

**Essent Group Ltd. and Subsidiaries**  
**Financial Results and Supplemental Information (Unaudited)**  
**Quarter Ended September 30, 2016**

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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,	
	2016	2015	2016	2015
<b>Revenues:</b>				
Net premiums written	\$ 115,887	\$ 97,478	\$ 324,866	\$ 272,134
Increase in unearned premiums	(5,086)	(13,784)	(18,951)	(35,041)
Net premiums earned	110,801	83,694	305,915	237,093
Net investment income	6,781	5,322	19,665	14,322
Realized investment gains, net	435	548	1,489	1,765
Other income	3,237	2,172	4,816	2,634
<b>Total revenues</b>	<b>121,254</b>	<b>91,736</b>	<b>331,885</b>	<b>255,814</b>
<b>Losses and expenses:</b>				
Provision for losses and LAE	4,965	3,393	11,660	7,706
Other underwriting and operating expenses	32,848	28,714	95,645	83,360
<b>Total losses and expenses</b>	<b>37,813</b>	<b>32,107</b>	<b>107,305</b>	<b>91,066</b>
Income before income taxes	83,441	59,629	224,580	164,748
Income tax expense	23,730	18,808	64,660	51,896
<b>Net income</b>	<b>\$ 59,711</b>	<b>\$ 40,821</b>	<b>\$ 159,920</b>	<b>\$ 112,852</b>
<b>Earnings per share:</b>				
Basic	\$ 0.66	\$ 0.45	\$ 1.76	\$ 1.25
Diluted	0.65	0.44	1.74	1.23
<b>Weighted average shares outstanding:</b>				
Basic	90,961	90,418	90,886	90,317
Diluted	92,399	91,841	92,133	91,678
<b>Net income</b>	<b>\$ 59,711</b>	<b>\$ 40,821</b>	<b>\$ 159,920</b>	<b>\$ 112,852</b>
<b>Other comprehensive income (loss):</b>				
Change in unrealized (depreciation) appreciation of investments	(2,008)	4,260	22,053	380
Total other comprehensive (loss) income	(2,008)	4,260	22,053	380
<b>Comprehensive income</b>	<b>\$ 57,703</b>	<b>\$ 45,081</b>	<b>\$ 181,973</b>	<b>\$ 113,232</b>
<b>Loss ratio</b>	4.5%	4.1%	3.8%	3.3%
<b>Expense ratio</b>	29.6%	34.3%	31.2%	35.2%
<b>Combined ratio</b>	<b>34.1%</b>	<b>38.4%</b>	<b>35.1%</b>	<b>38.4%</b>

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

<u>(In thousands, except per share amounts)</u>	<u>September 30,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
<b>Assets</b>		
Investments available for sale, at fair value		
Fixed maturities	\$ 1,431,673	\$ 1,190,638
Short-term investments	150,483	85,996
Total investments	<u>1,582,156</u>	<u>1,276,634</u>
Cash	16,336	24,606
Accrued investment income	8,858	7,768
Accounts receivable	20,253	16,637
Deferred policy acquisition costs	13,013	11,529
Property and equipment (at cost, less accumulated depreciation of \$45,567 in 2016 and \$42,479 in 2015)	8,291	9,021
Prepaid federal income tax	163,022	119,412
Other assets	<u>5,799</u>	<u>3,492</u>
<b>Total assets</b>	<u><u>\$ 1,817,728</u></u>	<u><u>\$ 1,469,099</u></u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Reserve for losses and LAE	\$ 25,731	\$ 17,760
Unearned premium reserve	219,996	201,045
Net deferred tax liability	140,641	87,964
Revolving credit facility borrowings	50,000	—
Securities purchased payable	45,770	14,996
Other accrued liabilities	<u>25,375</u>	<u>28,093</u>
Total liabilities	<u>507,513</u>	<u>349,858</u>
Commitments and contingencies		
<b>Stockholders' Equity</b>		
Common shares, \$0.015 par value:		
Authorized - 233,333; issued - 93,102 shares in 2016 and 92,650 shares in 2015	1,397	1,390
Additional paid-in capital	913,215	904,221
Accumulated other comprehensive income (loss)	21,954	(99)
Retained earnings	<u>373,649</u>	<u>213,729</u>
Total stockholders' equity	<u>1,310,215</u>	<u>1,119,241</u>
<b>Total liabilities and stockholders' equity</b>	<u><u>\$ 1,817,728</u></u>	<u><u>\$ 1,469,099</u></u>
<b>Return on average equity (1)</b>	17.6%	15.2%

(1) The 2016 return on average equity is calculated by dividing annualized year-to-date 2016 net income by average equity. The 2015 return on average equity is calculated by dividing full year 2015 net income by average equity.

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

Selected Income Statement Data	2016			2015			
	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	\$ 115,887	\$ 108,513	\$ 100,466	\$ 98,434	\$ 97,478	\$ 92,399	\$ 82,257
Net premiums earned	110,801	100,711	94,403	89,378	83,694	78,361	75,038
Other revenues (1)	10,453	7,454	8,063	8,098	8,042	5,706	4,973
Total revenues	121,254	108,165	102,466	97,476	91,736	84,067	80,011
<b>Losses and expenses:</b>							
Provision for losses and LAE	4,965	2,964	3,731	4,199	3,393	2,314	1,999
Other underwriting and operating expenses	32,848	31,409	31,388	29,627	28,714	27,148	27,498
Total losses and expenses	37,813	34,373	35,119	33,826	32,107	29,462	29,497
Income before income taxes	83,441	73,792	67,347	63,650	59,629	54,605	50,514
Income tax expense	23,730	21,534	19,396	19,171	18,808	17,412	15,676
<b>Net income</b>	<b>\$ 59,711</b>	<b>\$ 52,258</b>	<b>\$ 47,951</b>	<b>\$ 44,479</b>	<b>\$ 40,821</b>	<b>\$ 37,193</b>	<b>\$ 34,838</b>
<b>Earnings per share:</b>							
Basic	\$ 0.66	\$ 0.57	\$ 0.53	\$ 0.49	\$ 0.45	\$ 0.41	\$ 0.39
Diluted	0.65	0.57	0.52	0.48	0.44	0.41	0.38
<b>Weighted average shares outstanding:</b>							
Basic	90,961	90,912	90,785	90,454	90,418	90,344	90,185
Diluted	92,399	92,138	91,859	91,918	91,841	91,674	91,514
<b>Other Data:</b>							
Loss ratio (2)	4.5%	2.9%	4.0%	4.7%	4.1%	3.0%	2.7%
Expense ratio (3)	29.6%	31.2%	33.2%	33.1%	34.3%	34.6%	36.6%
Combined ratio	34.1%	34.1%	37.2%	37.8%	38.4%	37.6%	39.3%
Return on average equity (annualized)	18.7%	17.2%	16.7%	16.2%	15.5%	14.7%	14.3%

(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 were accounted for as derivatives under GAAP. In the three months ended September 30, 2016, these contracts were amended and are now accounted for as insurance contracts. The change in fair values of these policies was \$2,012, (\$755), \$677, \$974, \$1,258, (\$391) and (\$749) in the three months ended September 30, 2016, June 30, 2016, March 31, 2016, December 31, 2015, September 30, 2015, June 30, 2015 and March 31, 2015, 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**

<b>Other Data, continued:</b> <i>(\$ in thousands)</i>	2016			2015			
	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	\$ 10,299,161	\$ 8,715,171	\$ 5,366,675	\$ 5,970,656	\$ 7,384,654	\$ 7,225,401	\$ 5,346,820
New risk written	2,536,734	2,167,333	1,340,588	1,486,328	1,854,884	1,800,027	1,302,710
<b>Bulk:</b>							
New insurance written	\$ —	\$ —	\$ 93,054	\$ —	\$ 204,867	\$ 61,258	\$ —
New risk written	—	—	8,480	—	25,760	4,062	—
<b>Total:</b>							
Average premium rate (4)	0.58%	0.57%	0.56%	0.55%	0.55%	0.57%	0.58%
New insurance written	\$ 10,299,161	\$ 8,715,171	\$ 5,459,729	\$ 5,970,656	\$ 7,589,521	\$ 7,286,659	\$ 5,346,820
New risk written	\$ 2,536,734	\$ 2,167,333	\$ 1,349,068	\$ 1,486,328	\$ 1,880,644	\$ 1,804,089	\$ 1,302,710
Insurance in force (end of period)	\$ 77,614,373	\$ 72,267,099	\$ 67,716,741	\$ 65,242,453	\$ 62,141,406	\$ 57,435,859	\$ 53,253,632
Risk in force (end of period)	\$ 19,289,387	\$ 17,937,364	\$ 16,745,819	\$ 16,073,174	\$ 15,229,575	\$ 13,992,701	\$ 12,891,462
Policies in force	350,600	328,441	308,779	297,437	282,671	261,996	242,477
Weighted average coverage (5)	24.9%	24.8%	24.7%	24.6%	24.5%	24.4%	24.2%
Annual persistency	79.4%	81.0%	81.0%	80.2%	80.2%	80.3%	82.8%
Loans in default (count)	1,453	1,174	1,060	1,028	814	605	505
Percentage of loans in default	0.41%	0.36%	0.34%	0.35%	0.29%	0.23%	0.21%
<b>Other Risk in Force</b>							
GSE Risk Share (6)	\$ 302,211	\$ 305,357	\$ 188,766	\$ 156,347	\$ 118,073	\$ 66,291	\$ 63,533
<b>Revolving Credit Facility</b>							
Borrowings outstanding	\$ 50,000	\$ —	N/A	N/A	N/A	N/A	N/A
Undrawn committed capacity	\$ 150,000	\$ 200,000	N/A	N/A	N/A	N/A	N/A
Interest rate at September 30, 2016:	2.52%						

(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**

	<b>Three Months Ended</b>				<b>Nine Months Ended</b>			
	<b>September 30, 2016</b>		<b>September 30, 2015</b>		<b>September 30, 2016</b>		<b>September 30, 2015</b>	
	(\$ in thousands)							
>=760	\$ 4,883,884	47.4%	\$ 3,255,765	44.1%	\$ 11,185,023	45.9%	\$ 8,864,296	44.4%
740-759	1,651,059	16.0	1,197,552	16.2	3,897,484	16.0	3,257,712	16.3
720-739	1,358,205	13.2	1,016,419	13.8	3,294,793	13.5	2,859,595	14.3
700-719	1,112,745	10.8	815,726	11.0	2,646,441	10.8	2,088,333	10.5
680-699	746,419	7.3	621,126	8.4	1,921,913	7.9	1,647,611	8.3
<=679	546,849	5.3	478,066	6.5	1,435,353	5.9	1,239,328	6.2
Total	<u>\$10,299,161</u>	<u>100.0%</u>	<u>\$ 7,384,654</u>	<u>100.0%</u>	<u>\$24,381,007</u>	<u>100.0%</u>	<u>\$19,956,875</u>	<u>100.0%</u>
Weighted average credit score	750		747		749		748	

**NIW by LTV**

	<b>Three Months Ended</b>				<b>Nine Months Ended</b>			
	<b>September 30, 2016</b>		<b>September 30, 2015</b>		<b>September 30, 2016</b>		<b>September 30, 2015</b>	
	(\$ in thousands)							
85.00% and below	\$ 1,506,576	14.6%	\$ 803,370	10.9%	\$ 3,346,647	13.7%	\$ 2,506,565	12.6%
85.01% to 90.00%	3,254,538	31.6	2,582,442	35.0	7,906,420	32.4	6,915,908	34.6
90.01% to 95.00%	4,930,162	47.9	3,826,960	51.8	11,991,142	49.2	10,105,040	50.6
95.01% and above	607,885	5.9	171,882	2.3	1,136,798	4.7	429,362	2.2
Total	<u>\$10,299,161</u>	<u>100.0%</u>	<u>\$ 7,384,654</u>	<u>100.0%</u>	<u>\$24,381,007</u>	<u>100.0%</u>	<u>\$19,956,875</u>	<u>100.0%</u>
Weighted average LTV	92%		92%		92%		92%	

**NIW by Product**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30, 2016</b>	<b>September 30, 2015</b>	<b>September 30, 2016</b>	<b>September 30, 2015</b>
	Single Premium policies	16.2%	21.7%	18.8%
Monthly Premium policies	83.8	78.3	81.2	77.0
	<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, 2016</b>	<b>September 30, 2015</b>	<b>September 30, 2016</b>	<b>September 30, 2015</b>
	Purchase	80.7%	85.8%	81.5%
Refinance	19.3	14.2	18.5	21.3
	<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**

	<b>Three Months Ended</b>				<b>Nine Months Ended</b>				
	<b>September 30, 2016</b>		<b>September 30, 2015</b>		<b>September 30, 2016</b>		<b>September 30, 2015</b>		
	(\$ in thousands)								
>=760	\$	—	0.0%	\$ 153,281	74.8%	\$ 45,625	49.0%	\$ 201,990	75.9%
740-759		—	—	25,159	12.3	18,154	19.5	31,425	11.8
720-739		—	—	14,941	7.3	11,475	12.3	19,891	7.5
700-719		—	—	11,486	5.6	8,220	8.8	12,819	4.8
680-699		—	—	—	—	6,453	7.0	—	—
<=679		—	—	—	—	3,127	3.4	—	—
<b>Total</b>	<b>\$</b>	<b>—</b>	<b>0.0%</b>	<b>\$ 204,867</b>	<b>100.0%</b>	<b>\$ 93,054</b>	<b>100.0%</b>	<b>\$ 266,125</b>	<b>100.0%</b>
Weighted average credit score			N/A	773		750		774	

**NIW by LTV**

	<b>Three Months Ended</b>				<b>Nine Months Ended</b>				
	<b>September 30, 2016</b>		<b>September 30, 2015</b>		<b>September 30, 2016</b>		<b>September 30, 2015</b>		
	(\$ in thousands)								
85.00% and below	\$	—	0.0%	\$ 2,190	1.1%	\$ 755	0.8%	\$ 63,448	23.8%
85.01% to 90.00%		—	—	94,984	46.3	27,757	29.8	94,984	35.7
90.01% to 95.00%		—	—	107,693	52.6	64,542	69.4	107,693	40.5
95.01% and above		—	—	—	—	—	—	—	—
<b>Total</b>	<b>\$</b>	<b>—</b>	<b>0.0%</b>	<b>\$ 204,867</b>	<b>100.0%</b>	<b>\$ 93,054</b>	<b>100.0%</b>	<b>\$ 266,125</b>	<b>100.0%</b>
Weighted average LTV			N/A	91%		91%		89%	

**NIW by Product**

	<b>Three Months Ended</b>				<b>Nine Months Ended</b>			
	<b>September 30, 2016</b>		<b>September 30, 2015</b>		<b>September 30, 2016</b>		<b>September 30, 2015</b>	
	(\$ in thousands)							
Single Premium policies		0.0%		100.0%		100.0%		100.0%
Monthly Premium policies		—		—		—		—
		<u>0.0%</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, 2016</b>		<b>September 30, 2015</b>		<b>September 30, 2016</b>		<b>September 30, 2015</b>	
	(\$ in thousands)							
Purchase		0.0%		87.9%		100.0%		90.1%
Refinance		—		12.1		—		9.9
		<u>0.0%</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, 2016		June 30, 2016		September 30, 2015	
>=760	\$ 35,510,017	45.8%	\$ 33,032,120	45.7%	\$ 29,034,420	46.7%
740-759	12,924,061	16.6	12,096,199	16.7	10,548,621	17.0
720-739	11,075,479	14.3	10,374,218	14.4	8,920,180	14.4
700-719	7,985,448	10.3	7,365,368	10.2	6,146,299	9.9
680-699	6,079,109	7.8	5,696,562	7.9	4,675,449	7.5
<=679	4,040,259	5.2	3,702,632	5.1	2,816,437	4.5
<b>Total</b>	<b>\$ 77,614,373</b>	<b>100.0%</b>	<b>\$ 72,267,099</b>	<b>100.0%</b>	<b>\$ 62,141,406</b>	<b>100.0%</b>

Weighted average credit score 749 749 751

Total RIF by FICO score (\$ in thousands)	September 30, 2016		June 30, 2016		September 30, 2015	
>=760	\$ 8,763,990	45.4%	\$ 8,138,995	45.4%	\$ 7,066,840	46.4%
740-759	3,236,792	16.8	3,023,589	16.9	2,604,845	17.1
720-739	2,784,413	14.4	2,607,057	14.5	2,215,539	14.6
700-719	1,977,518	10.3	1,820,731	10.1	1,493,506	9.8
680-699	1,529,092	7.9	1,432,032	8.0	1,160,601	7.6
<=679	997,582	5.2	914,960	5.1	688,244	4.5
<b>Total</b>	<b>\$ 19,289,387</b>	<b>100.0%</b>	<b>\$ 17,937,364</b>	<b>100.0%</b>	<b>\$ 15,229,575</b>	<b>100.0%</b>

**Portfolio by LTV**

Total IIF by LTV (\$ in thousands)	September 30, 2016		June 30, 2016		September 30, 2015	
85.00% and below	\$ 8,697,580	11.2%	\$ 7,957,849	11.0%	\$ 7,119,316	11.5%
85.01% to 90.00%	25,916,495	33.4	24,456,328	33.8	21,345,266	34.3
90.01% to 95.00%	40,553,061	52.2	37,911,936	52.5	32,267,048	51.9
95.01% and above	2,447,237	3.2	1,940,986	2.7	1,409,776	2.3
<b>Total</b>	<b>\$ 77,614,373</b>	<b>100.0%</b>	<b>\$ 72,267,099</b>	<b>100.0%</b>	<b>\$ 62,141,406</b>	<b>100.0%</b>

Weighted average LTV 92% 92% 92%

Total RIF by LTV (\$ in thousands)	September 30, 2016		June 30, 2016		September 30, 2015	
85.00% and below	\$ 986,759	5.1%	\$ 901,838	5.0%	\$ 799,556	5.2%
85.01% to 90.00%	6,173,686	32.0	5,824,455	32.5	5,064,459	33.3
90.01% to 95.00%	11,574,082	60.0	10,802,375	60.2	9,108,483	59.8
95.01% and above	554,860	2.9	408,696	2.3	257,077	1.7
<b>Total</b>	<b>\$ 19,289,387</b>	<b>100.0%</b>	<b>\$ 17,937,364</b>	<b>100.0%</b>	<b>\$ 15,229,575</b>	<b>100.0%</b>

**Portfolio by Loan Amortization Period**

Total IIF by Loan Amortization Period (\$ in thousands)	September 30, 2016		June 30, 2016		September 30, 2015	
FRM 30 years and higher	\$ 70,363,929	90.7%	\$ 65,269,610	90.3%	\$ 55,347,061	89.1%
FRM 20-25 years	1,808,715	2.3	1,660,361	2.3	1,477,612	2.4
FRM 15 years	2,757,521	3.5	2,653,056	3.7	2,709,749	4.3
ARM 5 years and higher	2,684,208	3.5	2,684,072	3.7	2,606,984	4.2
<b>Total</b>	<b>\$ 77,614,373</b>	<b>100.0%</b>	<b>\$ 72,267,099</b>	<b>100.0%</b>	<b>\$ 62,141,406</b>	<b>100.0%</b>



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

<u>(\$ in thousands)</u>	<u>September 30, 2016</u>	<u>June 30, 2016</u>	<u>September 30, 2015</u>
GSE Risk Share (1)	<u>\$ 302,211</u>	<u>\$ 305,357</u>	<u>\$ 118,073</u>
Weighted average credit score	751	751	754
Weighted average LTV	80%	80%	76%

(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**  
**September 30, 2016**

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	\$ 34,787	14.1%	217	78.5%	47.9%	0.0%	3.3%	58.4%	98.7%	2.8%	1
2011	3,229,720	647,804	20.1	3,500	76.2	43.8	0.2	5.2	56.0	95.2	3.7	45
2012	11,241,161	4,247,993	37.8	20,996	74.6	51.9	0.5	5.4	55.9	97.6	2.6	156
2013	21,152,638	10,373,377	49.0	50,378	77.9	55.6	1.9	7.7	51.0	97.2	2.6	337
2014	24,799,434	16,001,540	64.5	77,889	86.5	60.1	3.6	15.2	42.2	94.1	4.0	598
2015	26,193,656	22,509,458	85.9	99,714	81.1	54.4	2.4	14.8	43.7	96.6	3.1	274
2016 (through September 30)	24,474,061	23,799,414	97.2	97,906	81.6	54.1	4.7	13.8	45.7	97.7	1.6	42
Total	<u>\$ 111,336,568</u>	<u>\$ 77,614,373</u>	69.7	<u>350,600</u>	81.5	55.4	3.2	13.0	45.8	96.5	3.1	<u>1,453</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, 2016</u>	<u>June 30, 2016</u>	<u>September 30, 2015</u>
CA	9.4%	9.5%	9.8%
TX	8.3	8.3	8.3
FL	6.5	6.5	6.0
WA	4.8	4.7	4.6
IL	4.1	4.1	4.1
NC	3.7	3.8	3.9
NJ	3.4	3.4	3.4
GA	3.4	3.3	3.3
MN	3.2	3.0	2.9
AZ	3.1	3.2	3.2
All Others	50.1	50.2	50.5
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

**RIF by State**

	<u>September 30, 2016</u>	<u>June 30, 2016</u>	<u>September 30, 2015</u>
CA	9.0%	9.1%	9.3%
TX	8.5	8.6	8.6
FL	6.8	6.7	6.2
WA	4.8	4.8	4.8
IL	4.1	4.1	4.1
NC	3.8	3.9	4.0
GA	3.5	3.5	3.5
NJ	3.4	3.4	3.3
MN	3.3	3.1	3.0
AZ	3.1	3.1	3.2
All Others	49.7	49.7	50.0
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>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Beginning default inventory	1,174	605	1,028	457
Plus: new defaults	1,015	562	2,538	1,328
Less: cures	(682)	(327)	(1,996)	(917)
Less: claims paid	(54)	(26)	(115)	(54)
Less: rescissions and denials	—	—	(2)	—
Ending default inventory	<u>1,453</u>	<u>814</u>	<u>1,453</u>	<u>814</u>

**Rollforward of Reserve for Losses and LAE**

(\$ in thousands)	<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>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Reserve for losses and LAE at beginning of period	\$ 22,474	\$ 11,931	\$ 17,760	\$ 8,427
Add provision for losses and LAE occurring in:				
Current year	6,819	4,277	16,387	10,356
Prior years	(1,854)	(884)	(4,727)	(2,650)
Incurred losses during the period	<u>4,965</u>	<u>3,393</u>	<u>11,660</u>	<u>7,706</u>
Deduct payments for losses and LAE occurring in:				
Current year	355	122	467	262
Prior years	1,353	654	3,222	1,323
Loss and LAE payments during the period	<u>1,708</u>	<u>776</u>	<u>3,689</u>	<u>1,585</u>
Reserve for losses and LAE at end of period	<u>\$ 25,731</u>	<u>\$ 14,548</u>	<u>\$ 25,731</u>	<u>\$ 14,548</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>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Number of claims paid	54	26	115	54
Total amount paid for claims (in thousands)	\$ 1,668	\$ 750	\$ 3,590	\$ 1,530
Average amount paid per claim (in thousands)	\$ 31	\$ 29	\$ 31	\$ 28
Severity	68%	92%	75%	86%

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

September 30, 2016

	Number of Policies in Default	Percentage of Policies in Default	Amount of Reserves	Percentage of Reserves	Defaulted RIF	Reserves as a Percentage of Defaulted RIF
<i>(\$ in thousands)</i>						
Missed Payments:						
Three payments or less	779	54%	\$ 6,245	26%	\$ 43,000	15%
Four to eleven payments	484	33	10,207	43	25,814	40
Twelve or more payments	158	11	5,351	23	8,387	64
Pending claims	32	2	1,769	8	1,878	94
Total case reserves	<u>1,453</u>	<u>100%</u>	<u>23,572</u>	<u>100%</u>	<u>\$ 79,079</u>	<u>30</u>
IBNR			1,768			
LAE			391			
Total reserves for losses and LAE			<u>\$ 25,731</u>			
Average reserve per default:						
Case			\$ 16.2			
Total			\$ 17.7			
Default Rate	0.41%					

December 31, 2015

	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	535	52%	\$ 4,492	28%	\$ 29,003	15%
Four to eleven payments	383	37	8,283	51	20,825	40
Twelve or more payments	89	9	2,688	16	4,299	63
Pending claims	21	2	809	5	844	96
Total case reserves	<u>1,028</u>	<u>100%</u>	<u>16,272</u>	<u>100%</u>	<u>\$ 54,971</u>	<u>30</u>
IBNR			1,220			
LAE			268			
Total reserves for losses and LAE			<u>\$ 17,760</u>			
Average reserve per default:						
Case			\$ 15.8			
Total			\$ 17.3			
Default Rate	0.35%					

September 30, 2015

	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	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 case reserves	<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 reserves for losses and LAE			<u>\$ 14,548</u>			
Average reserve per default:						
Case			\$ 16.4			
Total			\$ 17.9			
Default Rate	0.29%					

**Essent Group Ltd. and Subsidiaries**  
**Supplemental Information**  
**Investment Portfolio**

**Investment Portfolio by Asset Class**

Asset Class (\$ in thousands)	September 30, 2016		December 31, 2015	
	Fair Value	Percent	Fair Value	Percent
U.S. Treasury securities	\$ 192,769	12.2%	\$ 177,607	13.9%
U.S. agency securities	17,385	1.1	13,782	1.1
U.S. agency mortgage-backed securities	284,610	18.0	159,602	12.5
Municipal debt securities	332,063	21.0	279,828	21.9
Corporate debt securities	443,882	28.0	396,732	31.1
Mortgage-backed securities	48,465	3.1	55,356	4.3
Asset-backed securities	127,498	8.0	126,629	9.9
Money market funds	135,484	8.6	67,098	5.3
Total Investments	\$ 1,582,156	100.0%	\$ 1,276,634	100.0%

**Investment Portfolio by Credit Rating**

Rating (1) (\$ in thousands)	September 30, 2016		December 31, 2015	
	Fair Value	Percent	Fair Value	Percent
Aaa	\$ 766,996	48.5%	\$ 554,789	43.5%
Aa1	86,306	5.5	74,322	5.8
Aa2	104,229	6.6	89,533	7.0
Aa3	78,244	4.9	68,587	5.4
A1	149,804	9.5	126,920	9.9
A2	122,374	7.7	122,745	9.6
A3	86,904	5.5	87,781	6.9
Baa1	83,698	5.3	80,137	6.3
Baa2	79,609	5.0	51,528	4.0
Baa3	21,222	1.3	19,662	1.5
Below Baa3	2,770	0.2	630	0.1
Total Investments	\$ 1,582,156	100.0%	\$ 1,276,634	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, 2016		December 31, 2015	
	Fair Value	Percent	Fair Value	Percent
< 1 Year	\$ 368,735	23.3%	\$ 235,001	18.4%
1 to < 2 Years	226,659	14.3	141,995	11.1
2 to < 3 Years	161,027	10.2	214,274	16.8
3 to < 4 Years	206,732	13.1	104,772	8.2
4 to < 5 Years	104,669	6.6	141,428	11.1
5 or more Years	514,334	32.5	439,164	34.4
Total Investments	\$ 1,582,156	100.0%	\$ 1,276,634	100.0%

Pre-tax investment income yield:

Three months ended September 30, 2016	2.02%
Nine months ended September 30, 2016	2.05%

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

(\$ in thousands)	
As of September 30, 2016	\$ 44,592
As of December 31, 2015	\$ 70,601

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

(\$ in thousands)	September 30, 2016	December 31, 2015
<b>U.S. Mortgage Insurance Subsidiaries:</b>		
Combined statutory capital (1)	\$ 1,078,491	\$ 913,182
Combined net risk in force (2)	\$ 15,912,766	\$ 13,847,336
Risk-to-capital ratios: (3)		
Essent Guaranty, Inc.	15.4:1	15.7:1
Essent Guaranty of PA, Inc.	7.5:1	9.7:1
Combined (4)	14.8:1	15.2:1
<b>Essent Reinsurance Ltd.:</b>		
Stockholder's equity (GAAP basis)	\$ 343,376	\$ 220,178
Net risk in force (2)	\$ 3,653,492	\$ 2,364,692

(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, 2016 and December 31, 2015, 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, 2016 and December 31, 2015 in accordance with Regulation G:

<u>(In thousands, except per share amounts)</u>	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Numerator:		
Total Stockholders' Equity (Book Value)	\$ 1,310,215	\$ 1,119,241
Subtract: Accumulated Other Comprehensive Income (Loss)	<u>21,954</u>	<u>(99)</u>
Adjusted Book Value	<u>\$ 1,288,261</u>	<u>\$ 1,119,340</u>
Denominator:		
Total Common Shares Outstanding	93,102	92,650
Add: Restricted Share Units Outstanding	<u>488</u>	<u>544</u>
Total Common Shares and Share Units Outstanding	<u>93,590</u>	<u>93,194</u>
Adjusted Book Value per Share	<u><u>\$ 13.76</u></u>	<u><u>\$ 12.01</u></u>