,960	7	2,272	86
Total case reserves	<u>1,757</u>	<u>100%</u>	<u>25,758</u>	<u>100%</u>	<u>\$ 95,417</u>	<u>27</u>
IBNR			1,932			
LAE			452			
Total reserves for losses and LAE			<u>\$ 28,142</u>			
Average reserve per default:						
Case			\$ 14.7			
Total			\$ 16.0			
Default Rate	0.47%					

Essent Group Ltd. and Subsidiaries
Supplemental Information
Investment Portfolio

Investment Portfolio by Asset Class

Asset Class (\$ in thousands)	December 31, 2017		December 31, 2016	
	Fair Value	Percent	Fair Value	Percent
U.S. Treasury securities	\$ 227,805	9.9%	\$ 191,548	11.9%
U.S. agency securities	33,114	1.4	18,441	1.1
U.S. agency mortgage-backed securities	456,037	19.8	316,494	19.6
Municipal debt securities	465,255	20.2	334,324	20.7
Corporate debt securities	611,728	26.5	456,357	28.3
Residential and commercial mortgage securities	79,407	3.5	68,336	4.2
Asset-backed securities	167,922	7.3	127,172	7.9
Money market funds	263,797	11.4	102,430	6.3
Total Investments	\$ 2,305,065	100.0%	\$ 1,615,102	100.0%

Investment Portfolio by Credit Rating

Rating (1) (\$ in thousands)	December 31, 2017		December 31, 2016	
	Fair Value	Percent	Fair Value	Percent
Aaa	\$ 1,160,200	50.3%	\$ 780,513	48.3%
Aa1	115,237	5.0	88,977	5.5
Aa2	123,551	5.4	101,772	6.3
Aa3	127,785	5.6	89,421	5.5
A1	205,369	8.9	143,938	8.9
A2	157,651	6.8	126,113	7.8
A3	148,246	6.4	95,926	6.0
Baa1	115,178	5.0	85,864	5.3
Baa2	87,869	3.8	71,950	4.5
Baa3	43,024	1.9	24,544	1.5
Below Baa3	20,955	0.9	6,084	0.4
Total Investments	\$ 2,305,065	100.0%	\$ 1,615,102	100.0%

(1) Based on ratings issued by Moody's, if available. S&P or Fitch rating utilized if Moody's not available.

Investment Portfolio by Duration and Book Yield

Effective Duration (\$ in thousands)	December 31, 2017		December 31, 2016	
	Fair Value	Percent	Fair Value	Percent
< 1 Year	\$ 628,958	27.3%	\$ 329,901	20.4%
1 to < 2 Years	164,856	7.2	153,184	9.5
2 to < 3 Years	280,177	12.2	156,620	9.7
3 to < 4 Years	263,799	11.4	176,896	11.0
4 to < 5 Years	263,273	11.4	139,115	8.6
5 or more Years	704,002	30.5	659,386	40.8
Total Investments	\$ 2,305,065	100.0%	\$ 1,615,102	100.0%

Pre-tax investment income yield:

Three months ended December 31, 2017	2.23%
Year ended December 31, 2017	2.22%

Net cash and investments at holding company, Essent Group Ltd.:

(\$ in thousands)	
As of December 31, 2017	\$ 104,167
As of December 31, 2016	\$ 46,561

Essent Group Ltd. and Subsidiaries
Supplemental Information
Insurance Company Capital

<u>(\$ in thousands)</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
U.S. Mortgage Insurance Subsidiaries:		
Combined statutory capital (1)	\$ 1,528,869	\$ 1,144,279
Combined net risk in force (2)	\$ 21,637,409	\$ 16,801,992
Risk-to-capital ratios: (3)		
Essent Guaranty, Inc.	14.7:1	15.3:1
Essent Guaranty of PA, Inc.	5.4:1	6.8:1
Combined (4)	14.2:1	14.7:1
Essent Reinsurance Ltd.:		
Stockholder's equity (GAAP basis)	\$ 662,819	\$ 401,273
Net risk in force (2)	\$ 6,299,437	\$ 4,181,737

(1) Combined statutory capital equals the sum of statutory capital of Essent Guaranty, Inc. plus Essent Guaranty of PA, Inc., after eliminating the impact of intercompany transactions. Statutory capital is computed based on accounting practices prescribed or permitted by the Pennsylvania Insurance Department and the National Association of Insurance Commissioners Accounting Practices and Procedures Manual.

(2) Net risk in force represents total risk in force, net of reinsurance ceded and net of exposures on policies for which loss reserves have been established.

(3) The risk-to-capital ratio is calculated as the ratio of net risk in force to statutory capital.

(4) The combined risk-to-capital ratio equals the sum of the net risk in force of Essent Guaranty, Inc. and Essent Guaranty of PA, Inc. divided by the combined statutory capital.

Essent Group Ltd. and Subsidiaries
Supplemental Information
Reconciliation of Non-GAAP Financial Measure - Adjusted Book Value per Share

We believe that long-term growth in Adjusted Book Value per Share is an important measure of our financial performance and is a measure used to determine vesting on certain restricted stock granted to senior management under the Company's long-term incentive plan. Adjusted Book Value per Share is a financial measure that is not calculated under standards or rules that comprise accounting principles generally accepted in the United States (GAAP) and is referred to as a non-GAAP measure. Adjusted Book Value per Share may be defined or calculated differently by other companies. Adjusted Book Value per Share is one measure used to monitor our results and should not be viewed as a substitute for those measures determined in accordance with GAAP.

Adjusted Book Value per Share is calculated by dividing Adjusted Book Value by Common Shares and Share Units Outstanding. Adjusted Book Value is defined as consolidated stockholders' equity of the Company, excluding accumulated other comprehensive income (loss) plus the proceeds, if any, from the assumed exercise of all "in-the-money" options, warrants and similar instruments. Common Shares and Share Units Outstanding is defined as total common shares outstanding plus all equity instruments (including restricted share units) issued to management and the Board of Directors and any "in-the-money" options, warrants and similar instruments. Accumulated other comprehensive income (loss) includes unrealized gains and losses that arise from changes in the market value of the Company's investments that are classified as available for sale. The Company does not view these unrealized gains and losses to be indicative of our fundamental operating performance. As of December 31, 2017 and December 31, 2016, the Company does not have any options, warrants and similar instruments outstanding.

The following table sets forth the reconciliation of Adjusted Book Value to the most comparable GAAP amount as of December 31, 2017 and December 31, 2016 in accordance with Regulation G:

<u>(In thousands, except per share amounts)</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Numerator:		
Total Stockholders' Equity (Book Value)	\$ 1,940,436	\$ 1,343,773
Subtract: Accumulated Other Comprehensive Income (Loss)	<u>(3,252)</u>	<u>(12,255)</u>
Adjusted Book Value	<u>\$ 1,943,688</u>	<u>\$ 1,356,028</u>
Denominator:		
Total Common Shares Outstanding	98,434	93,105
Add: Restricted Share Units Outstanding	<u>536</u>	<u>493</u>
Total Common Shares and Share Units Outstanding	<u>98,970</u>	<u>93,598</u>
Adjusted Book Value per Share	<u>\$ 19.64</u>	<u>\$ 14.49</u>