



Essent Group Ltd.  
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## Press Release

For immediate release

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### Essent Group Ltd. Reports Third Quarter 2016 Results

**HAMILTON, BERMUDA – November 4, 2016** – Essent Group Ltd. (NYSE: ESNT) today reported net income for the quarter ended September 30, 2016 of \$59.7 million or \$0.65 per diluted share, compared to \$40.8 million or \$0.44 per diluted share for the quarter ended September 30, 2015. As of September 30, 2016, Essent had insurance in force of \$77.6 billion and consolidated stockholders' equity of \$1.3 billion.

"We had another strong quarter of operating performance and producing high quality and growing earnings for our shareholders," said Mark Casale, Chairman and Chief Executive Officer. "We grew insurance in force 25% year over year, which drove year over year growth in quarterly net income of 46% while also producing a 17.6% annualized return on average equity for the nine month period ended September 30, 2016."

#### Financial Highlights:

- Insurance in force as of September 30, 2016 was \$77.6 billion, compared to \$62.1 billion as of September 30, 2015.
- New insurance written for the third quarter was \$10.3 billion, compared to \$7.6 billion in the third quarter of 2015.
- Net premiums earned for the third quarter were \$110.8 million, compared to \$83.7 million in the third quarter of 2015.
- The expense ratio for the third quarter was 29.6%, compared to 34.3% in the third quarter of 2015.
- The provision for losses and LAE for the third quarter was \$5.0 million, compared to \$3.4 million in the third quarter of 2015.
- The percentage of loans in default as of September 30, 2016 was 0.41%, compared to 0.29% as of September 30, 2015.
- The combined ratio for the third quarter was 34.1%, compared to 38.4% in the third quarter of 2015.
- The consolidated balance of cash and investments at September 30, 2016 was \$1.6 billion, including cash and investment balances at Essent Group Ltd. of \$44.6 million.
- The combined risk to capital ratio of the U.S. mortgage insurance business, which includes statutory capital for both Essent Guaranty, Inc. and Essent Guaranty of PA, Inc., was 14.8:1 as of September 30, 2016.

- Essent's net income for the third quarter reflects a positive \$2.0 million valuation adjustment associated with an amendment to certain GSE risk share transactions at Essent Reinsurance Ltd., which resulted in a conversion from derivative accounting to insurance accounting.
- Essent Reinsurance Ltd. reinsured a total of \$5.2 million of risk in GSE risk share transactions in the third quarter of 2016.
- Essent drew \$50.0 million under its revolving credit facility in the third quarter of 2016. The proceeds of the draw were contributed to Essent Reinsurance Ltd.
- On November 3, 2016, S&P Global Ratings assigned its 'BBB+' long-term counterparty and financial strength ratings to Essent Reinsurance Ltd.

## **Conference Call**

Essent management will hold a conference call at 10:00 AM Eastern time today to discuss its results. The conference call will be broadcast live over the Internet at <http://ir.essentgroup.com/investors/webcasts-and-presentations/event-calendar/default.aspx>. The call may also be accessed by dialing 877-201-0168 inside the U.S., or 647-788-4901 for international callers, using passcode 93871346 or by referencing Essent.

A replay of the webcast will be available on the Essent website approximately two hours after the live broadcast ends for a period of one year. A replay of the conference call will be available approximately two hours after the call ends for a period of two weeks, using the following dial-in numbers and passcode: 855-859-2056 inside the U.S., or 404-537-3406 for international callers, passcode 93871346.

In addition to the information provided in the company's earnings news release, other statistical and financial information, which may be referred to during the conference call, will be available on Essent's website at <http://ir.essentgroup.com/investors/financial-information/quarterly-financial-supplements/default.aspx>.

## **Forward-Looking Statements**

This press release may include "forward-looking statements" which are subject to known and unknown risks and uncertainties, many of which may be beyond our control. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict" or "potential" or the negative thereof or variations thereon or similar terminology. Actual events, results and outcomes may differ materially from our expectations due to a variety of known and unknown risks, uncertainties and other factors. Although it is not possible to identify all of these risks and factors, they include, among others, the following: changes in or to Fannie Mae and Freddie Mac (the "GSEs"), whether through Federal legislation, restructurings or a shift in business practices; failure to continue to meet the mortgage insurer eligibility requirements of the GSEs; competition for customers; lenders or investors seeking alternatives to private mortgage insurance; an increase in the number of

loans insured through Federal government mortgage insurance programs, including those offered by the Federal Housing Administration; decline in new insurance written and franchise value due to the loss of a significant customer; decline in the volume of low down payment mortgage originations; the definition of "Qualified Mortgage" reducing the size of the mortgage origination market or creating incentives to use government mortgage insurance programs; the definition of "Qualified Residential Mortgage" reducing the number of low down payment loans or lenders and investors seeking alternatives to private mortgage insurance; the implementation of the Basel III Capital Accord discouraging the use of private mortgage insurance; a decrease in the length of time that insurance policies are in force; uncertainty of loss reserve estimates; deteriorating economic conditions; our non-U.S. operations becoming subject to U.S. Federal income taxation; becoming considered a passive foreign investment company for U.S. Federal income tax purposes; and other risks and factors described in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission on February 29, 2016. Any forward-looking information presented herein is made only as of the date of this press release, and we do not undertake any obligation to update or revise any forward-looking information to reflect changes in assumptions, the occurrence of unanticipated events, or otherwise.

### **Non-GAAP Financial Measures**

In presenting Essent Group Ltd.'s results, management has included financial measures, including adjusted book value per share, that are not calculated under standards or rules that comprise accounting principles generally accepted in the United States ("GAAP"). Such measures are referred to as "non-GAAP measures." These non-GAAP measures may be defined or calculated differently by other companies. Management believes these measures allow for a more complete understanding of the underlying business. These measures are used to monitor our results and should not be viewed as a substitute for those determined in accordance with GAAP. Reconciliations of such measures to the most comparable GAAP figures are included in the attached financial supplement in accordance with Regulation G.

### **About the Company**

Essent Group Ltd. (NYSE: ESNT) is a Bermuda-based holding company (collectively with its subsidiaries, "Essent") which, through its wholly-owned subsidiary Essent Guaranty, Inc., offers private mortgage insurance for single-family mortgage loans in the United States. Essent provides private capital to mitigate mortgage credit risk, allowing lenders to make additional mortgage financing available to prospective homeowners. Headquartered in Radnor, Pennsylvania, Essent Guaranty, Inc. is licensed to write mortgage insurance in all 50 states and the District of Columbia, and is approved by Fannie Mae and Freddie Mac. Essent also offers mortgage-related insurance, reinsurance and advisory services through its Bermuda-based subsidiary, Essent Reinsurance Ltd. Additional information regarding Essent may be found at [www.essentgroup.com](http://www.essentgroup.com) and [www.essent.us](http://www.essent.us).

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**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>	121,254	91,736	331,885	255,814
<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>	37,813	32,107	107,305	91,066
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>	\$ 59,711	\$ 40,821	\$ 159,920	\$ 112,852
<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>	\$ 59,711	\$ 40,821	\$ 159,920	\$ 112,852
<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>	\$ 57,703	\$ 45,081	\$ 181,973	\$ 113,232
<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>	34.1%	38.4%	35.1%	38.4%

**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	—	—
Total	<u>\$ —</u>	<u>0.0%</u>	<u>\$ 204,867</u>	<u>100.0%</u>	<u>\$ 93,054</u>	<u>100.0%</u>	<u>\$ 266,125</u>	<u>100.0%</u>
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	—	—	—	—	—	—	—	—
Total	<u>\$ —</u>	<u>0.0%</u>	<u>\$ 204,867</u>	<u>100.0%</u>	<u>\$ 93,054</u>	<u>100.0%</u>	<u>\$ 266,125</u>	<u>100.0%</u>
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>
	Single Premium policies	0.0%	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>
	Purchase	0.0%	87.9%	100.0%
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)	\$ 302,211	\$ 305,357	\$ 118,073
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	4,965	3,393	11,660	7,706
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	1,708	776	3,689	1,585
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>\$ 13.76</u>	<u>\$ 12.01</u>