

**Essent Group Ltd. and Subsidiaries**  
**Financial Results and Supplemental Information (Unaudited)**  
**Quarter Ended September 30, 2018**

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

(In thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<b>Revenues:</b>				
Net premiums written	\$ 175,221	\$ 155,055	\$ 508,850	\$ 408,415
Increase in unearned premiums	(8,546)	(17,115)	(32,659)	(26,261)
Net premiums earned	166,675	137,940	476,191	382,154
Net investment income	16,646	10,626	45,494	28,461
Realized investment gains, net	524	564	1,160	1,763
Other income	1,153	1,073	3,384	3,023
<b>Total revenues</b>	<b>184,998</b>	<b>150,203</b>	<b>526,229</b>	<b>415,401</b>
<b>Losses and expenses:</b>				
Provision for losses and LAE	5,452	4,313	12,574	9,776
Other underwriting and operating expenses	36,899	37,035	111,451	109,053
Interest expense	2,500	1,456	7,568	3,361
<b>Total losses and expenses</b>	<b>44,851</b>	<b>42,804</b>	<b>131,593</b>	<b>122,190</b>
Income before income taxes	140,147	107,399	394,636	293,211
Income tax expense	24,136	29,006	55,801	76,102
<b>Net income</b>	<b>\$ 116,011</b>	<b>\$ 78,393</b>	<b>\$ 338,835</b>	<b>\$ 217,109</b>
<b>Earnings per share:</b>				
Basic	\$ 1.19	\$ 0.83	\$ 3.48	\$ 2.35
Diluted	1.18	0.82	3.46	2.31
<b>Weighted average shares outstanding:</b>				
Basic	97,438	94,185	97,388	92,285
Diluted	98,013	96,094	97,944	94,104
<b>Net income</b>	<b>\$ 116,011</b>	<b>\$ 78,393</b>	<b>\$ 338,835</b>	<b>\$ 217,109</b>
<b>Other comprehensive income (loss):</b>				
Change in unrealized (depreciation) appreciation of investments	(8,201)	1,978	(44,197)	15,298
Total other comprehensive (loss) income	(8,201)	1,978	(44,197)	15,298
<b>Comprehensive income</b>	<b>\$ 107,810</b>	<b>\$ 80,371</b>	<b>\$ 294,638</b>	<b>\$ 232,407</b>
<b>Loss ratio</b>	3.3%	3.1%	2.6%	2.6%
<b>Expense ratio</b>	22.1	26.8	23.4	28.5
<b>Combined ratio</b>	25.4%	30.0%	26.0%	31.1%

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

<u>(In thousands, except per share amounts)</u>	<b>September 30, 2018</b>	<b>December 31, 2017</b>
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Investments		
Fixed maturities available for sale, at fair value	\$ 2,473,840	\$ 1,992,371
Short-term investments available for sale, at fair value	191,912	312,694
Total investments available for sale	<u>2,665,752</u>	<u>2,305,065</u>
Other invested assets	24,865	500
Total investments	<u>2,690,617</u>	<u>2,305,565</u>
Cash	29,797	43,524
Accrued investment income	17,125	12,807
Accounts receivable	35,597	29,752
Deferred policy acquisition costs	16,159	15,354
Property and equipment	7,387	6,979
Prepaid federal income tax	185,935	252,157
Other assets	<u>10,806</u>	<u>8,230</u>
<b>Total assets</b>	<u><u>\$ 2,993,423</u></u>	<u><u>\$ 2,674,368</u></u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Reserve for losses and LAE	\$ 53,355	\$ 46,850
Unearned premium reserve	292,331	259,672
Net deferred tax liability	155,349	127,636
Credit facility borrowings, net of deferred costs	223,487	248,591
Securities purchased payable	21,741	14,999
Other accrued liabilities	32,021	36,184
Total liabilities	<u>778,284</u>	<u>733,932</u>
Commitments and contingencies		
<b>Stockholders' Equity</b>		
Common shares	1,472	1,476
Additional paid-in capital	1,107,206	1,127,137
Accumulated other comprehensive loss	(47,449)	(3,252)
Retained earnings	1,153,910	815,075
Total stockholders' equity	<u>2,215,139</u>	<u>1,940,436</u>
<b>Total liabilities and stockholders' equity</b>	<u><u>\$ 2,993,423</u></u>	<u><u>\$ 2,674,368</u></u>
<b>Return on average equity (1)</b>	21.7%	23.1%

(1) The 2018 return on average equity is calculated by dividing annualized year-to-date 2018 net income by average equity. The 2017 return on average equity is calculated by dividing full year 2017 net income by average equity.

**Essent Group Ltd. and Subsidiaries**  
**Supplemental Information**  
**Historical Quarterly Data**

Selected Income Statement Data	2018			2017			
	September 30	June 30	March 31	December 31	September 30	June 30	March 31
<i>(In thousands, except per share amounts)</i>							
<b>Revenues:</b>							
Net premiums written	\$ 175,221	\$ 168,404	\$ 165,225	\$ 161,771	\$ 155,055	\$ 134,063	\$ 119,297
Net premiums earned (1)	166,675	156,958	152,558	147,976	137,940	126,563	117,651
Other revenues	18,323	16,810	14,905	13,134	12,263	11,043	9,941
Total revenues	184,998	173,768	167,463	161,110	150,203	137,606	127,592
<b>Losses and expenses:</b>							
Provision for losses and LAE	5,452	1,813	5,309	17,456	4,313	1,770	3,693
Other underwriting and operating expenses	36,899	36,428	38,124	36,480	37,035	35,686	36,332
Interest expense	2,500	2,618	2,450	1,817	1,456	1,189	716
Total losses and expenses	44,851	40,859	45,883	55,753	42,804	38,645	40,741
Income before income taxes	140,147	132,909	121,580	105,357	107,399	98,961	86,851
Income tax expense (benefit) (2) (3)	24,136	21,154	10,511	(57,281)	29,006	26,843	20,253
<b>Net income</b>	<b>\$ 116,011</b>	<b>\$ 111,755</b>	<b>\$ 111,069</b>	<b>\$ 162,638</b>	<b>\$ 78,393</b>	<b>\$ 72,118</b>	<b>\$ 66,598</b>
<b>Earnings per share:</b>							
Basic	\$ 1.19	\$ 1.15	\$ 1.14	\$ 1.69	\$ 0.83	\$ 0.79	\$ 0.73
Diluted	1.18	1.14	1.13	1.65	0.82	0.77	0.72
<b>Weighted average shares outstanding:</b>							
Basic	97,438	97,426	97,298	96,429	94,185	91,381	91,258
Diluted	98,013	97,866	97,951	98,497	96,094	93,162	93,023
<b>Other Data:</b>							
Loss ratio (4)	3.3%	1.2%	3.5%	11.8%	3.1%	1.4%	3.1%
Expense ratio (5)	22.1	23.2	25.0	24.7	26.8	28.2	30.9
Combined ratio	25.4%	24.4%	28.5%	36.4%	30.0%	29.6%	34.0%
Return on average equity (annualized)	21.5%	21.8%	22.6%	35.0%	19.1%	19.8%	19.3%

(1) Net premiums earned are net of premiums ceded to Radnor Re 2018-1 Ltd., an unaffiliated special purpose insurer domiciled in Bermuda, in connection with a fully collateralized reinsurance agreement entered into on March 22, 2018. Premiums ceded to Radnor Re totaled \$3,158, \$3,585 and \$294 in the three months ended September 30, 2018, June 30, 2018 and March 31, 2018, respectively.

(2) Income tax expense for the quarter ended September 30, 2018 includes \$1,450 of expense associated with accrual to return adjustments associated with the completion of the 2017 U.S. federal income tax return. Income tax expense for the quarters ended March 31, 2018 and 2017 was reduced by \$9,549 and \$3,023, respectively, of excess tax benefits associated with the vesting of common shares and common share units during each period.

(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**

<b>Other Data, continued:</b> <u>(\$ in thousands)</u>	2018				2017		
	September 30	June 30	March 31	December 31	September 30	June 30	March 31
<b>U.S. Mortgage Insurance Portfolio</b>							
<b>Flow:</b>							
New insurance written	\$ 13,913,191	\$ 12,850,642	\$ 9,336,150	\$ 11,234,855	\$ 13,221,038	\$ 11,368,276	\$ 8,034,153
New risk written	3,430,942	3,201,610	2,295,314	2,737,008	3,228,603	2,786,501	1,929,832
<b>Bulk:</b>							
New insurance written	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
New risk written	—	—	—	—	—	—	—
<b>Total:</b>							
Average gross premium rate (6)	0.51%	0.52%	0.52%	0.53%	0.53%	0.53%	0.53%
Average net premium rate (7)	0.50%	0.51%	0.52%	0.53%	0.53%	0.53%	0.53%
New insurance written	\$ 13,913,191	\$ 12,850,642	\$ 9,336,150	\$ 11,234,855	\$ 13,221,038	\$ 11,368,276	\$ 8,034,153
New risk written	\$ 3,430,942	\$ 3,201,610	\$ 2,295,314	\$ 2,737,008	\$ 3,228,603	\$ 2,786,501	\$ 1,929,832
Insurance in force (end of period)	\$ 131,249,957	\$ 122,501,246	\$ 115,250,949	\$ 110,461,950	\$ 103,936,307	\$ 95,494,390	\$ 87,993,227
Gross risk in force (end of period) (8)	\$ 32,786,194	\$ 30,579,106	\$ 28,691,561	\$ 27,443,985	\$ 25,807,358	\$ 23,665,045	\$ 21,801,667
Risk in force (end of period)	\$ 32,361,782	\$ 30,154,694	\$ 28,267,149	\$ 27,443,985	\$ 25,807,358	\$ 23,665,045	\$ 21,801,667
Policies in force	581,570	546,576	517,215	496,477	467,483	430,585	397,650
Weighted average coverage (9)	25.0%	25.0%	24.9%	24.8%	24.8%	24.8%	24.8%
Annual persistency	84.0%	83.0%	83.5%	83.9%	82.1%	80.1%	78.2%
Loans in default (count)	3,538	3,519	4,442	4,783	2,153	1,776	1,777
Percentage of loans in default	0.61%	0.64%	0.86%	0.96%	0.46%	0.41%	0.45%
<b>Other Risk in Force</b>							
GSE and other risk share (10)	\$ 612,750	\$ 592,493	\$ 557,692	\$ 538,944	\$ 501,485	\$ 479,762	\$ 436,991
<b>Credit Facility</b>							
Borrowings outstanding	\$ 225,000	\$ 225,000	\$ 265,000	\$ 250,000	\$ 175,000	\$ 175,000	\$ 125,000
Undrawn committed capacity	\$ 275,000	\$ 275,000	\$ 110,000	\$ 125,000	\$ 200,000	\$ 200,000	\$ 75,000
Weighted average interest rate	4.15%						

(6) Average gross premium rate is calculated by dividing annualized premiums earned for the U.S. mortgage insurance portfolio, before reductions for premiums ceded under third-party reinsurance, by average insurance in force for the period.

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

(8) Gross risk in force includes risk ceded under third-party reinsurance.

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

(10) GSE and other risk share includes GSE risk share and other reinsurance transactions. 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**

	<b>Three Months Ended</b>				<b>Nine Months Ended</b>			
	<b>September 30, 2018</b>		<b>September 30, 2017</b>		<b>September 30, 2018</b>		<b>September 30, 2017</b>	
(\$ in thousands)								
>=760	\$ 5,873,337	42.2%	\$ 5,590,793	42.3%	\$ 15,165,595	42.0%	\$ 13,903,707	42.6%
740-759	2,349,227	16.9	2,028,500	15.3	6,116,659	17.0	5,057,461	15.5
720-739	1,989,413	14.3	1,882,227	14.2	5,209,892	14.4	4,578,846	14.0
700-719	1,676,184	12.0	1,571,170	11.9	4,365,387	12.1	3,850,420	11.8
680-699	1,097,160	7.9	1,160,771	8.8	2,847,365	7.9	2,818,724	8.7
<=679	927,870	6.7	987,577	7.5	2,395,085	6.6	2,414,309	7.4
Total	<u>\$ 13,913,191</u>	<u>100.0%</u>	<u>\$ 13,221,038</u>	<u>100.0%</u>	<u>\$ 36,099,983</u>	<u>100.0%</u>	<u>\$ 32,623,467</u>	<u>100.0%</u>
Weighted average credit score	745		745		745		745	

**NIW by LTV**

	<b>Three Months Ended</b>				<b>Nine Months Ended</b>			
	<b>September 30, 2018</b>		<b>September 30, 2017</b>		<b>September 30, 2018</b>		<b>September 30, 2017</b>	
(\$ in thousands)								
85.00% and below	\$ 1,644,226	11.8%	\$ 1,682,491	12.7%	\$ 4,347,598	12.0%	\$ 4,307,262	13.2%
85.01% to 90.00%	3,804,681	27.3	3,893,155	29.4	10,102,450	28.0	9,785,966	30.0
90.01% to 95.00%	5,961,310	42.9	5,811,182	44.0	15,623,886	43.3	14,455,640	44.3
95.01% and above	2,502,974	18.0	1,834,210	13.9	6,026,049	16.7	4,074,599	12.5
Total	<u>\$ 13,913,191</u>	<u>100.0%</u>	<u>\$ 13,221,038</u>	<u>100.0%</u>	<u>\$ 36,099,983</u>	<u>100.0%</u>	<u>\$ 32,623,467</u>	<u>100.0%</u>
Weighted average LTV	93%		92%		92%		92%	

**NIW by Product**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30, 2018</b>	<b>September 30, 2017</b>	<b>September 30, 2018</b>	<b>September 30, 2017</b>
Single Premium policies	14.2%	16.8%	15.9%	15.4%
Monthly Premium policies	85.8	83.2	84.1	84.6
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

**NIW by Purchase vs. Refinance**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30, 2018</b>	<b>September 30, 2017</b>	<b>September 30, 2018</b>	<b>September 30, 2017</b>
Purchase	93.8%	87.6%	91.3%	85.4%
Refinance	6.2	12.4	8.7	14.6
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

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

**Portfolio by Credit Score**

IIF by FICO score (\$ in thousands)	September 30, 2018		June 30, 2018		September 30, 2017	
>=760	\$ 56,686,270	43.2%	\$ 53,145,884	43.4%	\$ 46,220,799	44.5%
740-759	21,661,445	16.5	20,127,254	16.4	16,890,061	16.2
720-739	18,909,281	14.4	17,605,819	14.4	14,767,164	14.2
700-719	14,928,024	11.4	13,836,837	11.3	11,307,184	10.9
680-699	10,828,068	8.2	10,145,188	8.3	8,523,233	8.2
<=679	8,236,869	6.3	7,640,264	6.2	6,227,866	6.0
<b>Total</b>	<b>\$ 131,249,957</b>	<b>100.0%</b>	<b>\$ 122,501,246</b>	<b>100.0%</b>	<b>\$ 103,936,307</b>	<b>100.0%</b>

Weighted average credit score 746 746 747

Gross RIF by FICO score (\$ in thousands)	September 30, 2018		June 30, 2018		September 30, 2017	
>=760	\$ 14,119,178	43.1%	\$ 13,245,851	43.3%	\$ 11,434,540	44.3%
740-759	5,434,079	16.6	5,052,409	16.5	4,218,828	16.3
720-739	4,773,174	14.5	4,438,671	14.5	3,707,571	14.4
700-719	3,735,034	11.4	3,450,490	11.3	2,805,886	10.9
680-699	2,718,524	8.3	2,540,531	8.3	2,129,638	8.2
<=679	2,006,205	6.1	1,851,154	6.1	1,510,895	5.9
<b>Total</b>	<b>\$ 32,786,194</b>	<b>100.0%</b>	<b>\$ 30,579,106</b>	<b>100.0%</b>	<b>\$ 25,807,358</b>	<b>100.0%</b>

**Portfolio by LTV**

IIF by LTV (\$ in thousands)	September 30, 2018		June 30, 2018		September 30, 2017	
85.00% and below	\$ 14,641,309	11.2%	\$ 13,868,422	11.3%	\$ 12,103,499	11.6%
85.01% to 90.00%	39,598,332	30.2	37,558,668	30.6	33,129,815	31.9
90.01% to 95.00%	63,167,371	48.1	59,491,807	48.6	51,684,041	49.7
95.01% and above	13,842,945	10.5	11,582,349	9.5	7,018,952	6.8
<b>Total</b>	<b>\$ 131,249,957</b>	<b>100.0%</b>	<b>\$ 122,501,246</b>	<b>100.0%</b>	<b>\$ 103,936,307</b>	<b>100.0%</b>

Weighted average LTV 92% 92% 92%

Gross RIF by LTV (\$ in thousands)	September 30, 2018		June 30, 2018		September 30, 2017	
85.00% and below	\$ 1,680,050	5.1%	\$ 1,584,294	5.2%	\$ 1,366,982	5.3%
85.01% to 90.00%	9,458,067	28.8	8,950,145	29.3	7,858,283	30.4
90.01% to 95.00%	18,090,207	55.2	17,068,140	55.8	14,810,490	57.4
95.01% and above	3,557,870	10.9	2,976,527	9.7	1,771,603	6.9
<b>Total</b>	<b>\$ 32,786,194</b>	<b>100.0%</b>	<b>\$ 30,579,106</b>	<b>100.0%</b>	<b>\$ 25,807,358</b>	<b>100.0%</b>

**Portfolio by Loan Amortization Period**

IIF by Loan Amortization Period (\$ in thousands)	September 30, 2018		June 30, 2018		September 30, 2017	
FRM 30 years and higher	\$ 121,455,115	92.6%	\$ 112,753,292	92.0%	\$ 94,299,877	90.7%
FRM 20-25 years	3,032,593	2.3	3,040,764	2.5	2,695,714	2.6
FRM 15 years	3,571,994	2.7	3,638,461	3.0	3,779,626	3.7
ARM 5 years and higher	3,190,255	2.4	3,068,729	2.5	3,161,090	3.0
<b>Total</b>	<b>\$ 131,249,957</b>	<b>100.0%</b>	<b>\$ 122,501,246</b>	<b>100.0%</b>	<b>\$ 103,936,307</b>	<b>100.0%</b>

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

<u>(\$ in thousands)</u>	<u>September 30, 2018</u>	<u>June 30, 2018</u>	<u>September 30, 2017</u>
GSE and other risk share <b>(1)</b>	\$ 612,750	\$ 592,493	\$ 501,485
Weighted average credit score	749	748	749
Weighted average LTV	85%	85%	84%

**(1)** GSE and other risk share includes GSE risk share and other reinsurance transactions. 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**  
**September 30, 2018**

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	\$ 8,615	3.5%	60	75.3%	70.2%	0.0%	1.1%	65.1%	100.0%	2.6%	—
2011	3,229,720	273,058	8.5	1,611	75.1	53.3	0.3	6.3	52.3	98.1	3.7	35
2012	11,241,161	2,057,354	18.3	10,903	76.2	60.7	0.6	5.7	56.1	98.9	2.2	95
2013	21,152,638	5,388,328	25.5	28,088	79.8	60.9	2.1	7.8	51.5	98.4	2.4	283
2014	24,799,434	8,726,281	35.2	46,317	88.5	63.4	4.4	15.6	41.4	96.3	3.3	580
2015	26,193,656	14,202,260	54.2	67,074	84.0	57.7	2.6	14.7	43.7	97.5	3.4	640
2016	34,949,319	26,510,429	75.9	115,759	81.5	56.1	6.5	13.7	45.3	98.3	3.7	809
2017	43,858,322	38,894,605	88.7	169,912	85.8	58.0	13.6	16.2	41.5	97.0	6.2	968
2018 (through September 30)	36,099,983	35,189,027	97.5	141,846	91.3	60.2	16.9	14.6	41.6	97.8	2.2	128
Total	<u>\$ 201,770,131</u>	<u>\$ 131,249,957</u>	65.0	<u>581,570</u>	86.0	58.7	10.5	14.5	43.2	97.6	3.4	<u>3,538</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>September 30, 2018</u>	<u>June 30, 2018</u>	<u>September 30, 2017</u>
CA	9.1%	9.2%	9.4%
TX	7.9	8.0	8.1
FL	7.3	7.2	7.0
WA	4.8	4.8	4.8
IL	3.9	3.9	4.0
NJ	3.8	3.7	3.6
NC	3.5	3.5	3.6
GA	3.4	3.4	3.4
CO	3.3	3.3	3.0
OH	3.3	3.2	3.2
All Others	49.7	49.8	49.9
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

**Gross RIF by State**

	<u>September 30, 2018</u>	<u>June 30, 2018</u>	<u>September 30, 2017</u>
CA	8.9%	8.9%	9.1%
TX	8.1	8.2	8.3
FL	7.4	7.3	7.1
WA	4.8	4.9	4.9
IL	3.8	3.8	3.9
NJ	3.7	3.6	3.6
NC	3.5	3.5	3.6
GA	3.5	3.5	3.5
OH	3.3	3.3	3.2
CO	3.3	3.2	2.9
All Others	49.7	49.8	49.9
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**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Beginning default inventory	3,519	1,776	4,783	1,757
Plus: new defaults	2,285	1,592	5,980	3,897
Less: cures	(2,201)	(1,145)	(7,043)	(3,322)
Less: claims paid	(64)	(68)	(179)	(176)
Less: rescissions and denials, net	(1)	(2)	(3)	(3)
Ending default inventory	<u>3,538</u>	<u>2,153</u>	<u>3,538</u>	<u>2,153</u>

**Rollforward of Reserve for Losses and LAE**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<i>(\$ in thousands)</i>				
Reserve for losses and LAE at beginning of period	\$ 50,016	\$ 29,798	\$ 46,850	\$ 28,142
Add provision for losses and LAE occurring in:				
Current year	8,671	7,150	25,199	19,266
Prior years	(3,219)	(2,837)	(12,625)	(9,490)
Incurring losses and LAE during the period	<u>5,452</u>	<u>4,313</u>	<u>12,574</u>	<u>9,776</u>
Deduct payments for losses and LAE occurring in:				
Current year	409	146	620	243
Prior years	1,704	2,386	5,449	6,096
Loss and LAE payments during the period	<u>2,113</u>	<u>2,532</u>	<u>6,069</u>	<u>6,339</u>
Reserve for losses and LAE at end of period	<u>\$ 53,355</u>	<u>\$ 31,579</u>	<u>\$ 53,355</u>	<u>\$ 31,579</u>

**Claims**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Number of claims paid	64	68	179	176
Total amount paid for claims (in thousands)	\$ 2,029	\$ 2,468	\$ 5,848	\$ 6,155
Average amount paid per claim (in thousands)	\$ 32	\$ 36	\$ 33	\$ 35
Severity	69%	76%	70%	81%

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

September 30, 2018

	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	1,886	53%	\$ 10,498	22%	\$ 101,755	10%
Four to eleven payments	1,252	36	24,531	50	68,670	36
Twelve or more payments	351	10	11,795	24	20,160	59
Pending claims	49	1	1,941	4	2,212	88
Total case reserves	<u>3,538</u>	<u>100%</u>	<u>48,765</u>	<u>100%</u>	<u>\$ 192,797</u>	<u>25</u>
IBNR			3,657			
LAE			933			
Total reserves for losses and LAE			<u>\$ 53,355</u>			
Average reserve per default:						
Case			\$ 13.8			
Total			\$ 15.1			
Default Rate	0.61%					

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%					

September 30, 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	1,228	57%	\$ 7,935	27%	\$ 68,317	12%
Four to eleven payments	690	32	12,948	45	38,003	34
Twelve or more payments	195	9	6,105	21	10,087	61
Pending claims	40	2	2,036	7	2,376	86
Total case reserves	<u>2,153</u>	<u>100%</u>	<u>29,024</u>	<u>100%</u>	<u>\$ 118,783</u>	<u>24</u>
IBNR			2,177			
LAE			378			
Total reserves for losses and LAE			<u>\$ 31,579</u>			
Average reserve per default:						
Case			\$ 13.5			
Total			\$ 14.7			
Default Rate	0.46%					

**Essent Group Ltd. and Subsidiaries**  
**Supplemental Information**  
**Investments Available for Sale**

**Investments Available for Sale by Asset Class**

Asset Class (\$ in thousands)	September 30, 2018		December 31, 2017	
	Fair Value	Percent	Fair Value	Percent
U.S. Treasury securities	\$ 265,233	9.9%	\$ 227,805	9.9%
U.S. agency securities	32,677	1.2	33,114	1.4
U.S. agency mortgage-backed securities	566,626	21.3	456,037	19.8
Municipal debt securities	457,506	17.2	465,255	20.2
Non-U.S. government securities	44,798	1.7	—	—
Corporate debt securities	706,330	26.5	611,728	26.5
Residential and commercial mortgage securities	101,649	3.8	79,407	3.5
Asset-backed securities	299,021	11.2	167,922	7.3
Money market funds	191,912	7.2	263,797	11.4
Total investments available for sale	<u>\$ 2,665,752</u>	<u>100.0%</u>	<u>\$ 2,305,065</u>	<u>100.0%</u>

**Investments Available for Sale by Credit Rating**

Rating (1) (\$ in thousands)	September 30, 2018		December 31, 2017	
	Fair Value	Percent	Fair Value	Percent
Aaa	\$ 1,314,053	49.3%	\$ 1,160,200	50.3%
Aa1	131,368	4.9	115,237	5.0
Aa2	187,542	7.0	123,551	5.4
Aa3	130,983	4.9	127,785	5.6
A1	223,943	8.4	205,369	8.9
A2	171,217	6.4	157,651	6.8
A3	148,670	5.6	148,246	6.4
Baa1	167,283	6.3	115,178	5.0
Baa2	127,092	4.8	87,869	3.8
Baa3	33,953	1.3	43,024	1.9
Below Baa3	29,648	1.1	20,955	0.9
Total investments available for sale	<u>\$ 2,665,752</u>	<u>100.0%</u>	<u>\$ 2,305,065</u>	<u>100.0%</u>

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

**Investments Available for Sale by Duration and Book Yield**

Effective Duration (\$ in thousands)	September 30, 2018		December 31, 2017	
	Fair Value	Percent	Fair Value	Percent
< 1 Year	\$ 598,900	22.5%	\$ 628,958	27.3%
1 to < 2 Years	259,820	9.7	164,856	7.2
2 to < 3 Years	250,341	9.4	280,177	12.2
3 to < 4 Years	217,233	8.2	263,799	11.4
4 to < 5 Years	461,890	17.3	263,273	11.4
5 or more Years	877,568	32.9	704,002	30.5
Total investments available for sale	<u>\$ 2,665,752</u>	<u>100.0%</u>	<u>\$ 2,305,065</u>	<u>100.0%</u>

Pre-tax investment income yield:

Three months ended September 30, 2018	2.60%
Nine months ended September 30, 2018	2.49%

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

(\$ in thousands)	
As of September 30, 2018	\$ 77,206
As of December 31, 2017	\$ 104,167

**Essent Group Ltd. and Subsidiaries**  
**Supplemental Information**  
**Insurance Company Capital**

<u>(\$ in thousands)</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
<b>U.S. Mortgage Insurance Subsidiaries:</b>		
Combined statutory capital (1)	\$ 1,781,912	\$ 1,528,869
Combined net risk in force (2)	\$ 25,124,809	\$ 21,637,409
Risk-to-capital ratios: (3)		
Essent Guaranty, Inc.	14.7:1	14.7:1
Essent Guaranty of PA, Inc.	4.4:1	5.4:1
Combined (4)	14.1:1	14.2:1
<b>Essent Reinsurance Ltd.:</b>		
Stockholder's equity (GAAP basis)	\$ 749,205	\$ 662,819
Net risk in force (2)	\$ 7,797,302	\$ 6,299,437

(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 September 30, 2018, December 31, 2017 and September 30, 2017, 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 September 30, 2018, December 31, 2017 and September 30, 2017 in accordance with Regulation G:

<u>(In thousands, except per share amounts)</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2017</u>
Numerator:			
Total Stockholders' Equity (Book Value)	\$ 2,215,139	\$ 1,940,436	\$ 1,780,570
Subtract: Accumulated Other Comprehensive Income (Loss)	<u>(47,449)</u>	<u>(3,252)</u>	<u>3,043</u>
Adjusted Book Value	<u>\$ 2,262,588</u>	<u>\$ 1,943,688</u>	<u>\$ 1,777,527</u>
Denominator:			
Total Common Shares Outstanding	98,128	98,434	98,423
Add: Restricted Share Units Outstanding	<u>468</u>	<u>536</u>	<u>553</u>
Total Common Shares and Share Units Outstanding	<u>98,596</u>	<u>98,970</u>	<u>98,976</u>
Adjusted Book Value per Share	<u>\$ 22.95</u>	<u>\$ 19.64</u>	<u>\$ 17.96</u>