

Essent Group Ltd. and Subsidiaries
Financial Results and Supplemental Information (Unaudited)
Quarter Ended March 31, 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 March 31,	
	2018	2017
Revenues:		
Net premiums written	\$ 165,225	\$ 119,297
Increase in unearned premiums	(12,667)	(1,646)
Net premiums earned	152,558	117,651
Net investment income	13,714	8,435
Realized investment gains, net	197	655
Other income	994	851
Total revenues	167,463	127,592
Losses and expenses:		
Provision for losses and LAE	5,309	3,693
Other underwriting and operating expenses	38,124	36,332
Interest expense	2,450	716
Total losses and expenses	45,883	40,741
Income before income taxes	121,580	86,851
Income tax expense	10,511	20,253
Net income	\$ 111,069	\$ 66,598
Earnings per share:		
Basic	\$ 1.14	\$ 0.73
Diluted	1.13	0.72
Weighted average shares outstanding:		
Basic	97,298	91,258
Diluted	97,951	93,023
Net income	\$ 111,069	\$ 66,598
Other comprehensive income (loss):		
Change in unrealized (depreciation) appreciation of investments	(28,750)	4,850
Total other comprehensive (loss) income	(28,750)	4,850
Comprehensive income	\$ 82,319	\$ 71,448
Loss ratio	3.5%	3.1%
Expense ratio	25.0	30.9
Combined ratio	28.5%	34.0%

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

<u>(In thousands, except per share amounts)</u>	March 31,	December 31,
	2018	2017
Assets		
Investments available for sale, at fair value		
Fixed maturities	\$ 2,080,365	\$ 1,992,371
Short-term investments	380,762	312,694
Total investments	<u>2,461,127</u>	<u>2,305,065</u>
Cash	32,958	43,524
Accrued investment income	14,383	12,807
Accounts receivable	45,953	29,752
Deferred policy acquisition costs	15,563	15,354
Property and equipment	6,590	6,979
Prepaid federal income tax	151,294	252,157
Other assets	<u>13,349</u>	<u>8,730</u>
Total assets	<u>\$ 2,741,217</u>	<u>\$ 2,674,368</u>
Liabilities and Stockholders' Equity		
Liabilities		
Reserve for losses and LAE	\$ 49,966	\$ 46,850
Unearned premium reserve	272,339	259,672
Net deferred tax liability	132,325	127,636
Credit facility borrowings, net of deferred costs	263,697	248,591
Securities purchased payable	6,201	14,999
Other accrued liabilities	21,399	36,184
Total liabilities	<u>745,927</u>	<u>733,932</u>
Commitments and contingencies		
Stockholders' Equity		
Common shares	1,472	1,476
Additional paid-in capital	1,099,676	1,127,137
Accumulated other comprehensive loss	(32,002)	(3,252)
Retained earnings	926,144	815,075
Total stockholders' equity	<u>1,995,290</u>	<u>1,940,436</u>
Total liabilities and stockholders' equity	<u>\$ 2,741,217</u>	<u>\$ 2,674,368</u>
Return on average equity (1)	22.6%	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		
	March 31	December 31	September 30	June 30	March 31
<i>(In thousands, except per share amounts)</i>					
Revenues:					
Net premiums written	\$ 165,225	\$ 161,771	\$ 155,055	\$ 134,063	\$ 119,297
Net premiums earned	152,558	147,976	137,940	126,563	117,651
Other revenues	14,905	13,134	12,263	11,043	9,941
Total revenues	167,463	161,110	150,203	137,606	127,592
Losses and expenses:					
Provision for losses and LAE	5,309	17,456	4,313	1,770	3,693
Other underwriting and operating expenses	38,124	36,480	37,035	35,686	36,332
Interest expense	2,450	1,817	1,456	1,189	716
Total losses and expenses	45,883	55,753	42,804	38,645	40,741
Income before income taxes	121,580	105,357	107,399	98,961	86,851
Income tax expense (benefit) (1) (2)	10,511	(57,281)	29,006	26,843	20,253
Net income	\$ 111,069	\$ 162,638	\$ 78,393	\$ 72,118	\$ 66,598
Earnings per share:					
Basic	\$ 1.14	\$ 1.69	\$ 0.83	\$ 0.79	\$ 0.73
Diluted	1.13	1.65	0.82	0.77	0.72
Weighted average shares outstanding:					
Basic	97,298	96,429	94,185	91,381	91,258
Diluted	97,951	98,497	96,094	93,162	93,023
Other Data:					
Loss ratio (3)	3.5%	11.8%	3.1%	1.4%	3.1%
Expense ratio (4)	25.0	24.7	26.8	28.2	30.9
Combined ratio	28.5%	36.4%	30.0%	29.6%	34.0%
Return on average equity (annualized)	22.6%	35.0%	19.1%	19.8%	19.3%

(1) 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.

(2) 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.

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

(4) 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: <u>(\$ in thousands)</u>	2018		2017		
	March 31	December 31	September 30	June 30	March 31
U.S. Mortgage Insurance Portfolio					
Flow:					
New insurance written	\$ 9,336,150	\$ 11,234,855	\$ 13,221,038	\$ 11,368,276	\$ 8,034,153
New risk written	2,295,314	2,737,008	3,228,603	2,786,501	1,929,832
Bulk:					
New insurance written	\$ —	\$ —	\$ —	\$ —	\$ —
New risk written	—	—	—	—	—
Total:					
Average premium rate (5)	0.52%	0.53%	0.53%	0.53%	0.53%
New insurance written	\$ 9,336,150	\$ 11,234,855	\$ 13,221,038	\$ 11,368,276	\$ 8,034,153
New risk written	\$ 2,295,314	\$ 2,737,008	\$ 3,228,603	\$ 2,786,501	\$ 1,929,832
Insurance in force (end of period)	\$ 115,250,949	\$ 110,461,950	\$ 103,936,307	\$ 95,494,390	\$ 87,993,227
Risk in force, gross (end of period) (6)	\$ 28,691,561	\$ 27,443,985	\$ 25,807,358	\$ 23,665,045	\$ 21,801,667
Risk in force (end of period)	\$ 28,267,149	\$ 27,443,985	\$ 25,807,358	\$ 23,665,045	\$ 21,801,667
Policies in force	517,215	496,477	467,483	430,585	397,650
Weighted average coverage (7)	24.9%	24.8%	24.8%	24.8%	24.8%
Annual persistency	83.5%	83.9%	82.1%	80.1%	78.2%
Loans in default (count)	4,442	4,783	2,153	1,776	1,777
Percentage of loans in default	0.86%	0.96%	0.46%	0.41%	0.45%
Other Risk in Force					
GSE Risk Share (8)	\$ 557,692	\$ 538,944	\$ 501,485	\$ 479,762	\$ 436,991
Credit Facility					
Borrowings outstanding	\$ 265,000	\$ 250,000	\$ 175,000	\$ 175,000	\$ 125,000
Undrawn committed capacity	\$ 110,000	\$ 125,000	\$ 200,000	\$ 200,000	\$ 75,000
Weighted average interest rate	3.82%				

(5) Average 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.

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

(7) Weighted average coverage is calculated by dividing end of period gross 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					
	March 31, 2018		December 31, 2017		March 31, 2017	
(\$ in thousands)						
>=760	\$ 3,832,218	41.0%	\$ 4,551,775	40.5%	\$ 3,399,754	42.3%
740-759	1,550,138	16.6	1,793,713	16.0	1,243,278	15.5
720-739	1,339,145	14.3	1,644,956	14.6	1,149,215	14.3
700-719	1,144,900	12.3	1,378,170	12.3	958,015	11.9
680-699	809,618	8.7	1,024,440	9.1	694,814	8.7
<=679	660,131	7.1	841,801	7.5	589,077	7.3
Total	\$ 9,336,150	100.0%	\$ 11,234,855	100.0%	\$ 8,034,153	100.0%
 Weighted average credit score	744		743		745	

NIW by LTV

	Three Months Ended					
	March 31, 2018		December 31, 2017		March 31, 2017	
(\$ in thousands)						
85.00% and below	\$ 1,212,336	13.0%	\$ 1,532,008	13.6%	\$ 1,218,800	15.2%
85.01% to 90.00%	2,708,512	29.0	3,286,879	29.3	2,498,907	31.1
90.01% to 95.00%	4,078,208	43.7	4,845,713	43.1	3,511,603	43.7
95.01% and above	1,337,094	14.3	1,570,255	14.0	804,843	10.0
Total	\$ 9,336,150	100.0%	\$ 11,234,855	100.0%	\$ 8,034,153	100.0%
 Weighted average LTV	92%		92%		92%	

NIW by Product

	Three Months Ended		
	March 31, 2018	December 31, 2017	March 31, 2017
Single Premium policies	20.3%	19.0%	14.2%
Monthly Premium policies	79.7	81.0	85.8
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

NIW by Purchase vs. Refinance

	Three Months Ended		
	March 31, 2018	December 31, 2017	March 31, 2017
Purchase	85.3%	84.4%	78.9%
Refinance	14.7	15.6	21.1
	<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)	March 31, 2018		December 31, 2017		March 31, 2017	
>=760	\$ 50,359,464	43.7%	\$ 48,668,705	44.1%	\$ 39,724,096	45.1%
740-759	18,791,203	16.3	17,939,206	16.2	14,460,034	16.4
720-739	16,473,367	14.3	15,761,787	14.3	12,550,737	14.3
700-719	12,857,417	11.2	12,167,285	11.0	9,325,770	10.6
680-699	9,622,067	8.3	9,156,196	8.3	7,051,155	8.0
<=679	7,147,431	6.2	6,768,771	6.1	4,881,435	5.6
Total	<u>\$ 115,250,949</u>	<u>100.0%</u>	<u>\$ 110,461,950</u>	<u>100.0%</u>	<u>\$ 87,993,227</u>	<u>100.0%</u>

Weighted average credit score 747 747 748

RIF, gross by FICO score (\$ in thousands)	March 31, 2018		December 31, 2017		March 31, 2017	
>=760	\$ 12,519,237	43.6%	\$ 12,058,196	43.9%	\$ 9,791,036	44.9%
740-759	4,707,875	16.4	4,485,439	16.4	3,609,590	16.6
720-739	4,142,041	14.5	3,957,922	14.4	3,146,943	14.4
700-719	3,192,804	11.1	3,018,341	11.0	2,303,107	10.6
680-699	2,402,777	8.4	2,286,082	8.3	1,762,997	8.1
<=679	1,726,827	6.0	1,638,005	6.0	1,187,994	5.4
Total	<u>\$ 28,691,561</u>	<u>100.0%</u>	<u>\$ 27,443,985</u>	<u>100.0%</u>	<u>\$ 21,801,667</u>	<u>100.0%</u>

Portfolio by LTV

IIF by LTV (\$ in thousands)	March 31, 2018		December 31, 2017		March 31, 2017	
85.00% and below	\$ 13,371,220	11.6%	\$ 12,917,751	11.7%	\$ 10,403,824	11.8%
85.01% to 90.00%	35,907,759	31.2	34,794,108	31.5	28,744,011	32.7
90.01% to 95.00%	56,367,801	48.9	54,323,103	49.2	44,862,812	51.0
95.01% and above	9,604,169	8.3	8,426,988	7.6	3,982,580	4.5
Total	<u>\$ 115,250,949</u>	<u>100.0%</u>	<u>\$ 110,461,950</u>	<u>100.0%</u>	<u>\$ 87,993,227</u>	<u>100.0%</u>

Weighted average LTV 92% 92% 92%

RIF, gross by LTV (\$ in thousands)	March 31, 2018		December 31, 2017		March 31, 2017	
85.00% and below	\$ 1,519,929	5.3%	\$ 1,462,351	5.3%	\$ 1,172,920	5.4%
85.01% to 90.00%	8,543,010	29.8	8,262,322	30.1	6,821,725	31.3
90.01% to 95.00%	16,176,713	56.4	15,576,125	56.8	12,829,032	58.8
95.01% and above	2,451,909	8.5	2,143,187	7.8	977,990	4.5
Total	<u>\$ 28,691,561</u>	<u>100.0%</u>	<u>\$ 27,443,985</u>	<u>100.0%</u>	<u>\$ 21,801,667</u>	<u>100.0%</u>

Portfolio by Loan Amortization Period

IIF by Loan Amortization Period (\$ in thousands)	March 31, 2018		December 31, 2017		March 31, 2017	
FRM 30 years and higher	\$ 105,438,023	91.5%	\$ 100,592,946	91.1%	\$ 79,647,327	90.5%
FRM 20-25 years	3,008,292	2.6	2,879,977	2.6	2,298,806	2.6
FRM 15 years	3,746,030	3.2	3,857,152	3.5	3,290,900	3.8
ARM 5 years and higher	3,058,604	2.7	3,131,875	2.8	2,756,194	3.1
Total	<u>\$ 115,250,949</u>	<u>100.0%</u>	<u>\$ 110,461,950</u>	<u>100.0%</u>	<u>\$ 87,993,227</u>	<u>100.0%</u>

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

<u>(\$ in thousands)</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>March 31, 2017</u>
GSE Risk Share (1)	<u>\$ 557,692</u>	<u>\$ 538,944</u>	<u>\$ 436,991</u>
Weighted average credit score	751	749	750
Weighted average LTV	84%	84%	83%

(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
March 31, 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	\$ 11,906	4.8%	84	75.2%	72.2%	0.0%	3.0%	66.2%	100.0%	2.6%	—
2011	3,229,720	356,998	11.1	2,063	77.3	48.4	0.2	5.7	54.0	97.7	3.7	37
2012	11,241,161	2,531,515	22.5	13,199	76.7	57.5	0.5	5.6	56.1	98.6	2.4	133
2013	21,152,638	6,393,562	30.2	32,826	79.8	58.9	1.9	7.9	51.4	98.1	2.4	365
2014	24,799,434	10,124,415	40.8	52,696	88.2	62.1	4.2	15.4	41.9	95.6	3.5	791
2015	26,193,656	16,271,432	62.1	75,633	83.6	57.0	2.5	14.6	43.9	97.1	3.9	885
2016	34,949,319	29,173,825	83.5	125,675	80.6	55.0	6.3	13.8	45.2	98.2	4.5	1,080
2017	43,858,322	41,114,906	93.7	177,474	85.3	57.3	13.3	16.3	41.6	96.9	7.0	1,146
2018 (through March 31)	9,336,150	9,272,390	99.3	37,565	85.3	58.0	14.4	15.8	41.0	98.0	0.9	5
Total	<u>\$ 175,006,298</u>	<u>\$ 115,250,949</u>	65.9	<u>517,215</u>	83.6	57.2	8.3	14.6	43.7	97.3	3.6	<u>4,442</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

	March 31, 2018	December 31, 2017	March 31, 2017
CA	9.4%	9.4%	9.4%
TX	8.0	8.0	8.2
FL	7.1	7.0	6.8
WA	4.8	4.8	4.8
IL	3.9	4.0	3.9
NJ	3.7	3.7	3.6
NC	3.5	3.5	3.6
GA	3.4	3.4	3.4
OH	3.2	3.2	3.1
AZ	3.2	3.1	3.2
All Others	49.8	49.9	50.0
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

RIF, gross by State

	March 31, 2018	December 31, 2017	March 31, 2017
CA	9.1%	9.1%	9.0%
TX	8.2	8.3	8.5
FL	7.2	7.1	7.0
WA	4.9	4.9	4.9
IL	3.8	3.9	3.9
NJ	3.7	3.6	3.5
NC	3.5	3.5	3.7
GA	3.5	3.5	3.5
OH	3.3	3.2	3.1
AZ	3.1	3.1	3.1
All Others	49.7	49.8	49.8
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		
	March 31, 2018	December 31, 2017	March 31, 2017
Beginning default inventory	4,783	2,153	1,757
Plus: new defaults	1,994	4,332	1,200
Less: cures	(2,270)	(1,648)	(1,114)
Less: claims paid	(63)	(53)	(65)
Less: rescissions and denials, net	(2)	(1)	(1)
Ending default inventory	<u>4,442</u>	<u>4,783</u>	<u>1,777</u>

Rollforward of Reserve for Losses and LAE

	Three Months Ended		
	March 31, 2018	December 31, 2017	March 31, 2017
(\$ in thousands)			
Reserve for losses and LAE at beginning of period	\$ 46,850	\$ 31,579	\$ 28,142
Add provision for losses and LAE occurring in:			
Current year	9,952	18,912	7,090
Prior years	(4,643)	(1,456)	(3,397)
Incurred losses and LAE during the period	<u>5,309</u>	<u>17,456</u>	<u>3,693</u>
Deduct payments for losses and LAE occurring in:			
Current year	—	390	1
Prior years	2,193	1,795	2,366
Loss and LAE payments during the period	<u>2,193</u>	<u>2,185</u>	<u>2,367</u>
Reserve for losses and LAE at end of period	<u>\$ 49,966</u>	<u>\$ 46,850</u>	<u>\$ 29,468</u>

Claims

	Three Months Ended		
	March 31, 2018	December 31, 2017	March 31, 2017
Number of claims paid	63	53	65
Total amount paid for claims (in thousands)	\$ 2,143	\$ 2,125	\$ 2,307
Average amount paid per claim (in thousands)	\$ 34	\$ 40	\$ 35
Severity	76%	87%	87%

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

March 31, 2018

<u>(\$ in thousands)</u>	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
Missed Payments:						
Three payments or less	1,958	44%	\$ 10,879	24%	\$ 110,964	10%
Four to eleven payments	2,214	50	25,547	56	130,461	20
Twelve or more payments	239	5	7,877	17	13,343	59
Pending claims	31	1	1,399	3	1,576	89
Total case reserves	<u>4,442</u>	<u>100%</u>	<u>45,702</u>	<u>100%</u>	<u>\$ 256,344</u>	<u>18</u>
IBNR			3,428			
LAE			836			
Total reserves for losses and LAE			<u>\$ 49,966</u>			
Average reserve per default:						
Case			\$ 10.3			
Total			\$ 11.2			
Default Rate	0.86%					

December 31, 2017

<u>(\$ in thousands)</u>	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
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%					

March 31, 2017

<u>(\$ in thousands)</u>	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
Missed Payments:						
Three payments or less	869	49%	\$ 6,426	24%	\$ 50,004	13%
Four to eleven payments	690	39	13,428	50	38,252	35
Twelve or more payments	184	10	5,673	21	9,403	60
Pending claims	34	2	1,437	5	1,748	82
Total case reserves	<u>1,777</u>	<u>100%</u>	<u>26,964</u>	<u>100%</u>	<u>\$ 99,407</u>	<u>27</u>
IBNR			2,022			
LAE			482			
Total reserves for losses and LAE			<u>\$ 29,468</u>			
Average reserve per default:						
Case			\$ 15.2			
Total			\$ 16.6			
Default Rate	0.45%					

Essent Group Ltd. and Subsidiaries
Supplemental Information
Investment Portfolio

Investment Portfolio by Asset Class

Asset Class (\$ in thousands)	March 31, 2018		December 31, 2017	
	Fair Value	Percent	Fair Value	Percent
U.S. Treasury securities	\$ 204,556	8.3%	\$ 227,805	9.9%
U.S. agency securities	32,821	1.3	33,114	1.4
U.S. agency mortgage-backed securities	476,220	19.3	456,037	19.8
Municipal debt securities	478,933	19.5	465,255	20.2
Corporate debt securities	626,943	25.5	611,728	26.5
Residential and commercial mortgage securities	86,430	3.5	79,407	3.5
Asset-backed securities	183,449	7.5	167,922	7.3
Money market funds	371,775	15.1	263,797	11.4
Total Investments	\$ 2,461,127	100.0%	\$ 2,305,065	100.0%

Investment Portfolio by Credit Rating

Rating (1) (\$ in thousands)	March 31, 2018		December 31, 2017	
	Fair Value	Percent	Fair Value	Percent
Aaa	\$ 1,286,694	52.3%	\$ 1,160,200	50.3%
Aa1	130,010	5.3	115,237	5.0
Aa2	122,350	5.0	123,551	5.4
Aa3	127,961	5.2	127,785	5.6
A1	220,156	8.9	205,369	8.9
A2	151,375	6.1	157,651	6.8
A3	135,577	5.5	148,246	6.4
Baa1	133,319	5.4	115,178	5.0
Baa2	98,590	4.0	87,869	3.8
Baa3	36,221	1.5	43,024	1.9
Below Baa3	18,874	0.8	20,955	0.9
Total Investments	\$ 2,461,127	100.0%	\$ 2,305,065	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)	March 31, 2018		December 31, 2017	
	Fair Value	Percent	Fair Value	Percent
< 1 Year	\$ 707,892	28.8%	\$ 628,958	27.3%
1 to < 2 Years	141,339	5.7	164,856	7.2
2 to < 3 Years	293,604	11.9	280,177	12.2
3 to < 4 Years	199,392	8.1	263,799	11.4
4 to < 5 Years	311,762	12.7	263,273	11.4
5 or more Years	807,138	32.8	704,002	30.5
Total Investments	\$ 2,461,127	100.0%	\$ 2,305,065	100.0%

Pre-tax investment income yield:

Three months ended March 31, 2018 2.39%

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

(\$ in thousands)

As of March 31, 2018 \$ 75,947

As of December 31, 2017 \$ 104,167

Essent Group Ltd. and Subsidiaries
Supplemental Information
Insurance Company Capital

<u>(\$ in thousands)</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
U.S. Mortgage Insurance Subsidiaries:		
Combined statutory capital (1)	\$ 1,633,888	\$ 1,528,869
Combined net risk in force (2)	\$ 22,181,471	\$ 21,637,409
Risk-to-capital ratios: (3)		
Essent Guaranty, Inc.	14.1:1	14.7:1
Essent Guaranty of PA, Inc.	5.0:1	5.4:1
Combined (4)	13.6:1	14.2:1
Essent Reinsurance Ltd.:		
Stockholder's equity (GAAP basis)	\$ 684,762	\$ 662,819
Net risk in force (2)	\$ 6,594,240	\$ 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 March 31, 2018, December 31, 2017 and March 31, 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 March 31, 2018, December 31, 2017 and March 31, 2017 in accordance with Regulation G:

<u>(In thousands, except per share amounts)</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>March 31, 2017</u>
Numerator:			
Total Stockholders' Equity (Book Value)	\$ 1,995,290	\$ 1,940,436	\$ 1,412,752
Subtract: Accumulated Other Comprehensive Income (Loss)	<u>(32,002)</u>	<u>(3,252)</u>	<u>(7,405)</u>
Adjusted Book Value	<u>\$ 2,027,292</u>	<u>\$ 1,943,688</u>	<u>\$ 1,420,157</u>
Denominator:			
Total Common Shares Outstanding	98,102	98,434	93,377
Add: Restricted Share Units Outstanding	<u>456</u>	<u>536</u>	<u>598</u>
Total Common Shares and Share Units Outstanding	<u>98,558</u>	<u>98,970</u>	<u>93,975</u>
Adjusted Book Value per Share	<u>\$ 20.57</u>	<u>\$ 19.64</u>	<u>\$ 15.11</u>