

## **AUDIT COMMITTEE CHARTER**

### **I. Purpose**

The primary purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Essent Group Ltd. (the “Company”) shall be to:

1. Assist the Board in oversight of (i) the integrity of the Company’s financial statements and the Company’s accounting and financial reporting processes, (ii) the Company’s compliance with legal and regulatory requirements as well as its ethical standards and policies, (iii) the Company’s system of disclosure controls and procedures and internal controls over financial reporting, (iv) the independent auditors’ qualifications and independence and (v) the performance of the Company’s internal audit function and independent auditors; and
2. Prepare the report required by the Committee pursuant to the rules of the Securities Exchange Commission (the “SEC”) for inclusion in the Company’s annual proxy statement.

The function of the Committee is oversight. In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not employees of the Company. It is not the duty or responsibility of the Committee or its members to conduct auditing or accounting reviews or procedures. Each member of the Committee shall be entitled to rely, to the maximum extent permitted under applicable law, on (a) the integrity of those persons and organizations within and outside the Company from which it receives information, and (b) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board).

Management is responsible for the preparation, presentation, and integrity of the Company’s financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the Company, and for establishing and maintaining internal controls over financial reporting. The independent auditor is responsible for auditing the Company’s financial statements and management’s assessment of the effectiveness of internal controls over financial reporting, and for reviewing the Company’s unaudited interim financial statements.

### **II. Membership**

The Committee shall consist of no less than three directors, each of whom shall be “independent” under (i) the rules of the New York Stock Exchange (“NYSE”) and (ii) Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and (iii) Rule 10A-3 promulgated under the Exchange Act. Each member of the Committee shall be “financially literate” within the meaning of the NYSE. At least one member of the Committee shall have accounting or related financial management expertise within the meaning of the NYSE and be an “audit committee financial expert” as defined by the SEC. Committee members shall not simultaneously serve on the audit committee of more than two other public companies, unless the Board determines that such service would not impair the ability of such member to effectively serve on the Committee. Each prospective Committee member shall carefully evaluate existing time demands before accepting Committee membership.

The members of the Committee shall be appointed by the Board on the recommendation of the Nominating & Corporate Governance Committee. Determinations as to whether a director is qualified for membership on the Committee shall be

made by the Nominating & Corporate Governance Committee. The Chairman of the Committee shall be designated by the Board. Each Committee member and the Chairman shall serve until his or her successor is duly appointed by the Board or until such member's resignation or removal from the Board or the Committee. Committee members shall serve at the pleasure of the Board and for such term or terms as the Board may determine. Committee members may be added, removed or replaced by the Board in its complete discretion.

### **III. Organization and Operation**

The Committee shall meet at every quarterly meeting of the Board and at such other times as the Committee shall determine to be appropriate. The Committee shall meet separately and periodically with management, the personnel responsible for the Company's internal audit function and the independent auditor, and have such other direct and independent interaction with such persons from time to time as the members of the Committee deem appropriate. The Committee may request any other director, officer or employee of the Company, any member of the Company's other standing committees or the Company's outside counsel or independent auditor to attend any meeting of the Committee or to meet independently with any members of, or consultants to, the Committee.

The Chairman shall be responsible for presiding over Committee meetings, preparing Committee agendas and determining the informational needs of the Committee. The Committee may form and delegate any of its responsibilities, as permitted by applicable laws and regulations, to a subcommittee composed of one or more members of the Committee.

The Committee shall report regularly to the Board, including after each Committee meeting, on the Committee's findings and recommendations and any other matters the Committee deems appropriate, and shall maintain minutes or other records of the Committee meetings and activities. With regard to any actions taken by the Committee in the interval since the most recent prior Board meeting, the Committee shall report such actions to the Board at the next regularly scheduled meeting of the Board.

The Committee shall conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with the Committee's charter. The Committee shall periodically review the Committee's charter and recommend any proposed changes to the Board for approval. The Board may also review the Committee's charter from time to time and determine to alter its responsibilities over time.

### **IV. Duties and Responsibilities**

To carry out its purposes, the Committee shall have the following duties and responsibilities:

#### **A. Financial Reporting**

- 1. Annual Financials.** (a) Review and discuss with management and the independent auditor the Company's annual audited financial statements (including the Company's disclosures under "Management's Discussion and Analysis of Financial Conditions and Results of Operations"), the matters required to be discussed with the independent auditor by Statement of Auditing Standards No. 61, and any other matters that the Committee deems material, including any unusual or non-recurring items, and the nature and substance of significant reserves; and (b) make a recommendation to the Board regarding the inclusion of the audited financial statements in the Company's Annual Report on Form 10-K.

2. **Quarterly Financials.** Review and discuss with management and the independent auditor the Company's quarterly unaudited financial statements (including the Company's disclosures under "Management's Discussion and Analysis of Financial Conditions and Results of Operations"), the results of the independent auditor's reviews of the quarterly financial statements, the matters required to be discussed with the independent auditor by Statement of Auditing Standards No. 61, and any other matters that the Committee deems material.
3. **Certifications.** Review disclosures by the Company's Chief Executive Officer and Chief Financial Officer in connection with their certifications required under the regulations of the Commission, the rules of the NYSE and other applicable laws, rules or regulations.
4. **Accounting Principles.** Review with management and the independent auditor: (a) critical accounting policies, accounting and financial reporting standards and accounting principles, including any significant changes in the Company's selection or application of accounting principles; (b) any significant accounting decisions or judgments made affecting the Company's financial statements, including alternatives to, and the rationale for, any decisions made (and the treatment preferred by the independent auditor); (c) any new or proposed accounting and financial reporting standards that may have a significant impact on the Company's financial reports and management's plan to implement these required changes; and (d) any items required to be communicated by the independent auditor.
5. **Judgments.** Review analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.
6. **Regulatory Developments.** Review with management, the internal auditor and the independent auditor, as appropriate, any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.
7. **Press Releases.** Review and discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies. This discussion may be done generally (i.e., discussion of the types of information to be discussed and the type of presentation to be made, paying particular attention to any use of "pro forma," or "adjusted" non-GAAP, information), and need not take place in advance of each earnings press release or each instance in which the Company provides earnings guidance. The Committee may be represented by the Chairman or a subcommittee to review earnings announcements.
8. **Audit Committee Report.** Propose the Audit Committee Report to be included in the Company's proxy statement as required by the proxy rules under the Exchange Act.

## **B. Independent Auditor**

1. **Selection.** Be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor. The independent auditor shall report directly to the Committee and shall have ultimate accountability to the Committee and the Board. The Committee shall annually select the independent auditor and the Committee's selection shall be submitted to the Board for approval and to the shareholders for election.
2. **Scope of Audit and Fees.** Review, evaluate and approve the annual engagement proposal of the independent auditor (including the proposed scope, budget, staffing and approach of the annual audit).

3. **Preapproval of Non-Audit Services.** Preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by the independent auditor, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Committee prior to the completion of the audit. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Committee at its next scheduled meeting. The Committee shall establish and periodically review policies and procedures regarding the use of the independent auditor for audit and non-audit services (including the fees and terms thereof) with a view to preserving auditor independence.
4. **Quality Control.** Review and discuss, at least annually, a report by the independent auditor describing (a) the auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditor, and (c) any steps taken to deal with any such issues.
5. **Independence.** (a) Evaluate the qualifications, performance and independence of the independent auditor, including a review and evaluation of the lead partner; (b) obtain, on an annual basis, a formal written statement from the independent auditor setting forth all relationships between the independent auditor and the Company, consistent with Public Company Accounting Oversight Board's Ethics and Independence Rule 3526, including the auditors' fees billed for audit services, audit-related fees, tax fees, and all other non-audit services, respectively, for each fiscal year; (c) discuss with the independent auditor any relationships that may impact the objectivity and independence of the independent auditor; and (d) discuss with the Board the Committee's conclusions with respect to the independent auditor and recommend to the Board any appropriate actions to satisfy itself of the independence of the independent auditor.
6. **Lead Audit Partner Review, Evaluation and Rotation.** Assure the regular rotation of the lead audit partner as required by law and consider whether there should be regular rotation of the audit firm itself in order to assure continuing auditor independence. The Committee shall consider on a periodic basis the possible rotation of the audit firm and/or the solicitation of competing bids from possible alternative audit firms.
7. **Hiring Policies.** Set clear policies for the Company's hiring of employees or former employees of the independent auditor.
8. **Review Scope and Other Issues.** Review with the independent auditor any audit problems or difficulties the independent auditor may have encountered and management's responses, including: (a) any restrictions on the scope of activities or access to required information; (b) any significant disagreements with management; (c) any accounting adjustments noted or proposed by the independent auditor; (d) any significant communications between the audit team and the audit firm's national office regarding material auditing or accounting issues presented by the engagement; (e) any "management" or "internal control" letter issued, or proposed to be issued, by the audit firm to the Company, or other material written communications between the audit firm and the Company, including the status of previously reported items; (f) any changes required in the planned scope of the internal audit; and (g) any recommendations made by the independent auditor as a result of the audit. The Committee shall obtain annually assurance from the independent auditor that the audit was conducted in a manner consistent with Section 10A of the Exchange Act.

### C. Financial Reporting Processes

1. **Internal Controls.** In consultation with the independent auditor, the Company's internal auditor and financial and accounting personnel, review the Company's financial reporting process, including (a) the integrity, adequacy and effectiveness of the Company's accounting and financial controls; (b) any significant deficiencies or material weaknesses identified in the design or operation of the Company's internal controls which have or could adversely affect the Company's ability to record, process, summarize and report financial data, including any special audit steps adopted; and (c) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.
2. **Internal Controls Report.** Discuss with management, the independent auditor and the internal auditor the internal controls report required to be included in the Company's Annual Report on Form 10-K.
3. **Consider Changes.** Consider and approve, if appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditor, internal auditor or management.

### D. Compliance Oversight Responsibilities

1. **Code of Ethics.** Review and approve annually, as necessary, the Company's Code of Ethics (or other similar documents as are in effect from time to time) and ensure that management has established a system to implement and enforce this Code.
2. **Compliance.** The Committee shall review periodically, and at least annually, the implementation and effectiveness of the Company's compliance and ethics program. The Company shall periodically review with the Company's general counsel (i) any legal matters that could have a significant impact on the Company's financial statements or the compliance policies of the Company and its subsidiaries and (ii) any material reports, notices or inquiries received by the Company from regulators or governmental agencies. The Committee shall receive regular updates from management and the Company's legal counsel regarding compliance matters.
3. **Board Report.** Advise the Board at least annually, or more frequently if appropriate, with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Ethics (or other similar documents as are in effect from time to time).
4. **Complaints.** Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing, or other matters, and the confidential, anonymous submission by employees of concerns regarding such matters, including submissions received pursuant to the Company's whistleblower policy (as adopted in compliance with federal laws).
5. **Related Party Transactions.** The Committee shall review and approve all related-party transactions required to be disclosed by Item 404 of Regulation S-K, in accordance with the Company's Related Party Transactions Policy.

### E. Internal Audit Function

1. **Internal Audit.** Ensure the Company maintains an internal audit function to provide management and the Committee with ongoing assessments of the Company's risk management processes, system of internal controls and governance processes.

2. **Oversight of Internal Audit.** (a) Review the budget, qualifications, activities, effectiveness and organizational structure of the internal audit function, the performance of the senior internal audit personnel (who shall be accountable to, and report directly to, the Committee) and participate in the appointment, replacement or dismissal of the senior internal audit personnel; (b) conduct private review sessions at least four times per year with the senior internal audit personnel; (c) review with the senior internal audit personnel the proposed scope and plan for conducting internal audits, any progress reports on the proposed internal audit plan (with explanation for any deviations from the original plan); (d) review summaries of any significant issues raised during the performance of internal audits and related responses from management and (e) annually, review and recommend changes (if any) to the internal audit charter.

#### **F. Other**

1. **Risk.** The Committee shall review (a) the effectiveness of the system and policies for risk assessment and risk management, including the risk of fraud; (b) the Company's major financial and compliance risk exposures and the steps management has taken to monitor and control such exposures; (c) any unusual material transactions; and (d) management, internal auditor and independent auditor reviews of the Company's Foreign Corrupt Practices Act policies, procedures and monitoring.
2. **Recommendations; Reports.** Report regularly to the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditor, the performance of the internal audit function, or any other matters the Committee deems appropriate or the Board requests.
3. **Facilitate Communications.** Facilitate ongoing communications concerning the Company's business and financial condition between the Board, the independent auditor, the internal auditor, and management.
4. **Other Acts.** Do every other act incidental to, arising out of or in connection with, or otherwise related to, the authority granted to the Committee hereby or the carrying out of the Committee's duties and responsibilities hereunder.

#### **V. Authority and Resources**

The Committee shall have appropriate authority and resources to discharge its duties and responsibilities, including seeking any information it requires from the Company's employees, all of whom are directed to cooperate with the Committee's requests, or external parties, and obtaining access to all books, records, and facilities of the Company. At all times, the Committee shall have the authority and ability to conduct investigations with access to all books, records, facilities and personnel of the Company.

The Committee may select, retain and terminate, without further Board approval and at the Company's expense, independent legal, accounting or other advisors as the Committee considers necessary in discharging its oversight role and responsibilities hereunder.

The Company will provide appropriate funding, as determined by the Committee, for the discharge of the Committee's duties and responsibilities, including (a) compensation to any independent auditor engaged for the purpose of preparing an audit report or performing other audit, review, or attest services for the Company; (b) compensation to any counsel, advisor, expert, or consultant retained by the Committee; and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.