



ESSENT GROUP LTD.

INVESTOR PRESENTATION 4Q22 & 2022

NYSE: ESNT

February 10, 2023

Disclaimer

This presentation 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: the impact of COVID-19 and related economic conditions; 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; deteriorating economic conditions (including inflation, rising interest rates and other adverse economic trends); 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 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; 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, 2021 filed with the Securities and Exchange Commission on February 16, 2022, as subsequently updated through other reports we file with the Securities and Exchange Commission. Any forward-looking information presented herein is made only as of the date of this presentation, 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.

Essent Is A Leading Mortgage Insurer

Company Overview

- Essent Group Ltd. is a Bermuda-based holding company that went public in 2013, and is traded on the New York Stock Exchange (NYSE: ESNT)
- Two primary operating companies: Essent Guaranty, Inc. (Radnor, PA) and Essent Reinsurance Ltd. (Hamilton, Bermuda)
- Serves the U.S. housing finance industry by offering mortgage insurance and reinsurance to support home ownership
- Transformed business model from “Buy and Hold” to “Buy, Manage & Distribute” through use of programmatic reinsurance
- Developed risk-based pricing engine EssentEDGE®, and the next generation of EssentEDGE®, a cloud-based AI pricing platform
- Essent Guaranty, Inc. is rated A3 by Moody’s, A (Excellent) by A.M. Best, and BBB+ by S&P

Recent Developments

- During the fourth quarter of 2022, Essent entered into a quota share reinsurance transaction with a panel of highly rated third-party reinsurers. The quota share agreement covers 17.5% of all eligible policies written by Essent Guaranty, Inc. in calendar year 2023.
- On February 2nd, Essent US Holdings entered into an agreement to acquire the title insurance operations from a subsidiary of Finance of America Companies for \$100 million.

	3Q22	4Q22
IIF (\$B)	\$222.5	\$227.1
NIW (\$B)	\$17.1	\$13.0
New Defaults (K)	6.4	7.5
Portfolio Default Rate	1.55%	1.66%
Net Income (\$M)	\$178.1	\$147.4
Combined Ratio	22.3%	24.6%
Annualized ROE	16.6%	13.5%
Shareholders' Equity (\$B)	\$4.3	\$4.5
PMIERs Sufficiency Ratio	179%	174%
% IIF With Reinsurance Protection	98%	98%
Risk-To-Capital Ratio ⁽¹⁾	10.1:1	10.2:1

Capital Distribution To Shareholders

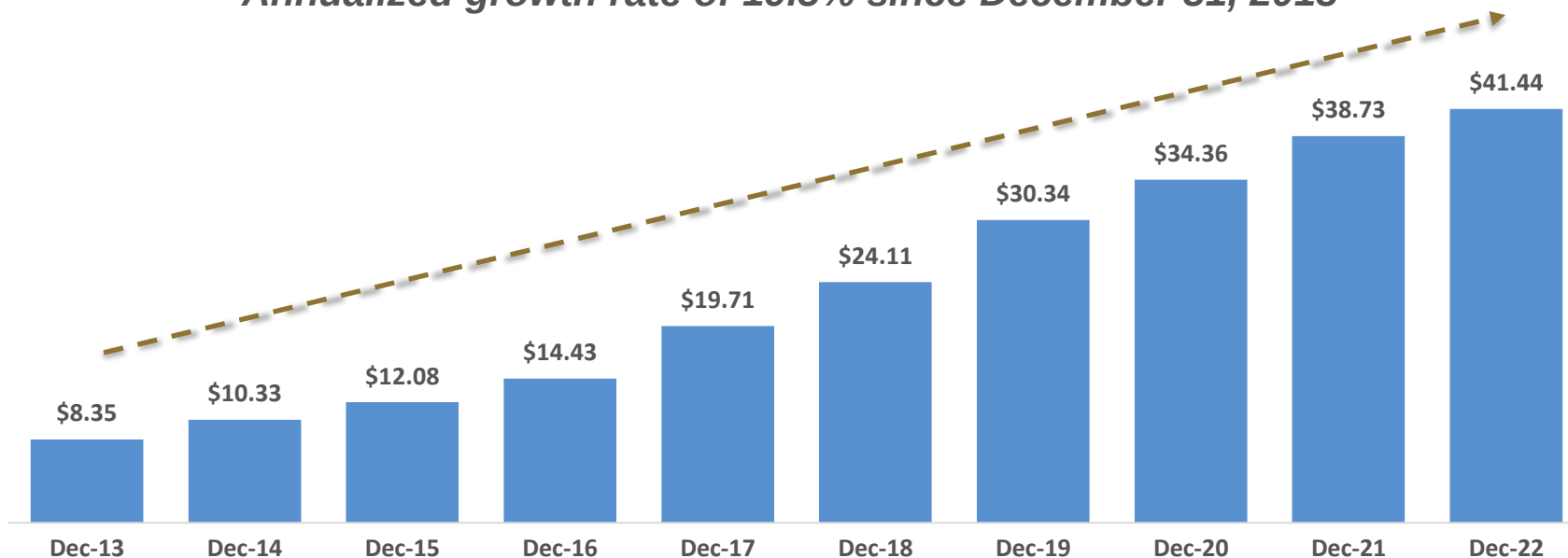
- In conjunction with our 4Q22 earnings release, we announced Board approval to increase the quarterly dividend to \$0.25 per common share, payable during 1Q23.

¹ The combined risk-to-capital ratio equals the net risk in force of Essent Guaranty, Inc. and Essent Guaranty of PA, Inc. divided by the combined statutory capital of these U.S. insurance companies.

Delivering Shareholder Value

BOOK VALUE PER SHARE GROWTH

Annualized growth rate of 19.5% since December 31, 2013



**Strong Cash Flows
& Earnings**



**Programmatic
Reinsurance
Protection**

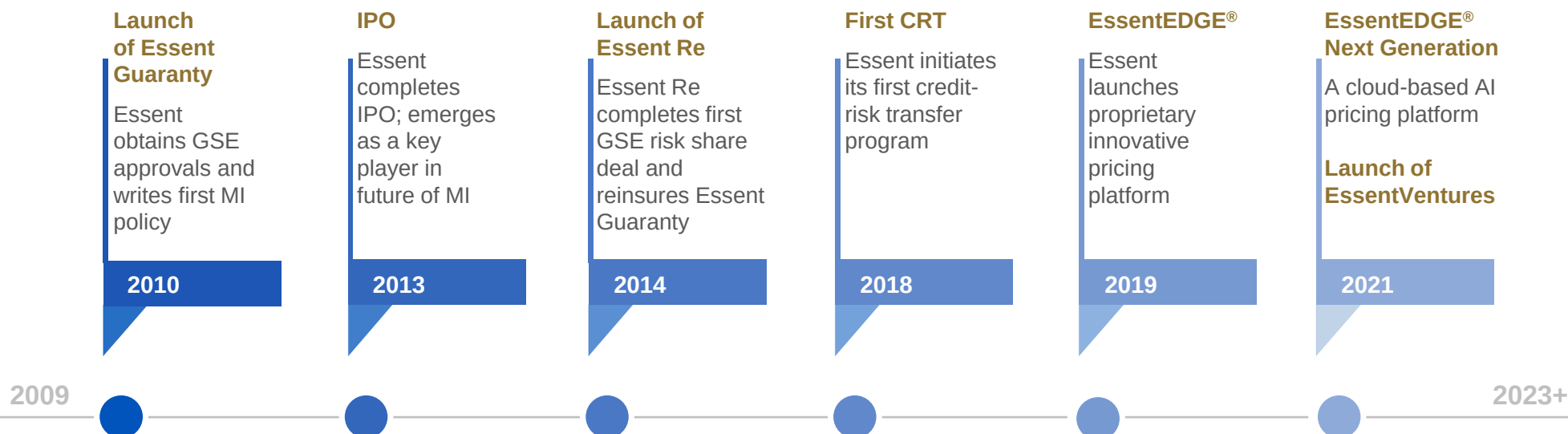


**Steadily Increasing
Dividends**



**Disciplined Capital
Management**

Key Milestones in Essent's Evolution



Essent Advantage



25+ years
Experienced
Management
Team



Strong
Capital
Position



Conservative
Financial
Leverage



Highly
Efficient
Operating
Platform



Best in Class
Analytics &
Technologies

Buy, Manage & Distribute Operating Model

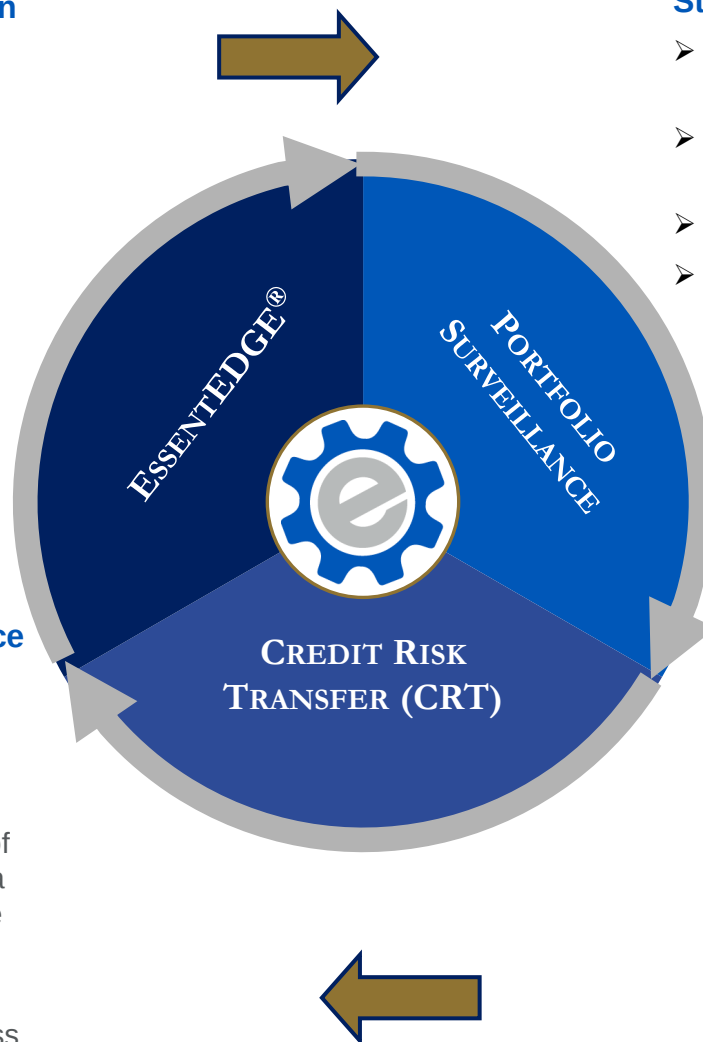
EssentEDGE® Enables Rapid Execution of Targeted Pricing Strategies

- Lender utilization continues to increase
- The next generation of EssentEDGE® is a **cloud-based AI platform with machine learning techniques** that utilizes 400+ attributes to generate an MI quote in ~3 seconds
- Differentiated pricing strategy to deliver borrowers our best price



Committed To Programmatic Reinsurance

- Buy, Manage & Distribute model mitigates franchise volatility during weak economic cycles
- During the quarter, we entered into a quota share reinsurance transaction with a panel of highly rated third-party reinsurers. The quota share agreement covers 17.5% of all eligible policies written by Essent Guaranty, Inc. in calendar year 2023
- As of December 31, 2022, Essent has access to \$2.5 billion in ILN/XOL reinsurance coverage, with 98% of IIF subject to reinsurance protection



Strong Operating Results

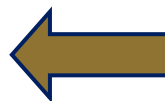
- Last Twelve Months Operating Cash Flow of \$589 million
- Continue to focus on optimizing unit economics
- Credit quality of portfolio remains strong
- Efficient platform enables increased operating leverage and profitability



Fortifying Balance Sheet and Enhancing Financial Flexibility

As of December 31, 2022:

- \$4.5B in GAAP Equity
- Ample liquidity with \$685M net cash and investments available for sale at the holding companies
- An additional \$400M in undrawn capacity with our credit facility
- Debt-to-Capital of 8.7%



Credit Risk Transfer

Since March 2018, Essent has transferred credit risk to:

- Capital market investors via **eight**⁽¹⁾ Radnor Re Insurance-Linked Note (ILN) issuances
- Reinsurers via **four** Excess of Loss (XOL) reinsurance transactions
- Reinsurers via **two** Quota Share (QS) reinsurance programs, with a third program becoming effective 1/1/23

As of 12/31/22, 98% of IIF is subject to reinsurance protection

<u>Capital Markets</u>	<u>Excess of Loss</u>	<u>Quota Share</u>
\$2.1 billion	\$350 million	\$6.9 billion
in ILNs sold to investors	in risk limit reinsured by highly rated third-party reinsurers	of RIF ceded to a panel of highly rated third-party reinsurers

1) As of 12/31/22, we have 7 active ILN deals. Please see [here](#) for the Credit Risk Transfer Update presentation for additional detail.

Essent Re

- Essent Reinsurance Ltd. (“Essent Re”) is a Bermuda-based reinsurance company, rated A (Excellent) by A.M. Best and BBB+ by S&P, with \$1.5 billion in GAAP equity as of December 31, 2022
- Essent Re primarily focuses on three business lines:
 - Affiliate quota share (QS) to reinsure Essent Guaranty and leverage our Bermuda platform
 - GSE risk share to access a larger mortgage credit universe beyond primary MI
 - Managing General Agent (MGA) to serve reinsurer clients and generate fee income



ESSENT®

ESSENT REINSURANCE LTD.

Affiliate Quota Share

Provide Quota Share reinsurance to Essent Guaranty with Net Risk In Force of \$17.5 billion

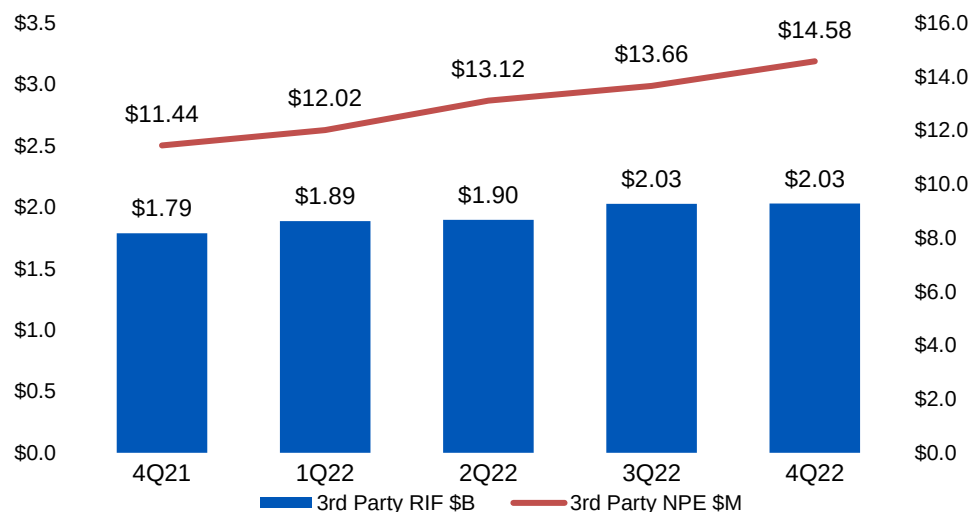
GSE Risk Share

Active participant in GSE risk share business with \$2.0 billion Risk In Force

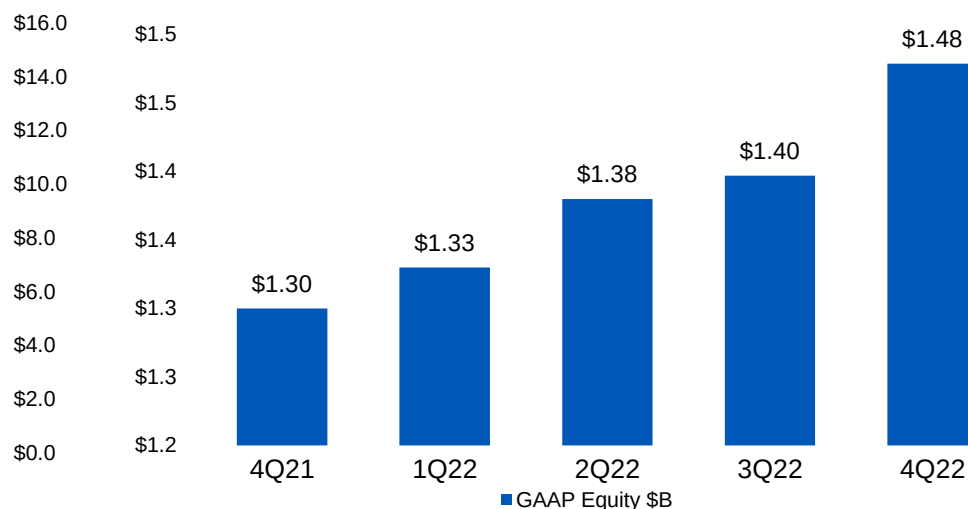
MGA

Offer underwriting, pricing and surveillance services to reinsurers writing mortgage risk

Third Party Premiums Earned & Risk In Force



Total Equity \$B



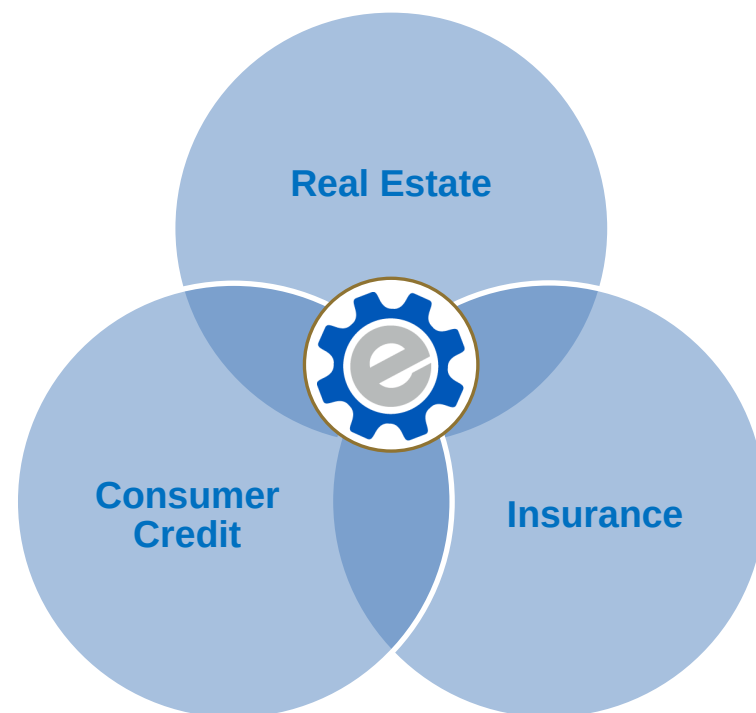
EssentVentures

- Our EssentVentures unit continues to make investments to generate informational and financial returns, taking advantage of opportunities around the convergence of consumer credit, real estate and insurance
- Since 2018, we have invested across venture capital, private equity and structured credit funds along with direct investments into several companies
- As of December 31, 2022, we have invested \$237 million with approximately \$85 million value created, of which \$64 million has been returned to us as realized proceeds



(\$ in millions)	Capital Called	Realized Proceeds	Carrying Amount	Total Value ⁽¹⁾
Balance as of 10/1/22	\$232.3	\$61.7	\$263.1	\$324.9
Plus: capital invested	4.8	0.0	4.8	4.8
Less: distributions received	0.0	2.4	(2.4)	0.0
Income recognized	0.0	0.0	(7.6)	(7.6)
Balance as of 12/31/22	\$237.2	\$64.2	\$257.9⁽²⁾	\$322.1

\$85M in total value created



1) Total value represents carrying amount plus distributions received to date.
 2) These investments are classified as other invested assets on our balance sheets.

Title Insurance: Overview and Deal Consideration



- Agents National Title Insurance Company (“ANTIC”) is a national title insurance underwriter with licenses in 44 states
- Headquartered in Columbia, MO
- \$26.8M in statutory surplus and \$19.3M statutory premium reserve as of 9/30/2022
- Rated “A (Exceptional)” by Demotech



- Boston National Title Agency (“BNT”) is a refinance-focused title and settlement services agency licensed in 40 states and the District of Columbia
- Headquartered in Charlotte, NC
- BNT serves lenders nationwide including several of the largest national lenders

Deal Consideration

- Essent will acquire 100% of the stock of ANTIC and BNT from a subsidiary of Finance of America Companies
- Transaction consideration consists of \$100M of cash in total
 - As of December 31, 2022, Essent held ample liquidity at the holding companies with \$685M net cash and investments available for sale
 - Additionally, the holding companies have \$400M in undrawn capacity at their credit facility
 - Essent Guaranty had \$1.4B in PMIERS Excess Available Assets
- Closing subject to customary regulatory approvals

Title Insurance: Strategic Rationale

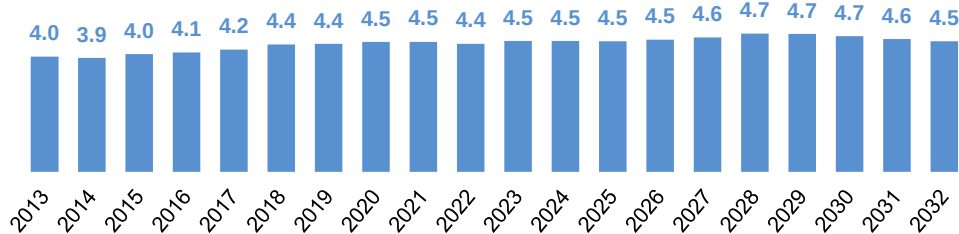


Attractive Industry Profile	• Provides access to large addressable title insurance market with \$18 - \$25 billion in annual premiums • Title insurance is a capital light business and historically has relatively low and stable loss ratios
Strategic Fit	• Leverages Essent's core competencies in a well-established and well-regulated, adjacent sector of the real estate value chain • Complementary to Essent's core MI business and can provide supplementary revenue and earnings, similar to Essent Re
Growth Potential	• Platform acquisition provides entry into title insurance • Allows Essent to leverage its capital position, corporate structure, lender network, technology and operational expertise to position the business for growth
Strong & Complementary Management Teams	• Seasoned management teams across the organization with strong leaders and operators, and valuable experience managing through the cycle • Complementary industry network to develop and deepen customer relationships

Industry Fundamentals

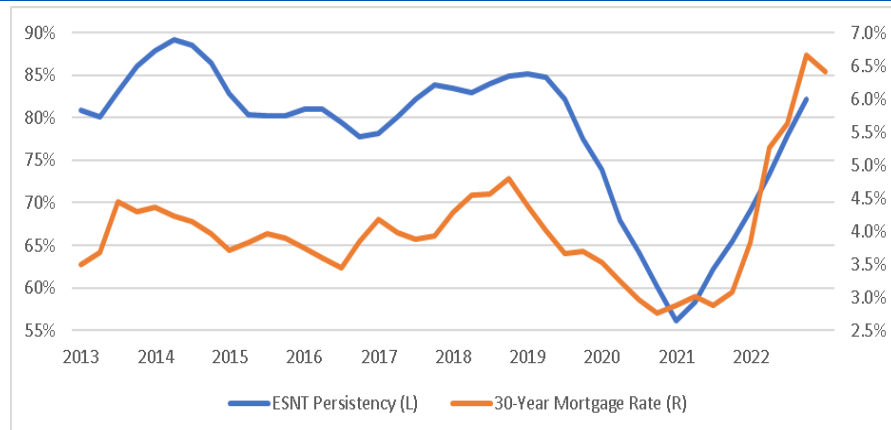
STABLE DEMAND OF FIRST-TIME HOMEBUYER POPULATION

New Entrants to Domestic First-Time Homebuyer Population (M)



Favorable demographic trends should continue to provide fundamental support to housing demand as over the next 10 years approximately 4-5M individuals will enter their mid thirties – the average age of a first-time home buyer – annually.

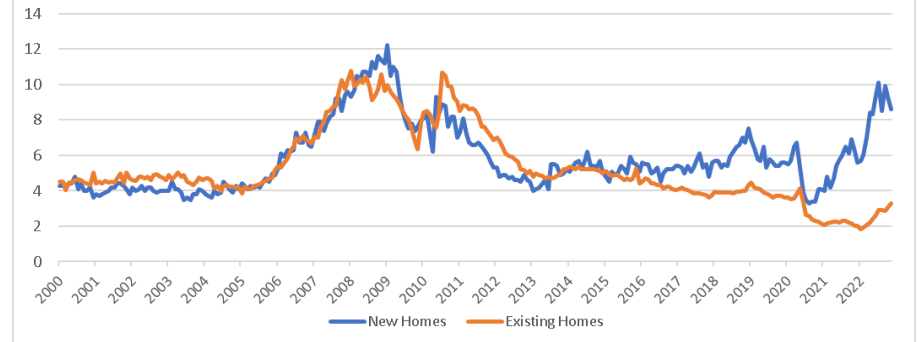
PERSISTENCY vs. 30-YEAR MORTGAGE RATE



Our annual persistency has historically had a positive correlation with the quarterly average rate on a 30-year fixed rate mortgage, with periods of higher mortgage rates translating to higher persistency.

Sources: U.S. Census Bureau, Federal Reserve Economic Data.

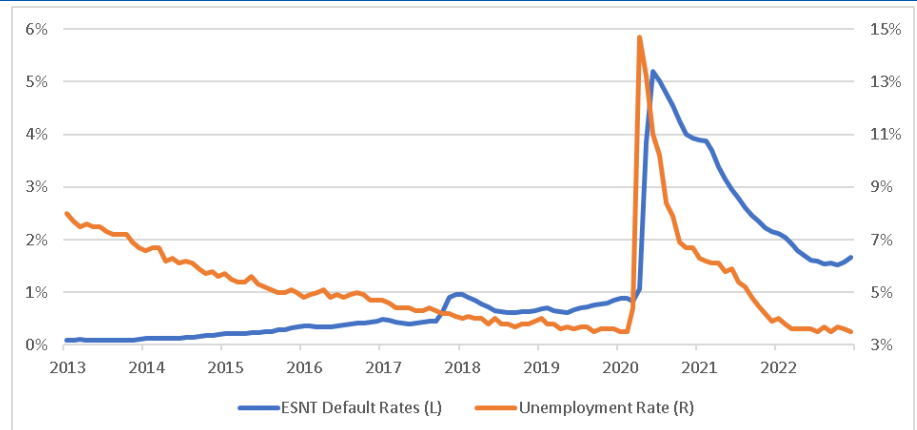
MONTH'S SUPPLY OF HOUSING INVENTORY



Total housing inventory remains low at approximately 3 months, driven by existing home inventory pressures from various macro trends (e.g. reductions in supply from the “lock-in” effect of existing homeowners in low-rate mortgages).

Note: The months' supply is the ratio of houses for sale to houses sold.

UNEMPLOYMENT RATE vs. DEFAULT RATE



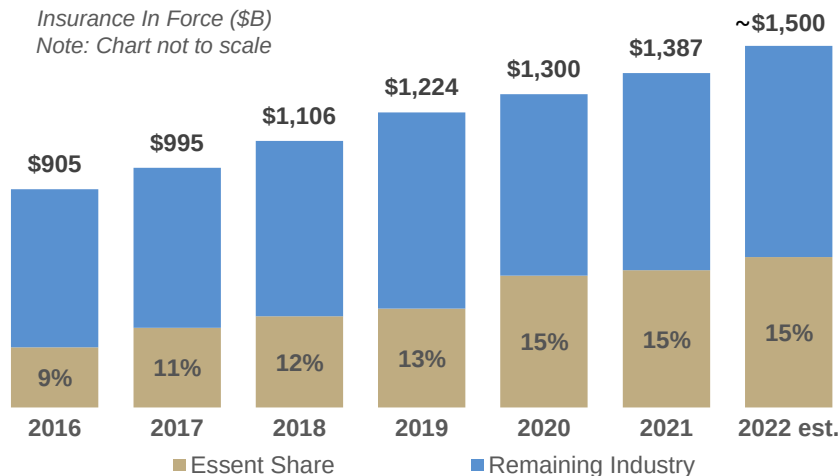
The default rate for mortgage insurers tends to have a positive correlation with the U.S. unemployment rate, where periods of higher unemployment have typically been associated with periods of rising default rates on MI books.

Insurance In Force (IIF) & New Insurance Written (NIW)

IIF BY VINTAGE YEAR (\$B)							
(\$ in billions)	DEC. 31, 2020		DEC. 31, 2021		DEC. 31, 2022		
	IIF	% of Total	IIF	% of Total	IIF	% of Total	WA Coupon
2022	-	-	-	-	\$60.6	26.7%	5.1%
2021	-	-	\$79.8	38.5%	\$71.5	31.5%	3.1%
2020	\$102.1	51.3%	\$76.6	36.9%	\$59.2	26.1%	3.2%
2019	\$38.7	19.5%	\$20.3	9.8%	\$14.7	6.5%	4.2%
2018	\$18.7	9.4%	\$9.5	4.6%	\$6.7	3.0%	4.8%
2017	\$16.3	8.2%	\$8.5	4.1%	\$6.0	2.6%	4.3%
2010 – 2016	\$23.1	11.6%	\$12.5	6.1%	\$8.4	3.6%	4.1%
Total	\$198.9	100%	\$207.2	100%	\$227.1	100%	3.8%

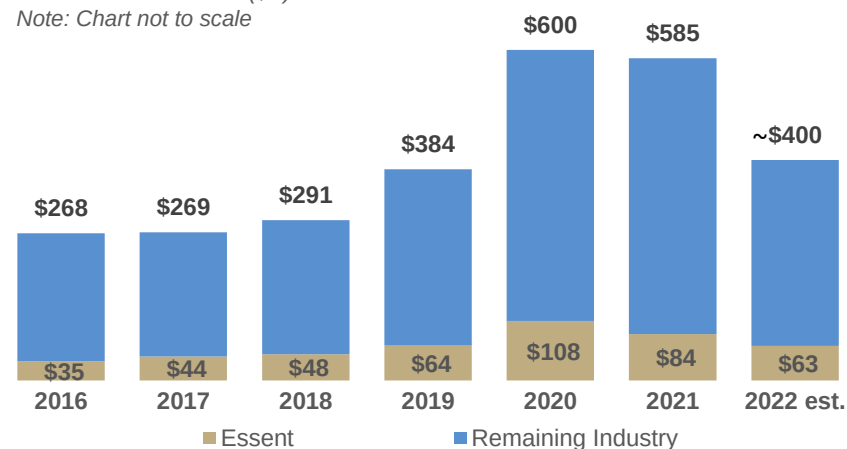
TOTAL IIF MARKET SIZE & GROWTH

Insurance In Force (\$B)
Note: Chart not to scale



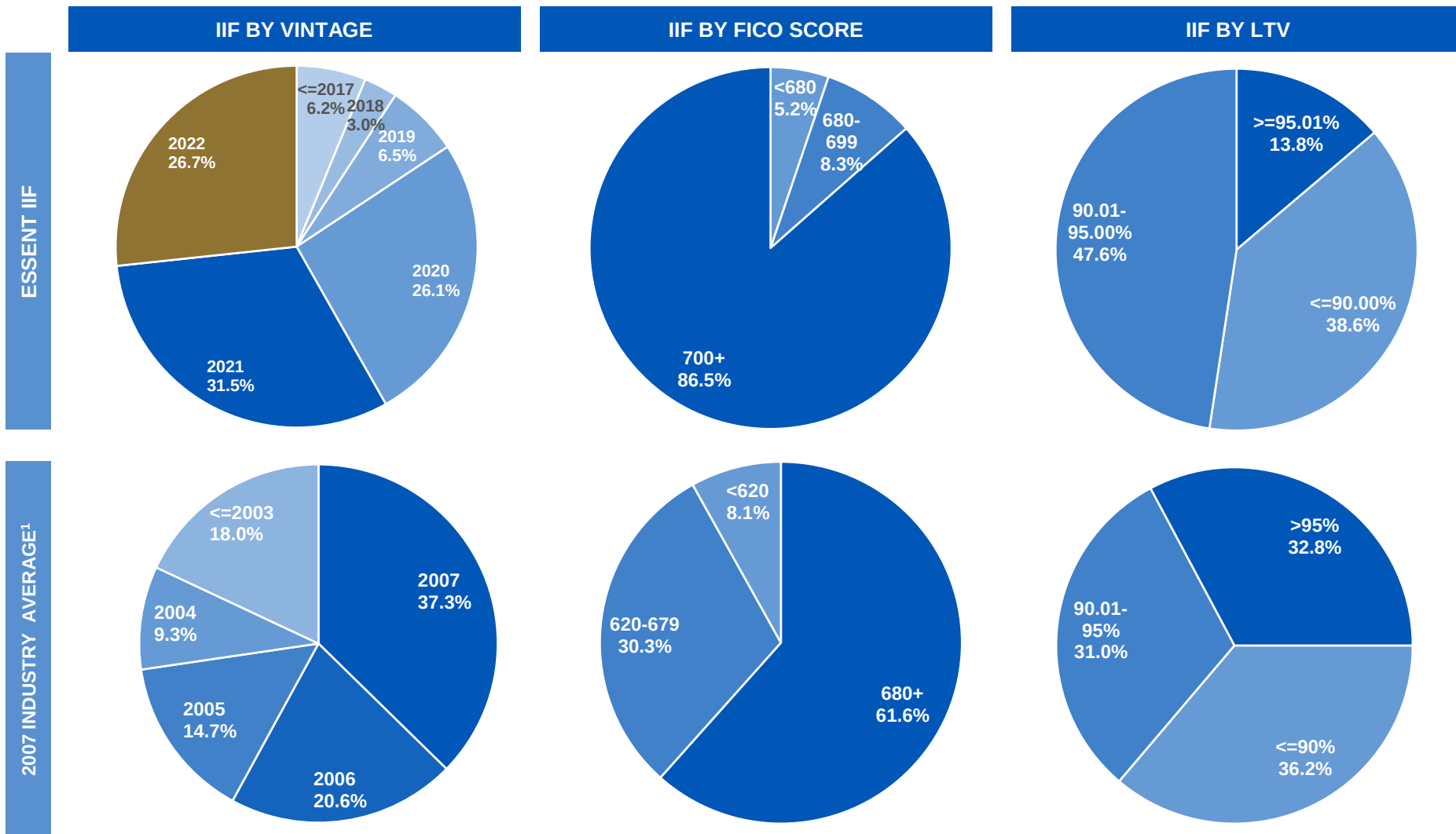
TOTAL NIW MARKET SIZE & GROWTH

New Insurance Written (\$B)
Note: Chart not to scale



A High Credit Quality Portfolio

As Of December 31, 2022, Essent Has \$227.1 Billion Of Insurance In Force



¹ Represents the average breakdown of primary RIF for Q4 2007 between Radian, MGIC, Genworth U.S. M.I., and Triad Guaranty. FICO breakdown excludes Triad Guaranty for FICO 620-679 and 680+ due to lack of comparable disclosure. As reported in SEC filings for each Company for Q4 2007.

Financial Highlights

AS OF END OF PERIOD

(\$ in millions, except per share amounts)

4Q21

1Q22

2Q22

3Q22

4Q22

KEY METRICS

Insurance In Force	\$207,190.5	\$206,843.0	\$215,896.5	\$222,542.6	\$227,062.1
Total Assets	\$5,722.2	\$5,586.1	\$5,521.1	\$5,556.9	\$5,723.8
Total Investments	\$5,133.4	\$4,875.4	\$4,838.1	\$4,848.0	\$4,999.6
Loss Reserves	\$407.4	\$293.1	\$210.0	\$212.5	\$216.5
Debt-to-Capital	9%	9%	9%	9%	9%
Shareholders' Equity	\$4,236.1	\$4,215.1	\$4,272.0	\$4,294.2	\$4,462.3
Book Value Per Share	\$38.73	\$38.98	\$39.67	\$39.87	\$41.44
Available / Total HoldCo Liquidity ⁽¹⁾	\$618 / \$1,018	\$579 / \$979	\$619 / \$1,019	\$648 / \$1,048	\$685 / \$1,085
PMIERS Excess Available Assets (or "Cushion") ⁽²⁾	\$1,379 / 77%	\$1,355 / 74%	\$1,251 / 67%	\$1,388 / 79%	\$1,359 / 74%

1) HoldCo Liquidity includes net cash and investments available for sale at the holding companies and undrawn capacity with our credit facility.

2) Percentages are calculated as excess divided by Essent Guaranty, Inc.'s Minimum Required Assets based on our interpretation of the PMIERS as of the dates indicated.

In Force Portfolio Premium Yield

U.S. Mortgage Insurance Portfolio	PERIOD ENDING				
(in basis points)	4Q21	1Q22	2Q22	3Q22	4Q22
Base Premium Earned	42 bps	41 bps	41 bps	40 bps	40 bps
Singles Cancellation Premium	3 bps	2 bps	1 bps	1 bps	0 bps
Gross Premium Rate	45 bps	43 bps	42 bps	41 bps	40 bps
Ceded Premium	(5) bps	(4) bps	(4) bps	(6) bps	(6) bps
Net Premium Rate	40 bps	39 bps	38 bps	35 bps	34 bps
Average IIF (\$B)	\$207.4	\$206.6	\$210.9	\$219.3	\$224.8

Cost of Reinsurance Transactions

(\$ in millions)	PERIOD ENDING				
	4Q21	1Q22	2Q22	3Q22	4Q22
U.S. Mortgage Insurance Portfolio					
ILN/XOL Ceded Premium	\$19.09	\$19.83	\$20.23	\$22.44	\$23.85
QSR Ceded Premium	\$7.39	\$0.69	\$2.09	\$8.10	\$10.44
Total Ceded Premium	\$26.48	\$20.52	\$22.32	\$30.54	\$34.29
Increase (Reduction) of Provision for Losses & LAE	\$1.02	\$6.60	\$5.66	\$0.40	(\$1.39)
Reduction of Operating Expense ⁽¹⁾	(\$4.20)	(\$3.93)	(\$4.17)	(\$4.56)	(\$4.85)
Total Cost of Reinsurance	\$23.29	\$23.19	\$23.81	\$26.38	\$28.06

1) Ceding Commission

Default Rollforward

U.S. Mortgage Insurance Portfolio <i>(number of loans)</i>	PERIOD ENDING				
	4Q21	1Q22	2Q22	3Q22	4Q22
Beginning Default Inventory	19,721	16,963	14,923	12,707	12,435
Plus: New Defaults ⁽¹⁾	5,809	6,188	5,495	6,448	7,505
Less: Cures	(8,514)	(8,167)	(7,639)	(6,642)	(6,425)
Less: Claims Paid	(47)	(55)	(65)	(68)	(73)
Less: Recessions & Denials, net	(6)	(6)	(7)	(10)	(9)
Ending Default Inventory	16,963	14,923	12,707	12,435	13,433
Default Rate	2.16%	1.93%	1.61%	1.55%	1.66%

1) Loans are classified as defaulted when the borrower has missed two consecutive payments.

Components Of Provision For Losses & LAE

U.S. Mortgage Insurance Portfolio

PERIOD ENDING

(\$ in millions)

4Q21

1Q22

2Q22

3Q22

4Q22

Provision for Losses & LAE occurring in:

Current Period

\$13.23

\$24.35

\$18.72

\$20.14

\$36.14

Prior Year Development

(\$16.62)

(\$130.11)

(\$94.81)

(\$15.85)

(\$32.01)

Provision For Losses & LAE

(\$3.39)

(\$105.77)

(\$76.09)

\$4.29

\$4.13

End Of Period Reserves

\$406.10

\$292.82

\$209.83

\$212.39

\$216.39

Cumulative Incurred Loss Ratio By Vintage Year

	PRE-2015	2015	2016	2017	2018	2019	2020	2021	2022
Pre-2015	2.4%	2.9%	3.1%	3.0%	2.7%	2.6%	3.3%	3.3%	2.6%
2015		2.1%	3.3%	4.0%	3.0%	2.7%	4.6%	4.3%	2.7%
2016			2.3%	4.6%	3.4%	2.9%	6.4%	5.3%	2.8%
2017				7.5%	4.6%	4.2%	9.7%	8.3%	4.0%
2018					3.3%	6.0%	16.4%	13.7%	5.3%
2019						4.2%	31.2%	21.8%	5.8%
2020							24.5%	13.6%	4.4%
2021								9.1%	7.9%
2022									14.4%

Incurred loss ratio is calculated by dividing the sum of case reserves and cumulative amount paid for claims by cumulative net premiums earned.

U.S. Mortgage Insurance Subsidiaries

(\$ in millions)

As of:

	4Q21	1Q22	2Q22	3Q22	4Q22
Statutory Financial Information					
Risk-to-capital ratio	10.4:1	9.9:1	10.2:1	10.1:1	10.2:1
Common stock and paid-in surplus ⁽¹⁾	\$744	\$744	\$744	\$744	\$744
Unassigned funds ⁽²⁾	\$356	\$395	\$332	\$337	\$326
Statutory policyholders' surplus	\$1,100	\$1,139	\$1,076	\$1,081	\$1,070
Contingency reserve ⁽³⁾	\$1,850	\$1,920	\$1,986	\$2,048	\$2,105
Total statutory capital	\$2,950	\$3,059	\$3,062	\$3,129	\$3,176
Reserve for losses and LAE	\$280	\$200	\$142	\$144	\$143
Total	\$3,230	\$3,259	\$3,204	\$3,273	\$3,319
Ordinary Dividend Capacity					\$318
PMIERS Data⁽⁴⁾					
PMIERS available assets	\$3,171	\$3,195	\$3,120	\$3,148	\$3,191
PMIERS minimum required assets	\$1,792	\$1,840	\$1,870	\$1,759	\$1,832
PMIERS excess available assets	\$1,379	\$1,355	\$1,251	\$1,388	\$1,359
PMIERS sufficiency ratio⁽⁵⁾					
with 0.3x factor	177%	174%	167%	179%	174%
without 0.3x factor	165%	165%	159%	170%	165%

Scheduled Contingency Reserve Releases⁽³⁾	
(\$ in millions)	
2023	\$62
2024	\$109
2025	\$146
2026	\$175
2027	\$205
2028	\$243
2029	\$285
2030	\$306
2031	\$298
2032	\$276
Total	\$2,105

1) Common stock and paid-in surplus can only be affected by direct capital contributions and returns of capital approved by Pennsylvania Insurance Department.

2) Unassigned funds change as a result of earnings (net of contingency reserve inflows and outflows) and dividends, and is a regulatory constraint on the ability to pay an ordinary dividend, since unassigned funds must be positive in order to pay such a dividend. A Pennsylvania domiciled insurer may pay dividends during any 12-month period in an amount equal to the greater of (i) 10% of the preceding year-end statutory policyholders' surplus or (ii) the preceding year's statutory net income. While all proposed dividends and distributions to stockholders must be filed with the Pennsylvania Insurance Department prior to payment, dividends and other distributions can be paid out of positive unassigned surplus without prior approval.

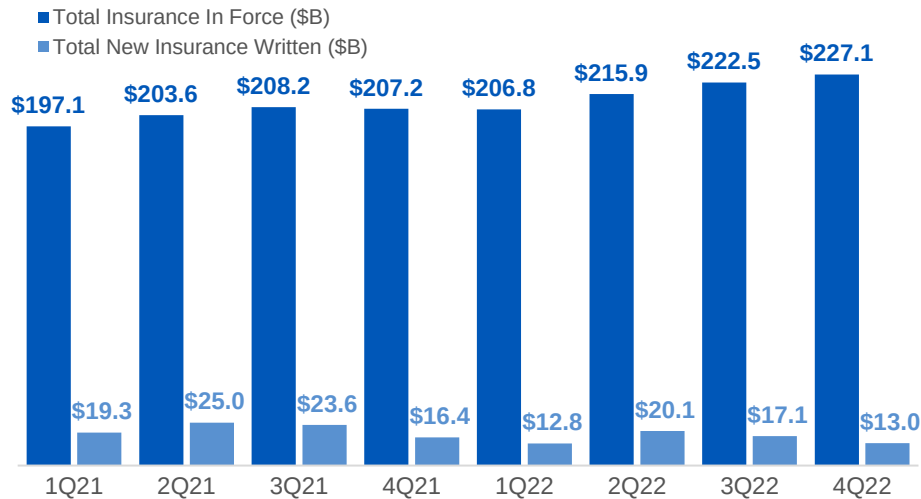
3) Contingency reserves are established by contributing 50% of earned premiums every year. Contingency reserves are released to unassigned funds after 10 years on a first-in, first-out basis or after regulatory approval with an annual loss ratio greater than 35%.

4) Essent Guaranty's Minimum Required Assets calculated based on our interpretation of the PMIERS as of the dates indicated.

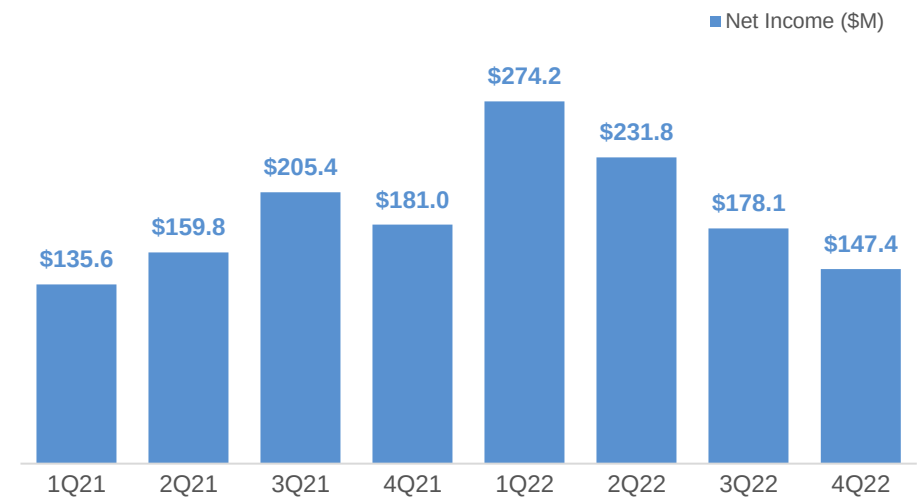
5) Excess as a % of Essent Guaranty's Minimum Required Assets.

Quarterly Financial Trends

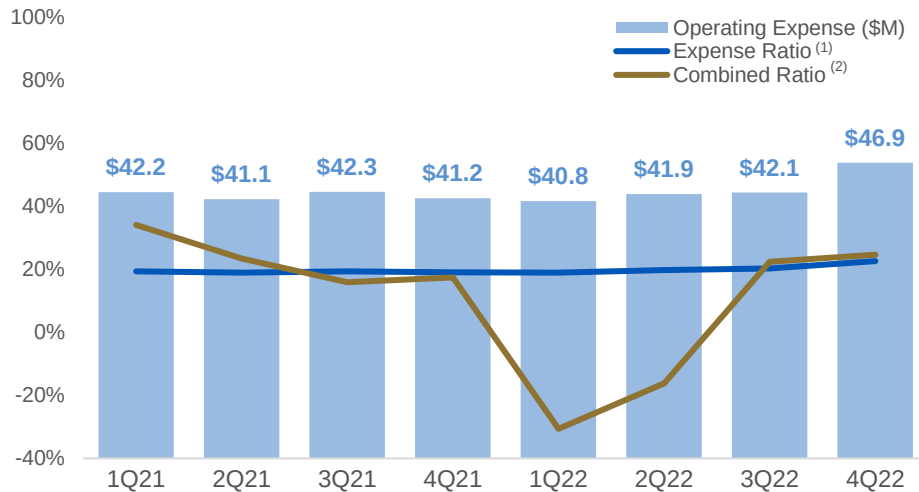
INSURANCE IN FORCE & NEW INSURANCE WRITTEN



NET INCOME

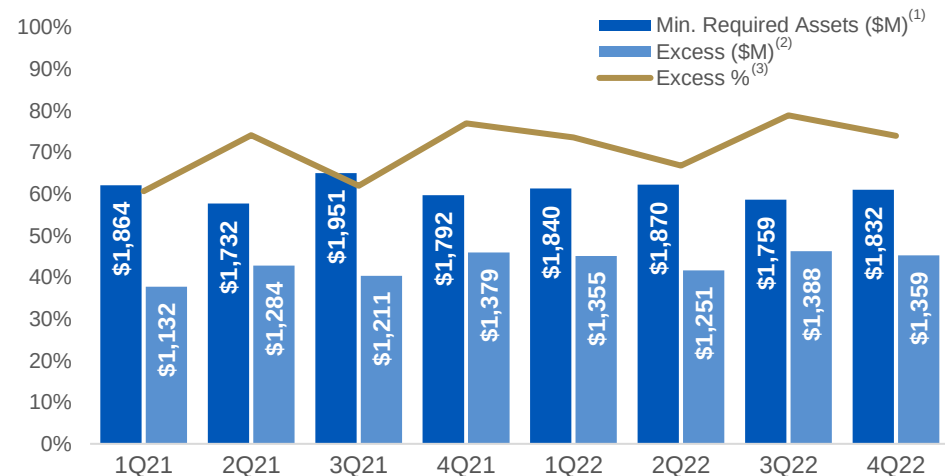


OPERATING EXPENSES



- 1) Expense ratio is calculated by dividing operating expenses by net premiums earned.
2) Loss ratio plus expense ratio.

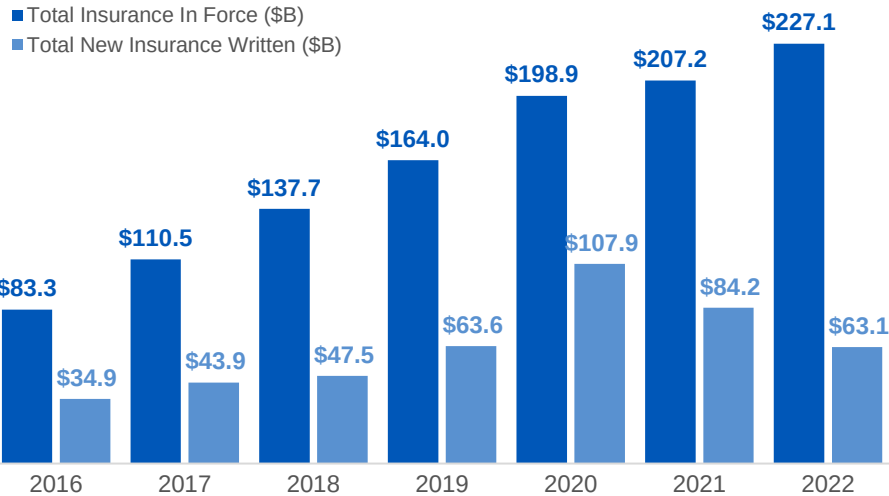
PMIERS CAPITAL



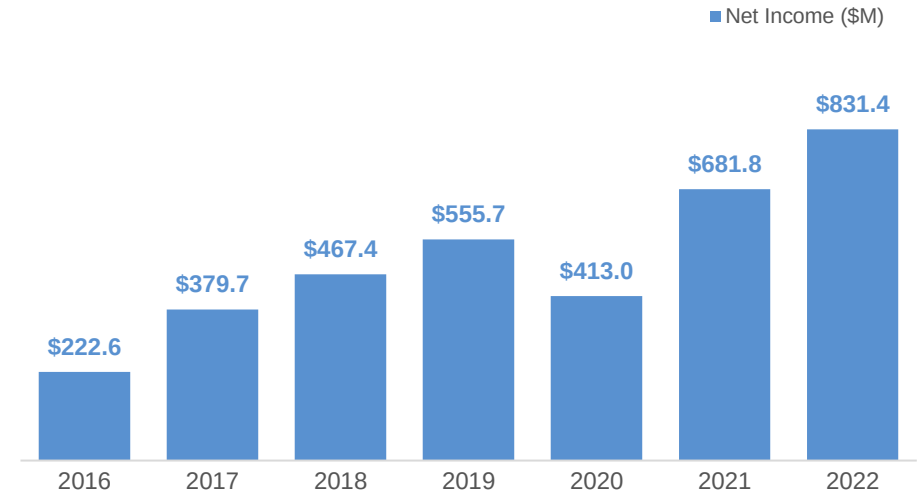
- 1) Essent Guaranty's Minimum Required Assets calculated based on our interpretation of the PMIERS as of the dates indicated.
2) Excess of Essent Guaranty's Available Assets over Minimum Required Assets.
3) Excess as a % of Essent Guaranty's Minimum Required Assets.

Annual Financial Trends

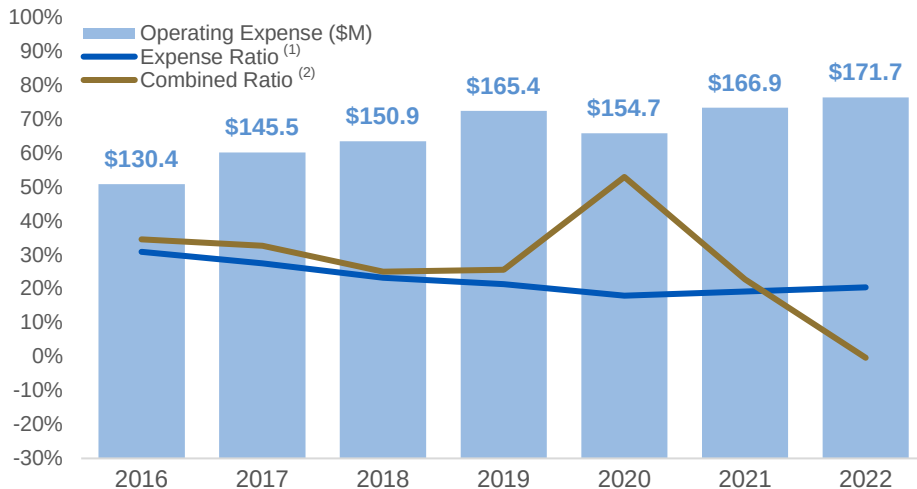
INSURANCE IN FORCE & NEW INSURANCE WRITTEN



NET INCOME

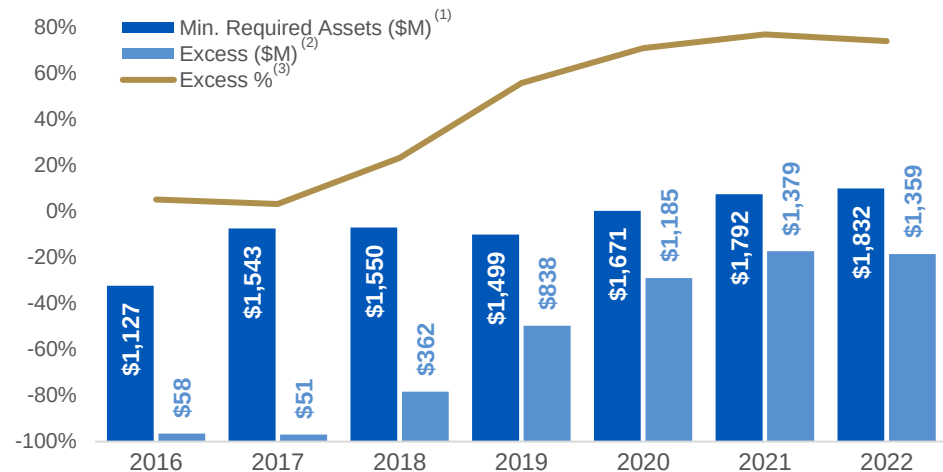


OPERATING EXPENSES



- 1) Expense ratio is calculated by dividing operating expenses by net premiums earned.
2) Loss ratio plus expense ratio.

PMIERS CAPITAL



- 1) Essent Guaranty's Minimum Required Assets calculated based on our interpretation of the PMIERS as of the dates indicated.
2) Excess of Essent Guaranty's Available Assets over Minimum Required Assets.
3) Excess as a % of Essent Guaranty's Minimum Required Assets.

