

Essent Group Ltd. and Subsidiaries
Financial Results and Supplemental Information (Unaudited)
Quarter and Year Ended December 31, 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 December 31,		Year Ended December 31,	
	2015	2014	2015	2014
Revenues:				
Net premiums written	\$ 98,434	\$ 83,219	\$ 370,568	\$ 276,778
Increase in unearned premiums	(9,056)	(15,405)	(44,097)	(53,549)
Net premiums earned	89,378	67,814	326,471	223,229
Net investment income	5,563	3,902	19,885	12,285
Realized investment gains, net	789	306	2,554	925
Other income	1,746	720	4,380	3,028
Total revenues	97,476	72,742	353,290	239,467
Losses and expenses:				
Provision for losses and LAE	4,199	3,049	11,905	6,308
Other underwriting and operating expenses	29,627	25,656	112,987	97,232
Total losses and expenses	33,826	28,705	124,892	103,540
Income before income taxes	63,650	44,037	228,398	135,927
Income tax expense	19,171	15,171	71,067	47,430
Net income	\$ 44,479	\$ 28,866	\$ 157,331	\$ 88,497
Earnings per share:				
Basic	\$ 0.49	\$ 0.34	\$ 1.74	\$ 1.05
Diluted	0.48	0.33	1.72	1.03
Weighted average shares outstanding:				
Basic	90,454	86,134	90,351	83,986
Diluted	91,918	87,950	91,738	85,602
Net income	\$ 44,479	\$ 28,866	\$ 157,331	\$ 88,497
Other comprehensive income (loss):				
Change in unrealized appreciation (depreciation) of investments	(5,146)	2,125	(4,766)	6,114
Total other comprehensive income (loss)	(5,146)	2,125	(4,766)	6,114
Comprehensive income	\$ 39,333	\$ 30,991	\$ 152,565	\$ 94,611
Loss ratio	4.7%	4.5%	3.6%	2.8%
Expense ratio	33.1%	37.8%	34.6%	43.6%
Combined ratio	37.8%	42.3%	38.3%	46.4%

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

<u>(In thousands, except per share amounts)</u>	December 31,	December 31,
	2015	2014
Assets		
Investments available for sale, at fair value		
Fixed maturities	\$ 1,190,638	\$ 846,925
Short-term investments	85,996	210,688
Total investments	<u>1,276,634</u>	<u>1,057,613</u>
Cash	24,606	24,411
Accrued investment income	7,768	5,748
Accounts receivable	16,637	15,810
Deferred policy acquisition costs	11,529	9,597
Property and equipment (at cost, less accumulated depreciation of \$42,479 in 2015 and \$39,260 in 2014)	9,021	5,841
Prepaid federal income tax	119,412	59,673
Other assets	<u>3,492</u>	<u>2,768</u>
Total assets	<u>\$ 1,469,099</u>	<u>\$ 1,181,461</u>
Liabilities and Stockholders' Equity		
Liabilities		
Reserve for losses and LAE	\$ 17,760	\$ 8,427
Unearned premium reserve	201,045	156,948
Accrued payroll and bonuses	15,955	14,585
Net deferred tax liability	87,964	37,092
Securities purchased payable	14,996	227
Other accrued liabilities	<u>12,138</u>	<u>8,444</u>
Total liabilities	<u>349,858</u>	<u>225,723</u>
Commitments and contingencies		
Stockholders' Equity		
Common shares, \$0.015 par value:		
Authorized - 233,333; issued - 92,650 shares in 2015 and 92,546 shares in 2014	1,390	1,388
Additional paid-in capital	904,221	893,285
Accumulated other comprehensive income (loss)	(99)	4,667
Retained earnings	213,729	56,398
Total stockholders' equity	<u>1,119,241</u>	<u>955,738</u>
Total liabilities and stockholders' equity	<u>\$ 1,469,099</u>	<u>\$ 1,181,461</u>

Essent Group Ltd. and Subsidiaries
Supplemental Information
Historical Quarterly Data

Selected Income Statement Data	2015				2014			
	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	\$ 98,434	\$ 97,478	\$ 92,399	\$ 82,257	\$ 83,219	\$ 77,862	\$ 63,505	\$ 52,192
Net premiums earned	89,378	83,694	78,361	75,038	67,814	60,323	50,342	44,750
Other revenues (1)	8,098	8,042	5,706	4,973	4,928	4,298	3,941	3,071
Total revenues	97,476	91,736	84,067	80,011	72,742	64,621	54,283	47,821
Losses and expenses:								
Provision for losses and LAE	4,199	3,393	2,314	1,999	3,049	1,391	966	902
Other underwriting and operating expenses	29,627	28,714	27,148	27,498	25,656	24,469	23,648	23,459
Total losses and expenses	33,826	32,107	29,462	29,497	28,705	25,860	24,614	24,361
Income before income taxes	63,650	59,629	54,605	50,514	44,037	38,761	29,669	23,460
Income tax expense	19,171	18,808	17,412	15,676	15,171	13,691	10,114	8,454
Net income	\$ 44,479	\$ 40,821	\$ 37,193	\$ 34,838	\$ 28,866	\$ 25,070	\$ 19,555	\$ 15,006
Earnings per share:								
Basic	\$ 0.49	\$ 0.45	\$ 0.41	\$ 0.39	\$ 0.34	\$ 0.30	\$ 0.23	\$ 0.18
Diluted	0.48	0.44	0.41	0.38	0.33	0.29	0.23	0.18
Weighted average shares outstanding:								
Basic	90,454	90,418	90,344	90,185	86,134	83,640	83,276	82,864
Diluted	91,918	91,841	91,674	91,514	87,950	85,028	84,706	84,696
Other Data:								
Loss ratio (2)	4.7%	4.1%	3.0%	2.7%	4.5%	2.3%	1.9%	2.0%
Expense ratio (3)	33.1%	34.3%	34.6%	36.6%	37.8%	40.6%	47.0%	52.4%
Combined ratio	37.8%	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 \$974, \$1,258, (\$391), (\$749) and \$78 in the three months ended December 31, 2015, 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			
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
U.S. Mortgage Insurance Portfolio								
Flow:								
New insurance written	\$ 5,970,656	\$ 7,384,654	\$ 7,225,401	\$ 5,346,820	\$ 6,204,821	\$ 7,283,169	\$ 5,874,334	\$ 3,630,573
New risk written	1,486,328	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%	0.55%	0.57%	0.58%	0.56%	0.55%	0.54%	0.54%
New insurance written	\$ 5,970,656	\$ 7,589,521	\$ 7,286,659	\$ 5,346,820	\$ 6,504,829	\$ 8,789,698	\$ 5,874,334	\$ 3,630,573
New risk written	\$ 1,486,328	\$ 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)	\$ 65,242,453	\$ 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)	\$ 16,073,174	\$ 15,229,575	\$ 13,992,701	\$ 12,891,462	\$ 12,227,270	\$ 11,152,497	\$ 9,700,549	\$ 8,493,862
Policies in force	297,437	282,671	261,996	242,477	229,721	209,841	175,773	154,451
Weighted average coverage (5)	24.6%	24.5%	24.4%	24.2%	24.1%	24.0%	24.6%	24.4%
Annual persistency	80.2%	80.2%	80.3%	82.8%	86.4%	88.5%	89.1%	87.9%
Loans in default (count)	1,028	814	605	505	457	312	235	192
Percentage of loans in default	0.35%	0.29%	0.23%	0.21%	0.20%	0.15%	0.13%	0.12%
Other Risk in Force								
GSE Risk Share (6)	\$ 156,347	\$ 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				Year Ended			
	December 31, 2015		December 31, 2014		December 31, 2015		December 31, 2014	
(\$ in thousands)								
>=760	\$ 2,549,859	42.7%	\$ 2,618,070	42.2%	\$ 11,414,155	44.0%	\$ 10,045,373	43.7%
740-759	954,427	16.0	1,017,384	16.4	4,212,139	16.2	3,808,163	16.6
720-739	845,731	14.2	868,254	14.0	3,705,326	14.3	3,314,333	14.4
700-719	656,708	11.0	692,036	11.2	2,745,041	10.6	2,475,271	10.8
680-699	556,605	9.3	576,830	9.3	2,204,216	8.5	2,020,177	8.8
<=679	407,326	6.8	432,247	6.9	1,646,654	6.4	1,329,580	5.7
Total	<u>\$ 5,970,656</u>	<u>100.0%</u>	<u>\$ 6,204,821</u>	<u>100.0%</u>	<u>\$ 25,927,531</u>	<u>100.0%</u>	<u>\$ 22,992,897</u>	<u>100.0%</u>
Weighted average credit score	746		745		747		747	

NIW by LTV

	Three Months Ended				Year Ended			
	December 31, 2015		December 31, 2014		December 31, 2015		December 31, 2014	
(\$ in thousands)								
85.00% and below	\$ 728,547	12.2%	\$ 931,067	15.0%	\$ 3,235,112	12.5%	\$ 2,991,324	13.0%
85.01% to 90.00%	2,040,008	34.2	2,057,770	33.2	8,955,916	34.5	7,694,465	33.5
90.01% to 95.00%	3,042,571	50.9	3,176,124	51.2	13,147,611	50.7	12,147,728	52.8
95.01% and above	159,530	2.7	39,860	0.6	588,892	2.3	159,380	0.7
Total	<u>\$ 5,970,656</u>	<u>100.0%</u>	<u>\$ 6,204,821</u>	<u>100.0%</u>	<u>\$ 25,927,531</u>	<u>100.0%</u>	<u>\$ 22,992,897</u>	<u>100.0%</u>
Weighted average LTV	92%		91%		92%		92%	

NIW by Product

	Three Months Ended		Year Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Single Premium policies	24.3%	22.8%	23.3%	20.1%
Monthly Premium policies	75.7	77.2	76.7	79.9
	<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, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Purchase	82.6%	77.7%	79.6%	82.9%
Refinance	17.4	22.3	20.4	17.1
	<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				Year Ended							
	December 31, 2015		December 31, 2014		December 31, 2015		December 31, 2014					
(\$ in thousands)												
>=760	\$	—	0.0%	\$	203,901	68.0%	\$	201,990	75.9%	\$	694,882	38.5%
740-759		—	—		51,590	17.2		31,425	11.8		286,790	15.9
720-739		—	—		34,077	11.4		19,891	7.5		269,065	14.9
700-719		—	—		10,440	3.4		12,819	4.8		244,314	13.5
680-699		—	—		—	—		—	—		190,009	10.5
<=679		—	—		—	—		—	—		121,477	6.7
Total	\$	—	0.0%	\$	300,008	100.0%	\$	266,125	100.0%	\$	1,806,537	100.0%
Weighted average credit score		N/A			771			774			742	

NIW by LTV

	Three Months Ended				Year Ended							
	December 31, 2015		December 31, 2014		December 31, 2015		December 31, 2014					
(\$ in thousands)												
85.00% and below	\$	—	0.0%	\$	10,706	3.6%	\$	63,448	23.8%	\$	62,316	3.4%
85.01% to 90.00%		—	—		151,608	50.5		94,984	35.7		273,390	15.1
90.01% to 95.00%		—	—		137,694	45.9		107,693	40.5		855,547	47.4
95.01% and above		—	—		—	—		—	—		615,284	34.1
Total	\$	—	0.0%	\$	300,008	100.0%	\$	266,125	100.0%	\$	1,806,537	100.0%
Weighted average LTV		N/A			91%			89%			93%	

NIW by Product

	Three Months Ended		Year Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Single Premium policies	0.0%	100.0%	100.0%	16.6%
Monthly Premium policies	—	—	—	83.4
	0.0%	100.0%	100.0%	100.0%

NIW by Purchase vs. Refinance

	Three Months Ended		Year Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Purchase	0.0%	90.0%	90.1%	86.5%
Refinance	—	10.0	9.9	13.5
	0.0%	100.0%	100.0%	100.0%

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)	December 31, 2015		September 30, 2015		December 31, 2014	
>=760	\$ 30,174,460	46.2%	\$ 29,034,420	46.7%	\$ 24,546,571	48.4%
740-759	11,019,729	16.9	10,548,621	17.0	8,804,454	17.3
720-739	9,398,659	14.4	8,920,180	14.4	7,185,175	14.2
700-719	6,507,454	10.0	6,146,299	9.9	4,849,412	9.6
680-699	5,030,169	7.7	4,675,449	7.5	3,540,811	7.0
<=679	3,111,982	4.8	2,816,437	4.5	1,836,171	3.5
Total	\$ 65,242,453	100.0%	\$ 62,141,406	100.0%	\$ 50,762,594	100.0%

Weighted average credit score 750 751 753

Total RIF by FICO score (\$ in thousands)	December 31, 2015		September 30, 2015		December 31, 2014	
>=760	\$ 7,379,053	45.9%	\$ 7,066,840	46.4%	\$ 5,900,373	48.3%
740-759	2,735,754	17.0	2,604,845	17.1	2,135,891	17.4
720-739	2,346,971	14.6	2,215,539	14.6	1,750,232	14.3
700-719	1,592,463	9.9	1,493,506	9.8	1,145,431	9.4
680-699	1,255,734	7.8	1,160,601	7.6	859,436	7.0
<=679	763,199	4.8	688,244	4.5	435,907	3.6
Total	\$ 16,073,174	100.0%	\$ 15,229,575	100.0%	\$ 12,227,270	100.0%

Portfolio by LTV

Total IIF by LTV (\$ in thousands)	December 31, 2015		September 30, 2015		December 31, 2014	
85.00% and below	\$ 7,341,316	11.3%	\$ 7,119,316	11.5%	\$ 6,100,274	12.0%
85.01% to 90.00%	22,337,975	34.2	21,345,266	34.3	17,719,816	34.9
90.01% to 95.00%	34,035,682	52.2	32,267,048	51.9	25,832,106	50.9
95.01% and above	1,527,480	2.3	1,409,776	2.3	1,110,398	2.2
Total	\$ 65,242,453	100.0%	\$ 62,141,406	100.0%	\$ 50,762,594	100.0%

Weighted average LTV 92% 92% 92%

Total RIF by LTV (\$ in thousands)	December 31, 2015		September 30, 2015		December 31, 2014	
85.00% and below	\$ 826,531	5.2%	\$ 799,556	5.2%	\$ 681,908	5.6%
85.01% to 90.00%	5,310,050	33.0	5,064,459	33.3	4,174,743	34.1
90.01% to 95.00%	9,646,406	60.0	9,108,483	59.8	7,203,270	58.9
95.01% and above	290,187	1.8	257,077	1.7	167,349	1.4
Total	\$ 16,073,174	100.0%	\$ 15,229,575	100.0%	\$ 12,227,270	100.0%

Portfolio by Loan Amortization Period

Total IIF by Loan Amortization Period (\$ in thousands)	December 31, 2015		September 30, 2015		December 31, 2014	
FRM 30 years and higher	\$ 58,344,666	89.4%	\$ 55,347,061	89.1%	\$ 44,503,607	87.7%
FRM 20-25 years	1,515,756	2.3	1,477,612	2.4	1,273,086	2.5
FRM 15 years	2,702,723	4.2	2,709,749	4.3	2,637,970	5.2
ARM 5 years and higher	2,679,308	4.1	2,606,984	4.2	2,347,931	4.6
Total	\$ 65,242,453	100.0%	\$ 62,141,406	100.0%	\$ 50,762,594	100.0%

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

<u>(\$ in thousands)</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>	<u>December 31, 2014</u>
GSE Risk Share (1)	<u>\$ 156,347</u>	<u>\$ 118,073</u>	<u>\$ 43,733</u>
Weighted average credit score	754	754	761
Weighted average LTV	76%	76%	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
December 31, 2015

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	\$ 48,841	19.9%	286	75.4%	43.6%	0.0%	3.2%	60.1%	98.5%	3.6%	4
2011	3,229,720	886,106	27.4	4,668	74.8	41.7	0.2	4.6	56.4	94.4	3.9	45
2012	11,241,161	5,566,258	49.5	26,651	72.6	50.1	0.5	5.4	56.0	97.4	2.3	154
2013	21,152,638	13,552,397	64.1	63,562	76.7	54.6	1.8	7.8	51.2	96.8	2.5	303
2014	24,799,434	19,896,191	80.2	93,457	85.0	58.0	3.4	15.1	42.5	94.2	3.8	421
2015	26,193,656	25,292,660	96.6	108,813	79.8	53.1	2.3	14.8	44.0	96.5	2.1	101
Total	<u>\$ 86,862,507</u>	<u>\$ 65,242,453</u>	75.1	<u>297,437</u>	80.1	54.5	2.3	12.5	46.2	95.9	2.8	<u>1,028</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>December 31, 2015</u>	<u>September 30, 2015</u>	<u>December 31, 2014</u>
CA	9.6%	9.8%	10.2%
TX	8.3	8.3	8.3
FL	6.2	6.0	5.3
WA	4.6	4.6	4.3
IL	4.1	4.1	3.9
NC	3.9	3.9	4.0
NJ	3.4	3.4	3.4
GA	3.3	3.3	3.3
PA	3.3	3.3	3.4
AZ	3.2	3.2	3.3
All Others	50.1	50.1	50.6
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

RIF by State

	<u>December 31, 2015</u>	<u>September 30, 2015</u>	<u>December 31, 2014</u>
CA	9.2%	9.3%	9.8%
TX	8.6	8.6	8.5
FL	6.4	6.2	5.6
WA	4.8	4.8	4.4
IL	4.1	4.1	4.0
NC	4.0	4.0	4.2
GA	3.5	3.5	3.5
NJ	3.3	3.3	3.4
AZ	3.2	3.2	3.2
PA	3.1	3.2	3.2
All Others	49.8	49.8	50.2
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,
	2015	2014	2015	2014
Beginning default inventory	814	312	457	159
Plus: new defaults	706	349	2,034	904
Less: cures	(467)	(196)	(1,384)	(578)
Less: claims paid	(25)	(8)	(79)	(28)
Ending default inventory	1,028	457	1,028	457

Rollforward of Reserve for Losses and LAE

(\$ in thousands)	Three Months Ended		Year Ended	
	December 31,	December 31,	December 31,	December 31,
	2015	2014	2015	2014
Reserve for losses and LAE at beginning of period	\$ 14,548	\$ 5,682	\$ 8,427	\$ 3,070
Add provision for losses and LAE occurring in:				
Current year	4,600	2,923	14,956	6,877
Prior years	(401)	126	(3,051)	(569)
Incurring losses during the period	4,199	3,049	11,905	6,308
Deduct payments for losses and LAE occurring in:				
Current year	282	137	544	138
Prior years	705	167	2,028	813
Loss and LAE payments during the period	987	304	2,572	951
Reserve for losses and LAE at end of period	\$ 17,760	\$ 8,427	\$ 17,760	\$ 8,427

Claims

	Three Months Ended		Year Ended	
	December 31,	December 31,	December 31,	December 31,
	2015	2014	2015	2014
Number of claims paid	25	8	79	28
Total amount paid for claims (in thousands)	\$ 968	\$ 292	\$ 2,498	\$ 929
Average amount paid per claim (in thousands)	\$ 39	\$ 37	\$ 32	\$ 33
Severity	102%	98%	92%	79%

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

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 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%					

December 31, 2014

	Number of Policies in Default	Percentage of Policies in Default	Amount of Reserves	Percentage of Reserves	Defaulted RIF	Reserves as a Percentage of RIF
<i>(\$ in thousands)</i>						
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 case reserves	<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 reserves for losses and LAE			<u>\$ 8,427</u>			
Average reserve per default:						
Case			\$ 16.8			
Total			\$ 18.4			
Default Rate	0.20%					

Essent Group Ltd. and Subsidiaries
Supplemental Information
Investment Portfolio

Investment Portfolio by Asset Class

Asset Class (\$ in thousands)	December 31, 2015		December 31, 2014	
	Fair Value	Percent	Fair Value	Percent
U.S. Treasury securities	\$ 177,607	13.9%	\$ 74,216	7.0%
U.S. agency securities	13,782	1.1	4,520	0.4
U.S. agency mortgage-backed securities	159,602	12.5	83,540	7.9
Municipal debt securities	279,828	21.9	195,546	18.5
Corporate debt securities	396,732	31.1	296,829	28.1
Mortgage-backed securities	55,356	4.3	66,086	6.3
Asset-backed securities	126,629	9.9	126,188	11.9
Money market funds	67,098	5.3	210,688	19.9
Total Investments	\$ 1,276,634	100.0%	\$ 1,057,613	100.0%

Investment Portfolio by Credit Rating

Rating (1) (\$ in thousands)	December 31, 2015		December 31, 2014	
	Fair Value	Percent	Fair Value	Percent
Aaa	\$ 554,789	43.5%	\$ 545,807	51.6%
Aa1	74,322	5.8	47,792	4.5
Aa2	89,533	7.0	51,958	4.9
Aa3	68,587	5.4	48,261	4.6
A1	126,920	9.9	74,161	7.0
A2	122,745	9.6	67,413	6.4
A3	87,781	6.9	71,964	6.8
Baa1	80,137	6.3	60,399	5.7
Baa2	51,528	4.0	79,727	7.5
Baa3	19,662	1.5	10,131	1.0
Below Baa3	630	0.1	—	—
Total Investments	\$ 1,276,634	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)	December 31, 2015		December 31, 2014	
	Fair Value	Percent	Fair Value	Percent
< 1 Year	\$ 235,001	18.4%	\$ 332,399	31.4%
1 to < 2 Years	141,995	11.1	85,971	8.1
2 to < 3 Years	214,274	16.8	167,504	15.8
3 to < 4 Years	104,772	8.2	106,432	10.1
4 to < 5 Years	141,428	11.1	80,300	7.6
5 or more Years	439,164	34.4	285,007	27.0
Total Investments	\$ 1,276,634	100.0%	\$ 1,057,613	100.0%

Pre-tax investment income yield:

Three months ended December 31, 2015	1.96%
Year ended December 31, 2015	1.85%

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

(\$ in thousands)	
As of December 31, 2015	\$ 70,601
As of December 31, 2014	\$ 126,327

Essent Group Ltd. and Subsidiaries
Supplemental Information
Insurance Company Capital

	As of	
	December 31, 2015	December 31, 2014
<i>(\$ in thousands)</i>		
U.S. Mortgage Insurance Subsidiaries:		
Combined statutory capital (1)	\$ 913,182	\$ 705,890
Combined net risk in force (2)	\$ 13,847,336	\$ 11,426,748
Risk-to-capital ratios: (3)		
Essent Guaranty, Inc.	15.7:1	16.4:1
Essent Guaranty of PA, Inc.	9.7:1	14.6:1
Combined (4)	15.2:1	16.2:1
Essent Reinsurance Ltd.:		
Stockholder's equity (GAAP basis)	\$ 220,178	\$ 155,123
Net risk in force (2)	\$ 2,364,692	\$ 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 December 31, 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 December 31, 2015 and December 31, 2014 in accordance with Regulation G:

<u>(In thousands, except per share amounts)</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Numerator:		
Total Stockholders' Equity (Book Value)	\$ 1,119,241	\$ 955,738
Subtract: Accumulated Other Comprehensive Income (Loss)	<u>(99)</u>	<u>4,667</u>
Adjusted Book Value	<u>\$ 1,119,340</u>	<u>\$ 951,071</u>
Denominator:		
Total Common Shares Outstanding	92,650	92,546
Add: Restricted Share Units Outstanding	<u>544</u>	<u>664</u>
Total Common Shares and Share Units Outstanding	<u>93,194</u>	<u>93,210</u>
Adjusted Book Value per Share	<u><u>\$ 12.01</u></u>	<u><u>\$ 10.20</u></u>