

Essent Group Ltd. and Subsidiaries
Financial Results and Supplemental Information (Unaudited)
Quarter Ended September 30, 2015

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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,	
	2015	2014	2015	2014
Revenues:				
Net premiums written	\$ 97,478	\$ 77,862	\$ 272,134	\$ 193,559
Increase in unearned premiums	(13,784)	(17,539)	(35,041)	(38,144)
Net premiums earned	83,694	60,323	237,093	155,415
Net investment income	5,322	3,405	14,322	8,383
Realized investment gains, net	548	151	1,765	619
Other income	2,172	742	2,634	2,308
Total revenues	91,736	64,621	255,814	166,725
Losses and expenses:				
Provision for losses and LAE	3,393	1,391	7,706	3,259
Other underwriting and operating expenses	28,714	24,469	83,360	71,576
Total losses and expenses	32,107	25,860	91,066	74,835
Income before income taxes	59,629	38,761	164,748	91,890
Income tax expense	18,808	13,691	51,896	32,259
Net income	\$ 40,821	\$ 25,070	\$ 112,852	\$ 59,631
Earnings per share:				
Basic	\$ 0.45	\$ 0.30	\$ 1.25	\$ 0.72
Diluted	0.44	0.29	1.23	0.70
Weighted average shares outstanding:				
Basic	90,418	83,640	90,317	83,263
Diluted	91,841	85,028	91,678	84,811
Net income	\$ 40,821	\$ 25,070	\$ 112,852	\$ 59,631
Other comprehensive income (loss):				
Change in unrealized appreciation (depreciation) of investments	4,260	(1,405)	380	3,989
Total other comprehensive income (loss)	4,260	(1,405)	380	3,989
Comprehensive income	\$ 45,081	\$ 23,665	\$ 113,232	\$ 63,620
Loss ratio	4.1%	2.3%	3.3%	2.1%
Expense ratio	34.3%	40.6%	35.2%	46.1%
Combined ratio	38.4%	42.9%	38.4%	48.2%

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

<u>(In thousands, except per share amounts)</u>	<u>September 30,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
Assets		
Investments available for sale, at fair value		
Fixed maturities	\$ 1,118,914	\$ 846,925
Short-term investments	121,600	210,688
Total investments	<u>1,240,514</u>	<u>1,057,613</u>
Cash	18,723	24,411
Accrued investment income	7,372	5,748
Accounts receivable	17,053	15,810
Deferred policy acquisition costs	11,229	9,597
Property and equipment (at cost, less accumulated depreciation of \$41,646 in 2015 and \$39,260 in 2014)	8,126	5,841
Prepaid federal income tax	107,412	59,673
Other assets	<u>1,505</u>	<u>2,768</u>
Total assets	<u><u>\$ 1,411,934</u></u>	<u><u>\$ 1,181,461</u></u>
Liabilities and Stockholders' Equity		
Liabilities		
Reserve for losses and LAE	\$ 14,548	\$ 8,427
Unearned premium reserve	191,989	156,948
Accrued payroll and bonuses	12,213	14,585
Net deferred tax liability	77,291	37,092
Securities purchased payable	28,115	227
Other accrued liabilities	11,542	8,444
Total liabilities	<u>335,698</u>	<u>225,723</u>
Commitments and contingencies		
Stockholders' Equity		
Common shares, \$0.015 par value:		
Authorized - 233,333; issued - 92,653 shares in 2015 and 92,546 shares in 2014	1,390	1,388
Additional paid-in capital	900,549	893,285
Accumulated other comprehensive income	5,047	4,667
Retained earnings	169,250	56,398
Total stockholders' equity	<u>1,076,236</u>	<u>955,738</u>
Total liabilities and stockholders' equity	<u><u>\$ 1,411,934</u></u>	<u><u>\$ 1,181,461</u></u>

Essent Group Ltd. and Subsidiaries
Supplemental Information
Historical Quarterly Data

Selected Income Statement Data	2015				2014		
	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	\$ 97,478	\$ 92,399	\$ 82,257	\$ 83,219	\$ 77,862	\$ 63,505	\$ 52,192
Net premiums earned	83,694	78,361	75,038	67,814	60,323	50,342	44,750
Other revenues (1)	8,042	5,706	4,973	4,928	4,298	3,941	3,071
Total revenues	91,736	84,067	80,011	72,742	64,621	54,283	47,821
Losses and expenses:							
Provision for losses and LAE	3,393	2,314	1,999	3,049	1,391	966	902
Other underwriting and operating expenses	28,714	27,148	27,498	25,656	24,469	23,648	23,459
Total losses and expenses	32,107	29,462	29,497	28,705	25,860	24,614	24,361
Income before income taxes	59,629	54,605	50,514	44,037	38,761	29,669	23,460
Income tax expense	18,808	17,412	15,676	15,171	13,691	10,114	8,454
Net income	\$ 40,821	\$ 37,193	\$ 34,838	\$ 28,866	\$ 25,070	\$ 19,555	\$ 15,006
Earnings per share:							
Basic	\$ 0.45	\$ 0.41	\$ 0.39	\$ 0.34	\$ 0.30	\$ 0.23	\$ 0.18
Diluted	0.44	0.41	0.38	0.33	0.29	0.23	0.18
Weighted average shares outstanding:							
Basic	90,418	90,344	90,185	86,134	83,640	83,276	82,864
Diluted	91,841	91,674	91,514	87,950	85,028	84,706	84,696
Other Data:							
Loss ratio (2)	4.1%	3.0%	2.7%	4.5%	2.3%	1.9%	2.0%
Expense ratio (3)	34.3%	34.6%	36.6%	37.8%	40.6%	47.0%	52.4%
Combined ratio	38.4%	37.6%	39.3%	42.3%	42.9%	48.9%	54.4%

(1) Other revenues include the change in the fair value of insurance and certain reinsurance policies issued by Essent Reinsurance Ltd. in connection with Freddie Mac's ACIS program that are accounted for as derivatives under GAAP. The change in fair values of these policies was \$1,258, (\$391), (\$749) and \$78 in the three months ended September 30, 2015, June 30, 2015, March 31, 2015 and December 31, 2014, respectively.

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

(3) 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)	2015				2014		
	September 30	June 30	March 31	December 31	September 30	June 30	March 31
U.S. Mortgage Insurance Portfolio							
Flow:							
New insurance written	\$ 7,384,654	\$ 7,225,401	\$ 5,346,820	\$ 6,204,821	\$ 7,283,169	\$ 5,874,334	\$ 3,630,573
New risk written	1,854,884	1,800,027	1,302,710	1,523,527	1,802,408	1,477,547	907,257
Bulk:							
New insurance written	\$ 204,867	\$ 61,258	\$ —	\$ 300,008	\$ 1,506,529	\$ —	\$ —
New risk written	25,760	4,062	—	35,007	30,131	—	—
Total:							
Average premium rate (4)	0.55%	0.57%	0.58%	0.56%	0.55%	0.54%	0.54%
New insurance written	\$ 7,589,521	\$ 7,286,659	\$ 5,346,820	\$ 6,504,829	\$ 8,789,698	\$ 5,874,334	\$ 3,630,573
New risk written	\$ 1,880,644	\$ 1,804,089	\$ 1,302,710	\$ 1,558,534	\$ 1,832,539	\$ 1,477,547	\$ 907,257
Insurance in force (end of period)	\$ 62,141,406	\$ 57,435,859	\$ 53,253,632	\$ 50,762,594	\$ 46,428,526	\$ 39,379,879	\$ 34,778,057
Risk in force (end of period)	\$ 15,229,575	\$ 13,992,701	\$ 12,891,462	\$ 12,227,270	\$ 11,152,497	\$ 9,700,549	\$ 8,493,862
Policies in force	282,671	261,996	242,477	229,721	209,841	175,773	154,451
Weighted-average coverage (5)	24.5%	24.4%	24.2%	24.1%	24.0%	24.6%	24.4%
Annual persistency	80.2%	80.3%	82.8%	86.4%	88.5%	89.1%	87.9%
Loans in default (count)	814	605	505	457	312	235	192
Percentage of loans in default	0.29%	0.23%	0.21%	0.20%	0.15%	0.13%	0.12%
Other Risk in Force							
GSE Risk Share (6)	\$ 118,073	\$ 66,291	\$ 63,533	\$ 43,733	\$ 28,398	\$ —	\$ —

(4) Average premium rate is calculated by dividing net premiums earned by average insurance in force for the period.

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

(6) Essent Reinsurance Ltd. ("Essent Re") provides insurance or reinsurance in connection with Freddie Mac's Agency Credit Insurance Structure ("ACIS") program and covers the risk in force on the loans in the reference pools associated with STACR notes issued by Freddie Mac. Essent Re also provides reinsurance in connection with Fannie Mae's Credit Insurance Risk Transfer ("CIRT") program and covers the risk in force on the loans in reference pools acquired by Fannie Mae.

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

NIW by Credit Score

	Three Months Ended				Nine Months Ended			
	September 30, 2015		September 30, 2014		September 30, 2015		September 30, 2014	
<i>(\$ in thousands)</i>								
>=760	\$ 3,255,765	44.1%	\$ 3,161,643	43.4%	\$ 8,864,296	44.4%	\$ 7,427,303	44.2%
740-759	1,197,552	16.2	1,189,598	16.3	3,257,712	16.3	2,790,779	16.6
720-739	1,016,419	13.8	1,051,260	14.4	2,859,595	14.3	2,446,079	14.6
700-719	815,726	11.0	778,524	10.7	2,088,333	10.5	1,783,235	10.6
680-699	621,126	8.4	637,821	8.8	1,647,611	8.3	1,443,347	8.6
<=679	478,066	6.5	464,323	6.4	1,239,328	6.2	897,333	5.4
Total	<u>\$ 7,384,654</u>	<u>100.0%</u>	<u>\$ 7,283,169</u>	<u>100.0%</u>	<u>\$ 19,956,875</u>	<u>100.0%</u>	<u>\$16,788,076</u>	<u>100.0%</u>
Weighted-average credit score	747		747		748		748	

NIW by LTV

	Three Months Ended				Nine Months Ended			
	September 30, 2015		September 30, 2014		September 30, 2015		September 30, 2014	
<i>(\$ in thousands)</i>								
85.00% and below	\$ 803,370	10.9%	\$ 952,873	13.1%	\$ 2,506,565	12.6%	\$ 2,060,257	12.3%
85.01% to 90.00%	2,582,442	35.0	2,419,571	33.2	6,915,908	34.6	5,636,695	33.6
90.01% to 95.00%	3,826,960	51.8	3,840,911	52.7	10,105,040	50.6	8,971,604	53.4
95.01% and above	171,882	2.3	69,814	1.0	429,362	2.2	119,520	0.7
Total	<u>\$ 7,384,654</u>	<u>100.0%</u>	<u>\$ 7,283,169</u>	<u>100.0%</u>	<u>\$ 19,956,875</u>	<u>100.0%</u>	<u>\$16,788,076</u>	<u>100.0%</u>
Weighted-average LTV	92%		92%		92%		92%	

NIW by Product

	Three Months Ended		Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Single Premium policies	21.7%	19.9%	23.0%	19.1%
Monthly Premium policies	78.3	80.1	77.0	80.9
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

NIW by Purchase vs. Refinance

	Three Months Ended		Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Purchase	85.8%	83.5%	78.7%	84.9%
Refinance	14.2	16.5	21.3	15.1
	<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				Nine Months Ended			
	September 30, 2015		September 30, 2014		September 30, 2015		September 30, 2014	
(\$ in thousands)								
>=760	\$ 153,281	74.8%	\$ 490,981	32.6%	\$ 201,990	75.9%	\$ 490,981	32.6%
740-759	25,159	12.3	235,200	15.6	31,425	11.8	235,200	15.6
720-739	14,941	7.3	234,988	15.6	19,891	7.5	234,988	15.6
700-719	11,486	5.6	233,874	15.5	12,819	4.8	233,874	15.5
680-699	—	—	190,009	12.6	—	—	190,009	12.6
<=679	—	—	121,477	8.1	—	—	121,477	8.1
Total	<u>\$ 204,867</u>	<u>100.0%</u>	<u>\$ 1,506,529</u>	<u>100.0%</u>	<u>\$ 266,125</u>	<u>100.0%</u>	<u>\$ 1,506,529</u>	<u>100.0%</u>
Weighted-average credit score	773		737		774		737	

NIW by LTV

	Three Months Ended				Nine Months Ended			
	September 30, 2015		September 30, 2014		September 30, 2015		September 30, 2014	
(\$ in thousands)								
85.00% and below	\$ 2,190	1.1%	\$ 51,610	3.4%	\$ 63,448	23.8%	\$ 51,610	3.4%
85.01% to 90.00%	94,984	46.3	121,782	8.1	94,984	35.7	121,782	8.1
90.01% to 95.00%	107,693	52.6	717,853	47.7	107,693	40.5	717,853	47.7
95.01% and above	—	—	615,284	40.8	—	—	615,284	40.8
Total	<u>\$ 204,867</u>	<u>100.0%</u>	<u>\$ 1,506,529</u>	<u>100.0%</u>	<u>\$ 266,125</u>	<u>100.0%</u>	<u>\$ 1,506,529</u>	<u>100.0%</u>
Weighted-average LTV	91%		94%		89%		94%	

NIW by Product

	Three Months Ended		Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Single Premium policies	100.0%	0.0%	100.0%	0.0%
Monthly Premium policies	—	100.0	—	100.0
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

NIW by Purchase vs. Refinance

	Three Months Ended		Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Purchase	87.9%	85.8%	90.1%	85.8%
Refinance	12.1	14.2	9.9	14.2
	<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

Total IIF by FICO score (\$ in thousands)	September 30, 2015		June 30, 2015		September 30, 2014	
>=760	\$ 29,034,420	46.7%	\$ 27,079,306	47.2%	\$ 22,859,418	49.2%
740-759	10,548,621	17.0	9,814,404	17.1	8,102,165	17.5
720-739	8,920,180	14.4	8,274,037	14.4	6,561,002	14.1
700-719	6,146,299	9.9	5,596,235	9.7	4,342,161	9.4
680-699	4,675,449	7.5	4,238,060	7.4	3,102,261	6.7
<=679	2,816,437	4.5	2,433,817	4.2	1,461,519	3.1
Total	\$ 62,141,406	100.0%	\$ 57,435,859	100.0%	\$ 46,428,526	100.0%

Weighted-average credit score 751 751 754

Total RIF by FICO score (\$ in thousands)	September 30, 2015		June 30, 2015		September 30, 2014	
>=760	\$ 7,066,840	46.4%	\$ 6,557,638	46.9%	\$ 5,490,591	49.2%
740-759	2,604,845	17.1	2,410,327	17.2	1,960,787	17.6
720-739	2,215,539	14.6	2,041,686	14.6	1,593,492	14.3
700-719	1,493,506	9.8	1,347,680	9.6	1,019,259	9.1
680-699	1,160,601	7.6	1,045,595	7.5	745,744	6.7
<=679	688,244	4.5	589,775	4.2	342,624	3.1
Total	\$ 15,229,575	100.0%	\$ 13,992,701	100.0%	\$ 11,152,497	100.0%

Portfolio by LTV

Total IIF by LTV (\$ in thousands)	September 30, 2015		June 30, 2015		September 30, 2014	
85.00% and below	\$ 7,119,316	11.5%	\$ 6,801,098	11.9%	\$ 5,581,330	12.0%
85.01% to 90.00%	21,345,266	34.3	19,751,418	34.4	16,358,760	35.2
90.01% to 95.00%	32,267,048	51.9	29,600,148	51.5	23,383,926	50.4
95.01% and above	1,409,776	2.3	1,283,195	2.2	1,104,510	2.4
Total	\$ 62,141,406	100.0%	\$ 57,435,859	100.0%	\$ 46,428,526	100.0%

Weighted-average LTV 92% 92% 92%

Total RIF by LTV (\$ in thousands)	September 30, 2015		June 30, 2015		September 30, 2014	
85.00% and below	\$ 799,556	5.2%	\$ 761,349	5.4%	\$ 621,083	5.6%
85.01% to 90.00%	5,064,459	33.3	4,676,693	33.4	3,859,783	34.6
90.01% to 95.00%	9,108,483	59.8	8,335,450	59.6	6,502,875	58.3
95.01% and above	257,077	1.7	219,209	1.6	168,756	1.5
Total	\$ 15,229,575	100.0%	\$ 13,992,701	100.0%	\$ 11,152,497	100.0%

Portfolio by Loan Amortization Period

Total IIF by Loan Amortization Period (\$ in thousands)	September 30, 2015		June 30, 2015		September 30, 2014	
FRM 30 years and higher	\$ 55,347,061	89.1%	\$ 50,910,993	88.6%	\$ 40,633,185	87.5%
FRM 20-25 years	1,477,612	2.4	1,434,585	2.5	1,208,777	2.6
FRM 15 years	2,709,749	4.3	2,683,327	4.7	2,555,323	5.5
ARM 5 years and higher	2,606,984	4.2	2,406,954	4.2	2,031,241	4.4
Total	\$ 62,141,406	100.0%	\$ 57,435,859	100.0%	\$ 46,428,526	100.0%

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

(\$ in thousands)	<u>September 30, 2015</u>	<u>June 30, 2015</u>	<u>September 30, 2014</u>
GSE Risk Share (1)	\$ 118,073	\$ 66,291	\$ 28,398
Weighted-average credit score	754	758	761
Weighted-average LTV	76%	75%	75%

(1) Essent Reinsurance Ltd. ("Essent Re") provides insurance or reinsurance in connection with Freddie Mac's Agency Credit Insurance Structure ("ACIS") program and covers the risk in force on the loans in the reference pools associated with STACR notes issued by Freddie Mac. Essent Re also provides reinsurance in connection with Fannie Mae's Credit Insurance Risk Transfer ("CIRT") program and covers the risk in force on the loans in reference pools acquired by Fannie Mae.

Essent Group Ltd. and Subsidiaries
Supplemental Information
Portfolio Vintage Data

Origination year	Original Insurance Written (\$ in thousands)	Remaining Insurance in Force (\$ in thousands)	% Remaining of Original Insurance	Insurance in Force as of September 30, 2015					
				% Purchase	>90% LTV	>95% LTV	FICO < 700	FICO >= 760	% FRM
2010	\$ 245,898	\$ 54,224	22.1%	74.3%	41.6%	0.0%	2.9%	60.1%	98.7%
2011	3,229,720	968,945	30.0	74.1	40.8	0.1	4.6	56.3	94.2
2012	11,241,161	6,050,265	53.8	72.0	50.2	0.5	5.3	55.9	97.4
2013	21,152,638	14,491,552	68.5	76.1	54.0	1.8	7.8	51.3	96.7
2014	24,799,434	20,843,576	84.0	84.6	57.5	3.3	15.2	42.4	94.2
2015 (through September 30)	20,223,000	19,732,844	97.6	78.9	52.8	2.1	14.3	44.6	96.5
Total	<u>\$ 80,891,851</u>	<u>\$ 62,141,406</u>	76.8	79.4	54.2	2.3	12.1	46.7	95.8

Essent Group Ltd. and Subsidiaries
Supplemental Information
Portfolio Geographic Data

IIF by State

	<u>As of September 30, 2015</u>	<u>As of June 30, 2015</u>	<u>As of September 30, 2014</u>
CA	9.8%	9.9%	10.4%
TX	8.3	8.3	8.3
FL	6.0	5.8	5.1
WA	4.6	4.6	4.1
IL	4.1	4.0	3.8
NC	3.9	4.0	4.0
NJ	3.4	3.4	3.4
GA	3.3	3.3	3.3
PA	3.3	3.3	3.5
MA	3.3	3.4	4.1
All Others	50.0	50.0	50.0
TOTAL	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

RIF by State

	<u>As of September 30, 2015</u>	<u>As of June 30, 2015</u>	<u>As of September 30, 2014</u>
CA	9.3%	9.5%	10.0%
TX	8.6	8.6	8.4
FL	6.2	6.1	5.4
WA	4.8	4.7	4.2
IL	4.1	4.0	4.0
NC	4.0	4.1	4.3
GA	3.5	3.5	3.6
NJ	3.3	3.3	3.4
PA	3.2	3.2	3.3
AZ	3.2	3.2	3.3
All Others	49.8	49.8	50.1
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		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2015	2014	2015	2014
Beginning default inventory	605	235	457	159
Plus: new defaults	562	237	1,328	555
Less: cures	(327)	(156)	(917)	(382)
Less: claims paid	(26)	(4)	(54)	(20)
Ending default inventory	814	312	814	312

Rollforward of Reserve for Losses and LAE

(\$ in thousands)	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2015	2014	2015	2014
Reserve for losses and LAE at beginning of period	\$ 11,931	\$ 4,506	\$ 8,427	\$ 3,070
Add provision for losses and LAE occurring in:				
Current year	4,277	1,502	10,356	3,954
Prior years	(884)	(111)	(2,650)	(695)
Incurred losses during the period	3,393	1,391	7,706	3,259
Deduct payments for losses and LAE occurring in:				
Current year	122	1	262	1
Prior years	654	214	1,323	646
Loss and LAE payments during the period	776	215	1,585	647
Reserve for losses and LAE at end of period	\$ 14,548	\$ 5,682	\$ 14,548	\$ 5,682

Claims

	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2015	2014	2015	2014
Number of claims paid	26	4	54	20
Total amount paid for claims (in thousands)	\$ 750	\$ 214	\$ 1,530	\$ 636
Average amount paid per claim (in thousands)	\$ 29	\$ 54	\$ 28	\$ 32
Severity	92%	108%	86%	73%

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

As of September 30, 2015

<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 RIF
Missed Payments:						
Three payments or less	434	53%	\$ 3,700	28%	\$ 23,220	16%
Four to eleven payments	287	35	6,570	49	15,771	42
Twelve or more payments	79	10	2,484	19	3,414	73
Pending claims	14	2	589	4	590	100
Total	<u>814</u>	<u>100%</u>	<u>13,343</u>	<u>100%</u>	<u>\$ 42,995</u>	<u>31</u>
IBNR			1,001			
LAE			204			
Total			<u>\$ 14,548</u>			
Average reserve per default:						
Case			\$ 16.4			
Total			\$ 17.9			
Default Rate	0.29%					

As of December 31, 2014

<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 RIF
Missed Payments:						
Three payments or less	247	54%	\$ 2,381	31%	\$ 13,059	18%
Four to eleven payments	167	37	3,748	49	8,132	46
Twelve or more payments	34	7	1,147	15	1,510	76
Pending claims	9	2	424	5	419	101
Total	<u>457</u>	<u>100%</u>	<u>7,700</u>	<u>100%</u>	<u>\$ 23,120</u>	<u>33</u>
IBNR			578			
LAE			149			
Total			<u>\$ 8,427</u>			
Average reserve per default:						
Case			\$ 16.8			
Total			\$ 18.4			
Default Rate	0.20%					

As of September 30, 2014

<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 RIF
Missed Payments:						
Three payments or less	175	56%	\$ 1,773	34%	\$ 9,464	19%
Four to eleven payments	105	34	2,405	46	4,865	49
Twelve or more payments	26	8	788	15	1,042	76
Pending claims	6	2	226	5	223	101
Total	<u>312</u>	<u>100%</u>	<u>5,192</u>	<u>100%</u>	<u>\$ 15,594</u>	<u>33</u>
IBNR			389			
LAE			101			
Total			<u>\$ 5,682</u>			
Average reserve per default:						
Case			\$ 16.6			
Total			\$ 18.2			
Default Rate	0.15%					

Essent Group Ltd. and Subsidiaries
Supplemental Information
Investment Portfolio

Investment Portfolio by Asset Class

Asset Class (\$ in thousands)	September 30, 2015		December 31, 2014	
	Fair Value	Percent	Fair Value	Percent
U.S. Treasury securities	\$ 188,312	15.2%	\$ 74,216	7.0%
U.S. agency securities	3,185	0.3	4,520	0.4
U.S. agency mortgage-backed securities	128,225	10.3	83,540	7.9
Municipal debt securities	277,535	22.4	195,546	18.5
Corporate debt securities	371,620	30.0	296,829	28.1
Mortgage-backed securities	55,261	4.4	66,086	6.3
Asset-backed securities	124,276	10.0	126,188	11.9
Money market funds	92,100	7.4	210,688	19.9
Total Investments	\$ 1,240,514	100.0%	\$ 1,057,613	100.0%

Investment Portfolio by Credit Rating

Rating (1) (\$ in thousands)	September 30, 2015		December 31, 2014	
	Fair Value	Percent	Fair Value	Percent
Aaa	\$ 553,986	44.7%	\$ 545,807	51.6%
Aa1	58,689	4.7	47,792	4.5
Aa2	90,987	7.3	51,958	4.9
Aa3	71,243	5.7	48,261	4.6
A1	114,374	9.2	74,161	7.0
A2	108,041	8.7	67,413	6.4
A3	90,083	7.3	71,964	6.8
Baa1	72,507	5.9	60,399	5.7
Baa2	69,730	5.6	79,727	7.5
Baa3	10,469	0.9	10,131	1.0
Below Baa3	405	0.0	—	—
Total Investments	\$ 1,240,514	100.0%	\$ 1,057,613	100.0%

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

Investment Portfolio by Duration and Book Yield

Effective Duration (\$ in thousands)	September 30, 2015		December 31, 2014	
	Fair Value	Percent	Fair Value	Percent
< 1 Year	\$ 280,418	22.6%	\$ 332,399	31.4%
1 to < 2 Years	132,479	10.7	85,971	8.1
2 to < 3 Years	179,858	14.5	167,504	15.8
3 to < 4 Years	139,760	11.3	106,432	10.1
4 to < 5 Years	88,546	7.1	80,300	7.6
5 or more Years	419,453	33.8	285,007	27.0
Total Investments	\$ 1,240,514	100.0%	\$ 1,057,613	100.0%

Pre-tax investment income yield:

Three months ended September 30, 2015	1.94%
Nine months ended September 30, 2015	1.82%

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

(\$ in thousands)	
As of September 30, 2015	\$ 69,277
As of December 31, 2014	\$ 126,327

Essent Group Ltd. and Subsidiaries
Supplemental Information
Insurance Company Capital

	As of	
	September 30, 2015	December 31, 2014
<i>(\$ in thousands)</i>		
US Mortgage Insurance Business:		
Combined statutory capital (1)	\$ 864,790	\$ 705,890
Combined net risk in force (2)	\$ 13,316,327	\$ 11,426,748
Risk to capital ratios: (3)		
Essent Guaranty, Inc.	15.9:1	16.4:1
Essent Guaranty of PA, Inc.	10.6:1	14.6:1
Combined (4)	15.4:1	16.2:1
Essent Reinsurance Ltd. Mortgage Insurance Business:		
Stockholder's equity (GAAP basis)	\$ 212,189	\$ 155,123
Net risk in force (2)	\$ 2,016,977	\$ 835,976

(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.

(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, 2015 and December 31, 2014, 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, 2015 and December 31, 2014 in accordance with Regulation G:

<u>(In thousands, except per share amounts)</u>	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Numerator:		
Total Stockholders' Equity (Book Value)	\$ 1,076,236	\$ 955,738
Subtract: Accumulated Other Comprehensive Income	<u>5,047</u>	<u>4,667</u>
Adjusted Book Value	<u>\$ 1,071,189</u>	<u>\$ 951,071</u>
Denominator:		
Total Common Shares Outstanding	92,653	92,546
Add: Restricted Share Units Outstanding	<u>535</u>	<u>664</u>
Total Common Shares and Share Units Outstanding	<u>93,188</u>	<u>93,210</u>
Adjusted Book Value per Share	<u><u>\$ 11.49</u></u>	<u><u>\$ 10.20</u></u>