

Essent Group Ltd. and Subsidiaries
Financial Results and Supplemental Information (Unaudited)
Quarter and Year Ended December 31, 2020

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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 December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Revenues:				
Direct premiums written	\$ 245,437	\$ 207,263	\$ 922,851	\$ 796,344
Ceded premiums	(31,194)	(10,770)	(88,738)	(35,499)
Net premiums written	214,243	196,493	834,113	760,845
Decrease in unearned premiums	8,096	11,178	28,451	16,580
Net premiums earned	222,339	207,671	862,564	777,425
Net investment income	20,949	21,977	80,087	83,542
Realized investment gains, net	564	833	2,697	3,229
Other income (loss)	3,347	(1,719)	9,806	3,371
Total revenues	247,199	228,762	955,154	867,567
Losses and expenses:				
Provision for losses and LAE	62,073	10,929	301,293	32,986
Other underwriting and operating expenses	36,825	41,231	154,691	165,369
Interest expense	2,149	2,218	9,074	10,151
Total losses and expenses	101,047	54,378	465,058	208,506
Income before income taxes	146,152	174,384	490,096	659,061
Income tax expense	22,550	27,426	77,055	103,348
Net income	\$ 123,602	\$ 146,958	\$ 413,041	\$ 555,713
Earnings per share:				
Basic	\$ 1.10	\$ 1.50	\$ 3.89	\$ 5.68
Diluted	1.10	1.49	3.88	5.66
Weighted average shares outstanding:				
Basic	111,908	97,830	106,098	97,762
Diluted	112,310	98,376	106,376	98,227
Net income	\$ 123,602	\$ 146,958	\$ 413,041	\$ 555,713
Other comprehensive income (loss):				
Change in unrealized appreciation (depreciation) of investments	5,840	(6,540)	82,087	85,180
Total other comprehensive income (loss)	5,840	(6,540)	82,087	85,180
Comprehensive income	\$ 129,442	\$ 140,418	\$ 495,128	\$ 640,893
Loss ratio	27.9%	5.3%	34.9%	4.2%
Expense ratio	16.6	19.9	17.9	21.3
Combined ratio	44.5%	25.1%	52.9%	25.5%

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

<u>(In thousands, except per share amounts)</u>	December 31, 2020	December 31, 2019
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Assets		
Investments		
Fixed maturities available for sale, at fair value	\$ 3,838,513	\$ 3,035,385
Short-term investments available for sale, at fair value	726,860	315,362
Total investments available for sale	4,565,373	3,350,747
Other invested assets	88,904	78,873
Total investments	4,654,277	3,429,620
Cash	102,830	71,350
Accrued investment income	19,948	18,535
Accounts receivable	50,140	40,655
Deferred policy acquisition costs	17,005	15,705
Property and equipment	15,095	17,308
Prepaid federal income tax	302,636	261,885
Other assets	40,793	18,367
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Total assets	\$ 5,202,724	\$ 3,873,425
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Liabilities and Stockholders' Equity		
Liabilities		
Reserve for losses and LAE	\$ 374,941	\$ 69,362
Unearned premium reserve	250,436	278,887
Net deferred tax liability	305,109	249,620
Credit facility borrowings, net of deferred costs	321,720	224,237
Other accrued liabilities	87,885	66,474
Total liabilities	1,340,091	888,580
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Commitments and contingencies		
Stockholders' Equity		
Common shares, \$0.015 par value:		
Authorized - 233,333; issued and outstanding - 112,423 shares in 2020 and 98,394 shares in 2019	1,686	1,476
Additional paid-in capital	1,571,163	1,118,655
Accumulated other comprehensive income	138,274	56,187
Retained earnings	2,151,510	1,808,527
Total stockholders' equity	3,862,633	2,984,845
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Total liabilities and stockholders' equity	\$ 5,202,724	\$ 3,873,425
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Return on average equity	12.1%	20.8%

Essent Group Ltd. and Subsidiaries
Supplemental Information
Historical Quarterly Data

Selected Income Statement Data	2020				2019			
	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	\$ 214,243	\$ 222,223	\$ 205,904	\$ 191,743	\$ 196,493	\$ 198,304	\$ 188,404	\$ 177,644
Net premiums earned (1)	222,339	222,258	211,471	206,496	207,671	203,473	188,490	177,791
Other revenues (2)	24,860	20,780	24,606	22,344	21,091	22,914	23,402	22,735
Total revenues	247,199	243,038	236,077	228,840	228,762	226,387	211,892	200,526
Losses and expenses:								
Provision for losses and LAE	62,073	55,280	175,877	8,063	10,929	9,990	4,960	7,107
Other underwriting and operating expenses	36,825	37,100	38,819	41,947	41,231	41,588	41,520	41,030
Interest expense	2,149	2,227	2,566	2,132	2,218	2,584	2,679	2,670
Total losses and expenses	101,047	94,607	217,262	52,142	54,378	54,162	49,159	50,807
Income before income taxes	146,152	148,431	18,815	176,698	174,384	172,225	162,733	149,719
Income tax expense (3)	22,550	23,895	3,435	27,175	27,426	27,595	26,328	21,999
Net income	\$ 123,602	\$ 124,536	\$ 15,380	\$ 149,523	\$ 146,958	\$ 144,630	\$ 136,405	\$ 127,720
Earnings per share:								
Basic	\$ 1.10	\$ 1.11	\$ 0.15	\$ 1.53	\$ 1.50	\$ 1.48	\$ 1.39	\$ 1.31
Diluted	1.10	1.11	0.15	1.52	1.49	1.47	1.39	1.30
Weighted average shares outstanding:								
Basic	111,908	111,908	102,500	97,949	97,830	97,822	97,798	97,595
Diluted	112,310	112,134	102,605	98,326	98,376	98,257	98,170	98,104
Other Data:								
Loss ratio (4)	27.9%	24.9%	83.2%	3.9%	5.3%	4.9%	2.6%	4.0%
Expense ratio (5)	16.6	16.7	18.4	20.3	19.9	20.4	22.0	23.1
Combined ratio	44.5%	41.6%	101.5%	24.2%	25.1%	25.3%	24.7%	27.1%
Return on average equity (annualized)	13.0%	13.5%	1.8%	19.6%	20.1%	20.8%	20.9%	20.9%

(1) Net premiums earned also includes premiums earned on GSE and other risk share. See Exhibit F.

(2) Certain of our third-party reinsurance agreements contain an embedded derivative as the premium ceded under those agreements will vary based on changes in interest rates. For each of the three month periods noted, Other revenues include net favorable (unfavorable) changes in the fair value of these embedded derivatives as follows: December 31, 2020: (\$209); September 30, 2020: (\$677); June 30, 2020: \$2,502; March 31, 2020: (\$4,200); December 31, 2019: (\$3,585); September 30, 2019: (\$760); June 30, 2019: \$1,160 and March 31, 2019: \$1,424.

(3) Income tax expense for the three months ended March 31, 2020 and 2019 was reduced by \$620 and \$1,956, respectively, of excess tax benefits associated with the vesting of common shares and common share units during each period.

(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:	2020				2019			
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
<u>(\$ in thousands)</u>								
U.S. Mortgage Insurance Portfolio								
Flow:								
New insurance written	\$ 29,566,820	\$ 36,664,583	\$ 28,163,212	\$ 13,549,299	\$ 15,839,836	\$ 18,719,876	\$ 17,973,505	\$ 10,945,307
New risk written	7,051,173	8,938,544	6,875,250	3,384,171	3,966,363	4,695,611	4,485,217	2,713,389
Bulk:								
New insurance written	\$ —	\$ —	\$ —	\$ 151	\$ —	\$ 6,133	\$ 29,524	\$ 55,002
New risk written	—	—	—	24	—	842	2,129	6,542
Total:								
Average gross premium rate (6)	0.49%	0.51%	0.53%	0.51%	0.51%	0.52%	0.51%	0.50%
Average net premium rate (7)	0.43%	0.46%	0.48%	0.48%	0.49%	0.49%	0.49%	0.48%
New insurance written	\$ 29,566,820	\$ 36,664,583	\$ 28,163,212	\$ 13,549,450	\$ 15,839,836	\$ 18,726,009	\$ 18,003,029	\$ 11,000,309
New risk written	\$ 7,051,173	\$ 8,938,544	\$ 6,875,250	\$ 3,384,195	\$ 3,966,363	\$ 4,696,453	\$ 4,487,346	\$ 2,719,931
Insurance in force (end of period)	\$198,882,352	\$190,811,292	\$174,646,273	\$165,615,503	\$164,005,853	\$160,962,192	\$153,317,157	\$143,181,641
Gross risk in force (end of period) (8)	\$ 49,565,150	\$ 47,838,668	\$ 43,993,989	\$ 41,865,977	\$ 41,402,950	\$ 40,540,289	\$ 38,531,090	\$ 35,925,830
Risk in force (end of period)	\$ 41,339,262	\$ 41,219,216	\$ 39,113,879	\$ 38,290,022	\$ 38,947,857	\$ 38,784,584	\$ 37,034,687	\$ 34,744,417
Policies in force	799,893	781,836	733,651	706,714	702,925	693,085	666,705	629,808
Weighted average coverage (9)	24.9%	25.1%	25.2%	25.3%	25.2%	25.2%	25.1%	25.1%
Annual persistency	60.1%	64.2%	67.9%	73.9%	77.5%	82.1%	84.8%	85.1%
Loans in default (count)	31,469	35,464	38,068	5,841	5,947	5,232	4,405	4,096
Percentage of loans in default	3.93%	4.54%	5.19%	0.83%	0.85%	0.75%	0.66%	0.65%
Other Risk in Force								
GSE and other risk share (10)	\$ 1,416,719	\$ 1,216,353	\$ 1,031,699	\$ 1,100,966	\$ 895,374	\$ 849,184	\$ 802,530	\$ 771,175
Credit Facility								
Borrowings outstanding	\$ 325,000	\$ 425,000	\$ 425,000	\$ 425,000	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000
Undrawn committed capacity	\$ 300,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 275,000	\$ 275,000	\$ 275,000	\$ 275,000
Weighted average interest rate (end of period)	2.19%							

(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 end of period 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.

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

NIW by Credit Score

(\$ in thousands)	Three Months Ended				Year Ended			
	December 31, 2020		December 31, 2019		December 31, 2020		December 31, 2019	
	>=760	\$ 13,330,379	45.1%	\$ 6,486,486	40.9%	\$ 48,037,084	44.5%	\$ 25,738,423
740-759	5,069,530	17.1	2,880,429	18.2	19,385,541	17.9	11,152,853	17.6
720-739	4,134,782	14.0	2,401,806	15.2	15,744,485	14.6	9,340,180	14.7
700-719	3,385,670	11.5	1,860,120	11.7	12,409,936	11.5	7,555,687	11.9
680-699	1,743,694	5.9	1,235,223	7.8	6,871,511	6.4	5,248,330	8.3
<=679	1,902,765	6.4	975,772	6.2	5,495,357	5.1	4,443,051	7.0
Total	<u>\$ 29,566,820</u>	<u>100.0%</u>	<u>\$ 15,839,836</u>	<u>100.0%</u>	<u>\$107,943,914</u>	<u>100.0%</u>	<u>\$ 63,478,524</u>	<u>100.0%</u>
Weighted average credit score	748		745		749		744	

NIW by LTV

(\$ in thousands)	Three Months Ended				Year Ended			
	December 31, 2020		December 31, 2019		December 31, 2020		December 31, 2019	
	85.00% and below	\$ 6,317,550	21.4%	\$ 2,084,932	13.2%	\$ 20,124,987	18.6%	\$ 7,874,266
85.01% to 90.00%	9,629,373	32.6	4,757,915	30.0	34,020,882	31.5	17,847,603	28.1
90.01% to 95.00%	11,134,923	37.6	6,771,196	42.7	42,517,221	39.4	26,852,903	42.3
95.01% and above	2,484,974	8.4	2,225,793	14.1	11,280,824	10.5	10,903,752	17.2
Total	<u>\$ 29,566,820</u>	<u>100.0%</u>	<u>\$ 15,839,836</u>	<u>100.0%</u>	<u>\$107,943,914</u>	<u>100.0%</u>	<u>\$ 63,478,524</u>	<u>100.0%</u>
Weighted average LTV	91%		92%		91%		92%	

NIW by Product

	Three Months Ended		Year Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Single Premium policies	7.7%	10.4%	9.0%
Monthly Premium policies	92.3	89.6	91.0	88.9
	<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, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Purchase	61.6%	71.8%	60.4%
Refinance	38.4	28.2	39.6	19.6
	<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)	December 31, 2020		September 30, 2020		December 31, 2019	
>=760	\$ 82,452,139	41.5%	\$ 78,923,142	41.4%	\$ 68,123,523	41.5%
740-759	34,538,761	17.3	33,229,396	17.4	27,886,603	17.0
720-739	29,599,646	14.9	28,496,228	15.0	24,069,139	14.7
700-719	23,807,982	12.0	22,748,385	11.9	19,183,219	11.7
680-699	15,538,235	7.8	15,302,772	8.0	13,713,164	8.4
<=679	12,945,589	6.5	12,111,369	6.3	11,030,205	6.7
Total	<u>\$ 198,882,352</u>	<u>100.0%</u>	<u>\$ 190,811,292</u>	<u>100.0%</u>	<u>\$ 164,005,853</u>	<u>100.0%</u>

Weighted average credit score 745 745 745

Gross RIF by FICO score (\$ in thousands)	December 31, 2020		September 30, 2020		December 31, 2019	
>=760	\$ 20,336,799	41.0%	\$ 19,606,502	41.0%	\$ 17,082,683	41.3%
740-759	8,682,265	17.5	8,395,009	17.5	7,056,654	17.0
720-739	7,504,065	15.1	7,251,499	15.2	6,150,334	14.9
700-719	5,970,851	12.1	5,738,412	12.0	4,873,597	11.8
680-699	3,887,059	7.9	3,853,734	8.0	3,491,755	8.4
<=679	3,184,111	6.4	2,993,512	6.3	2,747,927	6.6
Total	<u>\$ 49,565,150</u>	<u>100.0%</u>	<u>\$ 47,838,668</u>	<u>100.0%</u>	<u>\$ 41,402,950</u>	<u>100.0%</u>

Portfolio by LTV

IIF by LTV (\$ in thousands)	December 31, 2020		September 30, 2020		December 31, 2019	
85.00% and below	\$ 27,308,296	13.7%	\$ 23,979,065	12.6%	\$ 17,128,008	10.5%
85.01% to 90.00%	58,606,394	29.5	55,453,633	29.1	46,771,386	28.5
90.01% to 95.00%	86,169,485	43.3	84,573,433	44.3	76,611,494	46.7
95.01% and above	26,798,177	13.5	26,805,161	14.0	23,494,965	14.3
Total	<u>\$ 198,882,352</u>	<u>100.0%</u>	<u>\$ 190,811,292</u>	<u>100.0%</u>	<u>\$ 164,005,853</u>	<u>100.0%</u>

Weighted average LTV 92% 92% 92%

Gross RIF by LTV (\$ in thousands)	December 31, 2020		September 30, 2020		December 31, 2019	
85.00% and below	\$ 3,142,034	6.3%	\$ 2,759,320	5.8%	\$ 1,977,361	4.8%
85.01% to 90.00%	14,061,553	28.4	13,307,205	27.8	11,249,383	27.2
90.01% to 95.00%	24,895,471	50.2	24,391,376	51.0	21,981,598	53.1
95.01% and above	7,466,092	15.1	7,380,767	15.4	6,194,608	14.9
Total	<u>\$ 49,565,150</u>	<u>100.0%</u>	<u>\$ 47,838,668</u>	<u>100.0%</u>	<u>\$ 41,402,950</u>	<u>100.0%</u>

Portfolio by Loan Amortization Period

IIF by Loan Amortization Period (\$ in thousands)	December 31, 2020		September 30, 2020		December 31, 2019	
FRM 30 years and higher	\$ 187,704,000	94.4%	\$ 180,135,430	94.4%	\$ 154,905,519	94.5%
FRM 20-25 years	4,365,585	2.2	3,945,019	2.1	2,854,560	1.7
FRM 15 years	4,776,068	2.4	4,417,092	2.3	3,300,715	2.0
ARM 5 years and higher	2,036,699	1.0	2,313,751	1.2	2,945,059	1.8
Total	<u>\$ 198,882,352</u>	<u>100.0%</u>	<u>\$ 190,811,292</u>	<u>100.0%</u>	<u>\$ 164,005,853</u>	<u>100.0%</u>

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

(\$ in thousands)	2020				2019			
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
GSE and other risk share (1):								
Premiums earned	\$ 13,624	\$ 11,132	\$ 10,655	\$ 10,778	\$ 9,867	\$ 9,284	\$ 8,622	\$ 7,894
Risk in Force	\$1,416,719	\$1,216,353	\$1,031,699	\$1,100,966	\$ 895,374	\$ 849,184	\$ 802,530	\$ 771,175
Weighted average credit score	746	747	746	746	745	746	748	747
Weighted average LTV	84%	84%	85%	85%	85%	85%	85%	85%

(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.

Essent Group Ltd. and Subsidiaries
Supplemental Information
Portfolio Vintage Data
December 31, 2020

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	Percentage of Loans in Default
					% Purchase	>90% LTV	>95% LTV	FICO < 700	FICO >= 760			
2010 - 2014	\$ 60,668,851	\$ 6,135,672	10.1%	35,975	83.2%	69.9%	4.2%	13.5%	43.8%	3.3%	1,985	5.52%
2015	26,193,656	5,674,591	21.7	30,252	86.2	63.4	3.1	16.5	41.4	4.6	1,615	5.34
2016	34,949,319	11,314,546	32.4	55,969	86.8	62.6	7.9	14.4	44.7	6.4	3,154	5.64
2017	43,858,322	16,268,294	37.1	82,036	89.2	63.0	16.5	18.2	39.5	9.7	5,614	6.84
2018	47,508,525	18,677,363	39.3	89,550	93.0	65.4	21.3	18.7	35.8	16.4	6,903	7.71
2019	63,569,183	38,688,532	60.9	156,164	82.9	63.0	20.4	17.6	36.7	31.2	9,230	5.91
2020	107,944,065	102,123,354	94.6	349,947	60.5	50.1	10.7	11.6	44.1	24.5	2,968	0.85
Total	<u>\$ 384,691,921</u>	<u>\$ 198,882,352</u>	51.7	<u>799,893</u>	73.2	56.8	13.5	14.3	41.5	10.0	<u>31,469</u>	3.93

(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
Reinsurance Vintage Data
December 31, 2020

(\$ in thousands)

Excess of Loss Reinsurance

Year	Remaining Insurance in Force	Remaining Risk in Force	Original Reinsurance in Force			Remaining Reinsurance in Force			Losses Ceded to Date	Original First Layer Retention	Remaining First Layer Retention	Earned Premiums Ceded		Reduction in PMIERS Minimum Required Assets (6)
			ILN (1)	Other Reinsurance (2)	Total	ILN	Other Reinsurance	Total				Quarter-to-Date	Year-to-Date	
2015 & 2016	\$ 16,329,165	\$ 4,411,094	\$ 333,844	\$ —	\$ 333,844	\$ 216,480	\$ —	\$ 216,480	\$ —	\$ 208,111	\$ 207,787	\$ 1,246	\$ 5,778	\$ 88,169
2017	15,856,384	4,052,481	424,412	165,167	589,579	242,123	165,167	407,290	—	224,689	218,838	2,714	11,576	97,119
2018	18,295,450	4,646,734	473,184	118,650	591,834	325,537	76,144	401,681	—	253,643	251,262	3,268	14,203	158,139
2019 (3)	22,137,416	5,643,954	495,889	55,102	550,991	495,889	55,102	550,991	—	215,605	215,509	2,852	11,351	304,954
2019 & 2020 (4)	48,570,459	12,141,563	399,159	—	399,159	399,159	—	399,159	—	465,690	465,690	4,744	4,744	362,497
Total	\$121,188,874	\$30,895,826	\$ 2,126,488	\$ 338,919	\$ 2,465,407	\$ 1,679,188	\$ 296,413	\$ 1,975,601	\$ —	\$ 1,367,738	\$ 1,359,086	\$ 14,824	\$ 47,652	\$ 1,010,878

Quota Share Reinsurance

Year	Remaining Insurance in Force	Remaining Risk in Force	Remaining Ceded Insurance in Force	Remaining Ceded Risk in Force	Losses Ceded		Ceding Commission		Earned Premiums Ceded		Reduction in PMIERS Minimum Required Assets (6)
					Quarter-to-Date	Year-to-Date	Quarter-to-Date	Year-to-Date	Quarter-to-Date	Year-to-Date	
2019 & 2020 (5)	\$ 117,856,260	\$ 28,865,874	\$ 25,756,347	\$ 6,250,287	\$ 7,188	\$ 19,038	\$ 4,598	\$ 11,024	\$ 16,370	\$ 41,086	\$ 411,948

(1) Reinsurance provided by unaffiliated special purpose insurers through the issuance of mortgage insurance-linked notes ("ILNs").

(2) Reinsurance provided by panels of reinsurers.

(3) Reinsurance coverage on new insurance written from January 1, 2019 through August 31, 2019.

(4) Reinsurance coverage on new insurance written from September 1, 2019 through July 31, 2020.

(5) Reinsurance coverage on 40% of eligible single premium policies and 20% of all other eligible policies written from September 1, 2019 through December 31, 2020.

(6) Represents the reduction in Essent Guaranty, Inc.'s Minimum Required Assets based on our interpretation of the PMIERS.

Essent Group Ltd. and Subsidiaries
Supplemental Information
Portfolio Geographic Data

IIF by State

	December 31, 2020	September 30, 2020	December 31, 2019
CA	12.0%	11.2%	10.0%
TX	9.7	9.6	8.6
FL	8.7	8.5	7.9
CO	4.1	4.1	3.7
WA	3.8	3.9	4.4
AZ	3.6	3.5	3.3
IL	3.4	3.5	3.7
NJ	3.3	3.4	3.6
VA	3.1	3.2	3.2
MD	3.0	3.0	2.8
All Others	45.3	46.1	48.8
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Gross RIF by State

	December 31, 2020	September 30, 2020	December 31, 2019
CA	11.8%	11.0%	9.8%
TX	10.0	9.9	8.9
FL	9.0	8.7	8.0
CO	4.1	4.0	3.6
WA	3.8	3.9	4.4
AZ	3.5	3.4	3.2
IL	3.3	3.4	3.5
NJ	3.2	3.3	3.6
GA	3.1	3.1	3.3
VA	3.1	3.1	3.1
All Others	45.1	46.2	48.6
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,
	2020	2019	2020	2019
Beginning default inventory	35,464	5,232	5,947	4,024
Plus: new defaults	8,745	3,826	62,649	13,304
Less: cures	(12,679)	(3,027)	(36,711)	(10,985)
Less: claims paid	(49)	(80)	(378)	(377)
Less: rescissions and denials, net	(12)	(4)	(38)	(19)
Ending default inventory	<u>31,469</u>	<u>5,947</u>	<u>31,469</u>	<u>5,947</u>

Rollforward of Reserve for Losses and LAE

(\$ in thousands)	Three Months Ended		Year Ended	
	December 31,	December 31,	December 31,	December 31,
	2020	2019	2020	2019
Reserve for losses and LAE at beginning of period	\$ 307,737	\$ 61,436	\$ 69,362	\$ 49,464
Less: Reinsurance recoverables	11,898	—	71	—
Net reserve for losses and LAE at beginning of period	<u>295,839</u>	<u>61,436</u>	<u>69,291</u>	<u>49,464</u>
Add provision for losses and LAE occurring in:				
Current period	63,949	12,658	317,516	50,562
Prior years	(1,876)	(1,729)	(16,223)	(17,576)
Incurred losses and LAE during the period	<u>62,073</u>	<u>10,929</u>	<u>301,293</u>	<u>32,986</u>
Deduct payments for losses and LAE occurring in:				
Current period	524	631	1,018	1,288
Prior years	1,508	2,443	13,686	11,871
Loss and LAE payments during the period	<u>2,032</u>	<u>3,074</u>	<u>14,704</u>	<u>13,159</u>
Net reserve for losses and LAE at end of period	355,880	69,291	355,880	69,291
Plus: Reinsurance recoverables	19,061	71	19,061	71
Reserve for losses and LAE at end of period	<u>\$ 374,941</u>	<u>\$ 69,362</u>	<u>\$ 374,941</u>	<u>\$ 69,362</u>

Claims

	Three Months Ended		Year Ended	
	December 31,	December 31,	December 31,	December 31,
	2020	2019	2020	2019
Number of claims paid	49	80	378	377
Total amount paid for claims (in thousands)	\$ 1,922	\$ 2,922	\$ 14,354	\$ 12,613
Average amount paid per claim (in thousands)	\$ 39	\$ 37	\$ 38	\$ 33
Severity	62%	76%	75%	74%

Essent Group Ltd. and Subsidiaries
Supplemental Information
Defaults, Reserve for Losses and LAE, and Claims
U.S. Mortgage Insurance Portfolio

December 31, 2020

	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
<i>(\$ in thousands)</i>						
Missed Payments:						
Three payments or less	6,631	21%	\$ 47,905	14%	\$ 384,668	12%
Four to eleven payments	23,543	75	260,593	76	1,553,593	17
Twelve or more payments	1,243	4	32,593	9	67,501	48
Pending claims	52	—	2,199	1	2,843	77
Total case reserves (1)	<u>31,469</u>	<u>100%</u>	<u>343,290</u>	<u>100%</u>	<u>\$ 2,008,605</u>	<u>17</u>
IBNR			25,747			
LAE			4,831			
Total reserves for losses and LAE (1)			<u>\$ 373,868</u>			
Average reserve per default:						
Case			\$ 10.9			
Total			\$ 11.9			
Default Rate	3.93%					

(1) The U.S. Mortgage Insurance Portfolio reserves exclude reserves on GSE and other risk share at Essent Re of \$1,073.

December 31, 2019

	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
<i>(\$ in thousands)</i>						
Missed Payments:						
Three payments or less	3,310	56%	\$ 15,793	25%	\$ 177,238	9%
Four to eleven payments	2,035	34	28,006	44	108,743	26
Twelve or more payments	473	8	13,549	22	27,152	50
Pending claims	129	2	5,832	9	6,777	86
Total case reserves (2)	<u>5,947</u>	<u>100%</u>	<u>63,180</u>	<u>100%</u>	<u>\$ 319,910</u>	<u>20</u>
IBNR			4,738			
LAE			1,265			
Total reserves for losses and LAE (2)			<u>\$ 69,183</u>			
Average reserve per default:						
Case			\$ 10.6			
Total			\$ 11.6			
Default Rate	0.85%					

(2) The U.S. Mortgage Insurance Portfolio reserves exclude reserves on GSE and other risk share at Essent Re of \$179.

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

Investments Available for Sale by Asset Class

Asset Class (\$ in thousands)	December 31, 2020		December 31, 2019	
	Fair Value	Percent	Fair Value	Percent
U.S. Treasury securities	\$ 268,444	5.9%	\$ 242,206	7.2%
U.S. agency securities	18,085	0.4	33,605	1.0
U.S. agency mortgage-backed securities	995,905	21.8	848,334	25.3
Municipal debt securities	551,517	12.1	361,638	10.8
Non-U.S. government securities	61,607	1.3	54,995	1.7
Corporate debt securities	1,126,512	24.7	880,301	26.3
Residential and commercial mortgage securities	409,282	9.0	288,281	8.6
Asset-backed securities	454,717	9.9	326,025	9.7
Money market funds	679,304	14.9	315,362	9.4
Total investments available for sale	<u>\$ 4,565,373</u>	<u>100.0%</u>	<u>\$ 3,350,747</u>	<u>100.0%</u>

Investments Available for Sale by Credit Rating

Rating (1) (\$ in thousands)	December 31, 2020		December 31, 2019	
	Fair Value	Percent	Fair Value	Percent
Aaa	\$ 2,564,746	56.2%	\$ 1,817,905	54.2%
Aa1	133,100	2.9	109,122	3.3
Aa2	260,462	5.7	145,282	4.3
Aa3	204,917	4.5	159,599	4.8
A1	249,710	5.5	206,643	6.2
A2	401,175	8.8	183,780	5.5
A3	229,882	5.0	191,933	5.7
Baa1	260,602	5.7	232,490	6.9
Baa2	178,926	3.9	179,664	5.4
Baa3	48,199	1.1	65,119	1.9
Below Baa3	33,654	0.7	59,210	1.8
Total investments available for sale	<u>\$ 4,565,373</u>	<u>100.0%</u>	<u>\$ 3,350,747</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)	December 31, 2020		December 31, 2019	
	Fair Value	Percent	Fair Value	Percent
< 1 Year	\$ 1,568,505	34.4%	\$ 1,038,782	31.0%
1 to < 2 Years	581,003	12.7	306,148	9.1
2 to < 3 Years	616,069	13.5	348,708	10.4
3 to < 4 Years	426,333	9.3	361,147	10.8
4 to < 5 Years	367,633	8.1	443,382	13.2
5 or more Years	1,005,830	22.0	852,580	25.5
Total investments available for sale	<u>\$ 4,565,373</u>	<u>100.0%</u>	<u>\$ 3,350,747</u>	<u>100.0%</u>

Pre-tax investment income yield:

Three months ended December 31, 2020	2.00%
Year ended December 31, 2020	2.11%

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

(\$ in thousands)	
As of December 31, 2020	\$ 562,714
As of December 31, 2019	\$ 98,376

Essent Group Ltd. and Subsidiaries
Supplemental Information
Insurance Company Capital

	December 31, 2020	December 31, 2019
<i>(\$ in thousands)</i>		
U.S. Mortgage Insurance Subsidiaries:		
Combined statutory capital (1)	\$ 2,659,161	\$ 2,335,828
Combined net risk in force (2)	\$ 29,493,572	\$ 29,460,191
Risk-to-capital ratios: (3)		
Essent Guaranty, Inc.	11.5:1	13.1:1
Essent Guaranty of PA, Inc.	1.7:1	2.9:1
Combined (4)	11.1:1	12.6:1
Essent Guaranty, Inc. PMIERS Data (5):		
Available Assets	\$ 2,855,923	\$ 2,337,086
Minimum Required Assets	1,647,225	1,499,369
PMIERS excess Available Assets	\$ 1,208,698	\$ 837,717
Essent Reinsurance Ltd.:		
Stockholder's equity (GAAP basis)	\$ 1,101,003	\$ 939,360
Net risk in force (2)	\$ 12,892,300	\$ 10,314,942

(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.

(5) Data is based on our interpretation of the PMIERS as of the dates indicated.

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 the basis for measures 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 and dividend equivalent 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. The Company does not view these unrealized gains and losses to be indicative of our fundamental operating performance. As of December 31, 2020 and December 31, 2019, 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, 2020 and December 31, 2019 in accordance with Regulation G:

<u>(In thousands, except per share amounts)</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Numerator:		
Total Stockholders' Equity (Book Value)	\$ 3,862,633	\$ 2,984,845
Subtract: Accumulated Other Comprehensive Income	<u>138,274</u>	<u>56,187</u>
Adjusted Book Value	<u>\$ 3,724,359</u>	<u>\$ 2,928,658</u>
Denominator:		
Total Common Shares Outstanding	112,423	98,394
Add: Restricted Share Units and Dividend Equivalent Units Outstanding	<u>513</u>	<u>356</u>
Total Common Shares and Share Units Outstanding	<u>112,936</u>	<u>98,750</u>
Adjusted Book Value per Share	<u>\$ 32.98</u>	<u>\$ 29.66</u>