



Q2 2016 Investor Supplement

August 3, 2016

Important Information

This presentation contains summarized information concerning Nationstar Mortgage Holdings Inc. (the “Company”) and the Company’s business, operations, financial performance and trends. No representation is made that the information in this presentation is complete. For additional financial, statistical and business related information, as well as information regarding business and segment trends, see the Company’s most recent Annual Report on Form 10-K (“Form 10-K”) and Quarterly Reports on Form 10-Q (“Form 10-Qs) filed with the U.S. Securities and Exchange Commission (the “SEC”), as well as the Company’s other reports filed with the SEC from time to time. Such reports are or will be available in the Shareholder Relations section of the Company’s website (www.nationstarmtg.com) and the SEC’s website (www.sec.gov).

Forward Looking Statements

Any statements in this presentation that are not historical or current facts are forward looking statements. These forward looking statements include, but are not limited to, statements regarding: Estimates of servicing profitability and pipeline, and Originations opportunities including recapture and Xome’s platform savings. Forward looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Certain of these risks and uncertainties are described in the “Business” and “Risk Factors” sections of our Form 10-K and other required documents as filed with the SEC, which are available at the SEC’s website (www.sec.gov). Nationstar undertakes no obligation to publicly update or revise any forward looking statements or any other information contained herein, and the statements made in this presentation are current as of the date of this presentation only.

Non-GAAP measures

This presentation contains certain references to non-GAAP measures. Please refer to the Appendix and Notes for more information on non-GAAP measures.

Financial Overview

Quarterly Highlights:

- \$84 million adjusted pretax income⁽¹⁾, 91% improvement over Q1, driven by all three segments:
 - \$64 million adjusted pretax income, or 6.8 bps profitability in Servicing
 - \$54 million pretax income in Originations, driven by direct to consumer and 29% recapture
 - \$28 million adjusted pretax income Xome[®]
- Strong MSR boarding schedule for rest of 2016 and building for 2017

Highlights

Key Metrics

\$ mm, unless noted

	Q1'16	Q2'16	% QoQ
Consolidated GAAP PTI	(\$216)	(\$144)	(34%)
Mark-to-market	\$253	\$221	(13%)
Non-recurring	\$6	\$6	--
Adjusted Pretax Income⁽¹⁾	\$44	\$84	91%
Adjusted EPS⁽¹⁾	\$0.27	\$0.52	100%

	Q1'16	Q2'16	% QoQ
Adj. Servicing Profitability (bps)	5.0	6.8	36%
Originations Volume (\$B)	\$4.2	\$5.2	24%
Xome 3 rd Party Revenue %	36%	37%	3%

Servicing

Highlights

\$ mm, unless noted

	Q1'16	Q2'16	% QoQ
Operational	317	333	5%
Amortization	(65)	(78)	(20%)
Mark-to-market	(253)	(221)	13%
Total Revenues	(1)	34	n/a
Expenses	(207)	(192)	8%
GAAP Pretax Income	(\$208)	(\$158)	n/a
Mark-to-market	253	221	n/a
Non-recurring	4	--	n/a
Adjusted Pretax Income⁽¹⁾	\$49	\$64	(2%)
Adjusted Profitability (bps)	5.0	6.8	--

Key Metrics

	Q1'16	Q2'16	% QoQ
Adj. Servicing Profitability (bps)	5.0	6.8	36%
CPR, net of recapture	10.9%	14.2%	(30%)
60+ Day delinquency rate	6.5%	5.7%	12%

Operations driving profitability

- Achieved 6.8 bps of adjusted profitability
 - Operational improvements largely overcame \$13 million increase in amortization
 - Includes \$17 million revenue associated with clean-up call, which equates to 1.7 bps
- Expect to exceed 5.0 bps on average in 2016⁽²⁾
 - YTD achieved 5.9 bps of adjusted profitability
 - Maintaining target despite increase in subservicing of ~\$50 billion
- Portfolio performance continues to improve

Investing in the Customer Experience

- Redesigned the boarding experience for the more than 0.5 million customers about to be onboarding in 3rd and 4th quarter
- September launch of completely new and greatly enhanced customer website
- Q4 launch of premier mobile application

Refer to Notes on Slide 12

Valuation Update

Portfolio Valuation

<i>Basis points (bps)</i>	Cost	Fair Value	%
As of June 30, 2016			
Reported Portfolio FV	71	88	24%
Recapture	--	11	--
Xome cash flows	--	6	--
Estimated Fair Value	71	105	48%

Intrinsic Valuation⁽²⁾

(\$ in billions, except for per share amounts)

	Book Value	Per Share
Current Book Value	\$1.4	\$14.51
Intrinsic MSR Value ⁽³⁾	\$0.4	\$3.77
NSM Intrinsic Book Value ⁽³⁾	\$1.8	\$18.28
Tangible Book Value (ex. Goodwill)	\$1.3	\$13.29
Intrinsic MSR Value ⁽³⁾	\$0.4	\$3.77
NSM Intrinsic Tangible Book Value ⁽³⁾	\$1.7	\$17.06

What Matters Most

- Servicing delivers strong stable cash flows
- The valuation of MSR's fails to recognize:
 - Value driven throughout our integrated Originations and Xome platforms
 - Our ability to retain customers and partially offset prepayments
 - Potential for a rising interest rate environment
- The value of an integrated platform is recognized by our partners:
 - Part of the reason why we are a preferred partner – we increase the value of MSR's

Refer to Notes on Slide 12

Estimated Servicing Boardings and Market Update

Estimated Boarding Schedule⁽⁵⁾

<i>\$ billions</i>	Q3'16	Q4'16	2017
Signed and approved			
USAA (subservicing/flow)	\$49	\$7	\$29
Seneca (subservicing)	46	--	--
Awarded	10	18	26
Total expected boardings	\$105	\$25	\$55

Diversified & Growing Service Book

- \$130 billion of MSR's expected to board by year-end⁽⁵⁾
- \$0.45 estimated initial EPS impact
- Provides two partners that intend to add to their portfolio
- Limited use of capital and limited hiring of individuals
- New financing partner relationship

Sizeable Market Opportunity

- \$1.7 trillion of MSR's held by 50 institutions with portfolios between \$15 billion - \$100 billion⁽⁶⁾
 - 45% non-banks/55% banks & credit-unions

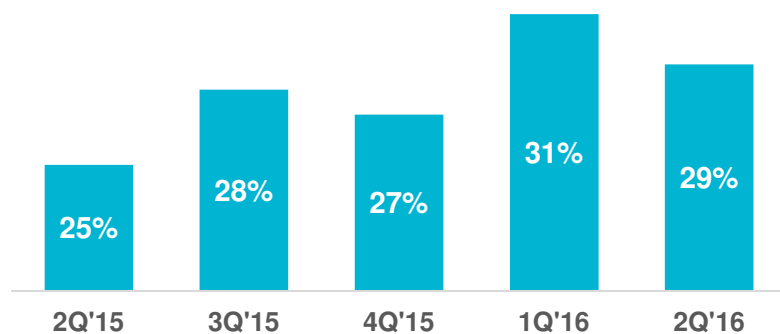
Originations

Highlights

\$ mm, unless noted

	Q1'16	Q2'16	% QoQ
GAAP Pretax Income	\$40	\$54	35%
Non-recurring	--	--	
Adjusted Pretax Income⁽¹⁾	\$40	\$54	35%
Adjusted Pretax Margin⁽¹⁾	25%	29%	16%
Funded Volume	\$4,241	\$5,204	23%
Purchase Mix	25%	26%	4%
Consumer Direct Mix	68%	63%	(8%)

Recapture %



Recapture is the most efficient replacement of MSR portfolio runoff, preserving economic value of MSRs

Refer to Notes on Slide 12

Solid Profitability Quarter Over Quarter

- Solid increase in funded volumes at higher margins
 - Direct to consumer funded \$3.3B for Q2; 14% improvement over Q1
- Strong recapture in competitive environment

Additional Opportunities

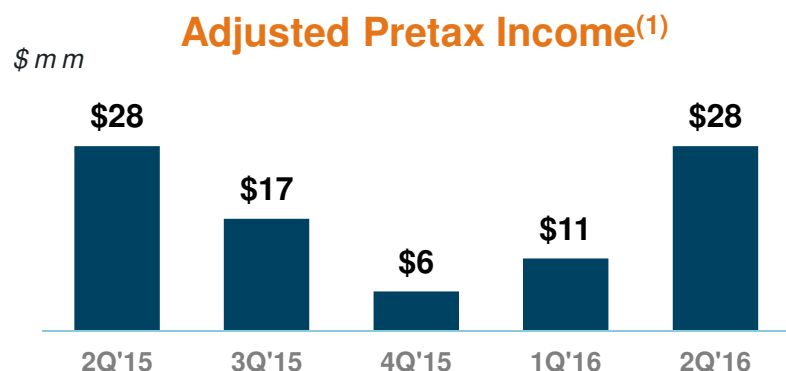
- Significant FHA opportunity remains to improve recapture on PLS and purchase transactions
- Continued focus on operational efficiency and direct expense reductions
- Expanded product set with enhanced sales tools to drive recapture
- Increased volume from growing servicing book



Highlights

\$ mm, unless noted

	Q1'16	Q2'16	% QoQ
GAAP Pretax Income	\$11	\$22	100%
Non-recurring ⁽⁷⁾	--	\$6	n/a
Adjusted Pretax Income⁽¹⁾	\$11	\$28	155%
Property Sales	4,165	5,406	30%
Ending property inventory	7,892	5,972	(24%)
3rd Party Revenue %	36%	37%	3%



Refer to Notes on Slide 12

Property disposition

- Drove second quarter results
- Continue to work with GSE and other third party clients
- Continue to invest in retail, B2C opportunities

Title operations

- Operations continue to improve each quarter
- Investing in enhanced leadership
- Continues to attract large money-center customers

Technology platform

- Progressing with white-label opportunities
- Completed migration from Homesearch.com to Xome.com
 - Provides ability to white-label/license platform
 - Expect \$4 million in annualized savings

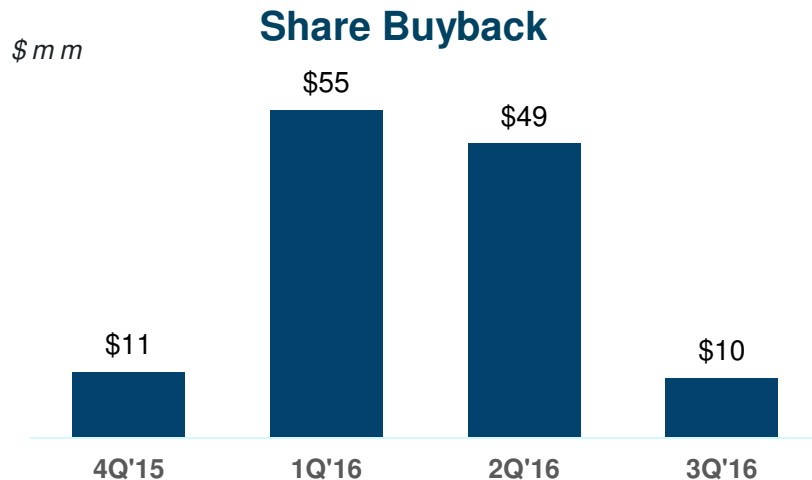
Capital Position and Stockholder Value

Cushion on FHFA Requirements

<i>\$ mm, unless noted</i>	Q2'16	FHFA Minimum	Cushion
Tangible Net Worth	\$1,428	\$870	\$558
Tangible Net Worth / Assets excluding Reverse ⁽⁸⁾	12%	6%	6%
Tangible Net Worth / Assets including Reverse ⁽⁸⁾	9%	6%	3%
Liquidity ⁽⁸⁾	\$850	\$80	\$770

Significant room for growth

- Materially exceed regulatory capital standards
- Maintaining excess liquidity in current environment
- Subservicing enhances ability to de-lever and/or repurchase shares



Returning value to shareholders

- \$125 million of shares repurchased at significant discount to tangible book value
 - 50% of capacity remaining under share repurchase program
- Shares repurchased at an average price of \$10.95

Refer to Notes on Slide 12

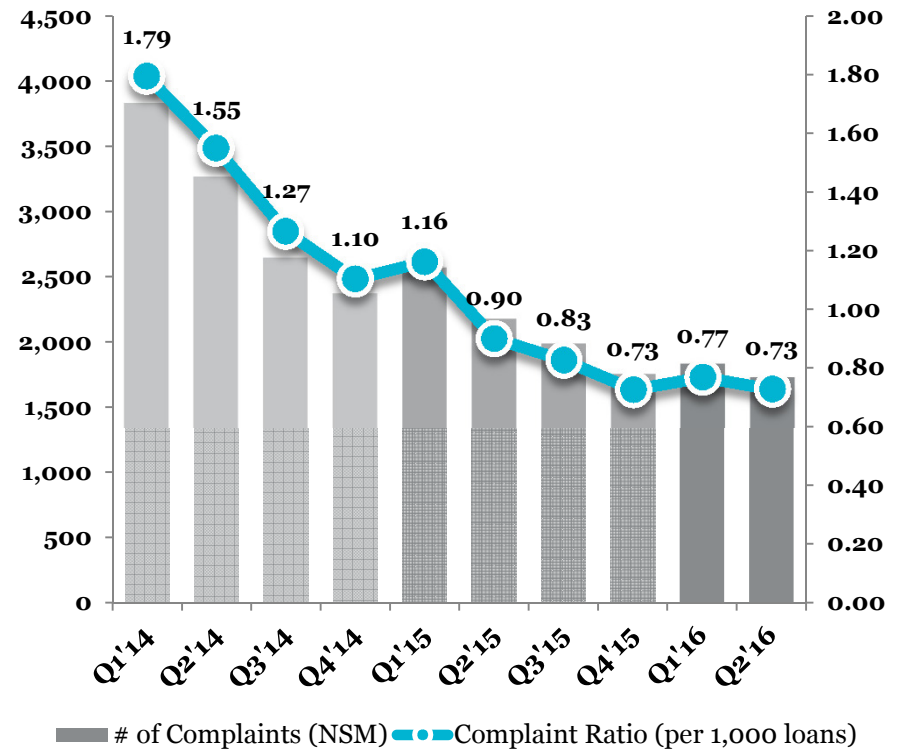
Customer Focus Delivering Real Results

We are focused on delivering a high level of customer service....

- Increases customer retention
 - Results in higher recapture
- Secures position as preferred industry partner
 - Enables capitalization on market opportunities

Lower complaints helps drive our position as an industry partner and lowers our costs to service.

Customer Complaint Performance⁽⁹⁾



Additional measurements:

- Consumer Affairs 4.2 out of 5 (1,622 ratings)¹⁰
- Birdeye 4.4 out of 5 (3,550 ratings)¹¹
- Better Business Bureau rating – A+
- Fannie Mae 5 Star Rating 2 years in a row; top in peer group in 2015

Refer to Notes on Slide 12

Investment Thesis

Strong Recurring Cash Flows

- All operating segments generating strong cash flows, prior to reinvestments
- Subservicing will boost cash flows with limited to no capital investment

Fortified Capital & Liquidity Position

- Remain in compliance with industry capital requirements and cushion for growth
- Subservicing portfolios will increase regulatory cushions
- \$624 million in liquidity as of quarter end

Preferred Partner with Sizeable Market

- Preferred industry partner
- Most highly rated non-bank servicer
- Sizeable market opportunities exist
- Diversified group of financing partners

Valuable Assets

- Acquired MSR's continue to generate sizable returns
- MSR fair values exclude value of integrated originations and real estate services platforms
- Growing Fintech platform
- Continue to trade at a significant discount to book and intrinsic value

Notes

1. The Company utilizes non-GAAP (or “adjusted”) financial measures as the measures provide additional information to assist investors in understanding and assessing the Company’s and our business segments’ ongoing performance and financial results, as well as assessing our prospects for future performance. The adjusted financial measures facilitate a meaningful analysis and allow more accurate comparisons of our ongoing business operations because they exclude items that may not be indicative of or are unrelated to the Company’s and our business segments’ core operating performance, and are better measures for assessing trends in our underlying businesses. These adjustments are consistent with how management views our businesses. Management uses non-GAAP financial measures in making financial, operational and planning decisions and evaluating the Company’s and our business segment’s ongoing performance.

Adjusted earnings (loss) eliminates the effects of mark-to-market adjustments which primarily reflects unrealized gains or losses based on the changes in fair value measurements of MSRs and their related financial liabilities for which a fair value accounting election was made. These adjustments which can be highly volatile and material due to changes in credit markets, are not necessarily reflective of the gains and losses that will ultimately be realized by the Company. Adjusted earnings (loss) also eliminates, as applicable, restructuring costs, rebranding and integration costs, gain (losses) on sales of fixed assets, certain legal settlement costs that are not considered normal operational matters, and other adjustments based on facts and circumstances that would provide investors a supplemental means for evaluating the Company’s core operating performance.

2. Estimates of future profitability or economic value are forward looking and based on a number of factors outside our control. Results could differ materially.
3. Recapture value based upon 30% recapture rate. Recapture value is excluded from MSR valuation for GAAP purposes. Estimated value as of June 30, 2016 is \$350 million.
4. Some cash flows based on the present value of internal estimates of Some revenues attributable to existing MSRs, which as of June 30, 2016 was estimated at \$200 million.
5. Transactions noted may still be subject to regulatory approvals and final closing conditions which could impact the ultimate amounts boarded as well as timing. In addition, actual boarded amounts may differ due principally to portfolio amortization between when a portfolio is awarded versus actual boarding.
6. Source: Inside Mortgage Finance – Top 100 Mortgage Servicers: 1Q16, excludes Seneca and USAA from analysis.
7. Excludes non-recurring items principally related to the cost of defending and settling a contingent obligation (partially offset by previously established reserves) that we inherited in connection with our acquisition of a title and close business.
8. Calculated in accordance with FHFA capital standards. Liquidity includes cash, cash equivalents and available capacity to immediately borrow agency servicer advance facilities in which unencumbered collateral is available to pledge and marketable securities.
9. Source: CFPB and Inside Mortgage Finance.
10. Source: https://www.consumeraffairs.com/finance/nationstar_mortgage.html
11. Source: <https://birdeye.com/nationstar-mortgage-187996304>

Appendix: Servicing Operational P&L *(in bps)*

\$ in mm, unless otherwise noted

	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
Operating Revenue	41.3	41.9	41.0	39.9	43.2
Labor costs ⁽¹⁾	6.2	6.2	6.1	6.8	7.0
Direct corporate allocation	4.0	4.0	4.5	4.4	4.4
Other direct expenses ⁽¹⁾⁽³⁾	10.1	9.9	7.9	7.4	6.4
Total Expenses	20.3	20.1	18.6	18.6	17.8
Other (income) / expense	0.3	0.1	0.3	(0.2)	0.3
Adj. operating income b/f amortization	20.8	21.8	22.1	21.5	25.1
MSR amortization	(13.6)	(13.1)	(11.9)	(11.5)	(14.2)
Excess spread accretion	4.6	4.8	4.6	4.9	5.9
Total amortization⁽²⁾	(8.9)	(8.2)	(7.2)	(6.6)	(8.3)
Adjusted operating income	11.8	13.5	14.9	14.9	16.8
MSR financing liability payments	3.2	3.0	2.8	2.8	2.8
Excess spread payments – principal	4.2	4.7	4.8	4.8	5.1
Excess spread payments – interest / other	2.1	2.2	2.3	2.3	2.2
Total financing structure payments	9.5	10.0	9.8	9.9	10.0
Adjusted Pretax income	2.3	3.6	5.1	5.0	6.8
Excess Spread / Financing MTM	(4.4)	6.4	(5.9)	0.3	2.5
MSR MTM	12.7	(21.5)	12.6	(26.1)	(25.9)
Total MTM adjustments	8.3	(15.2)	6.6	(25.8)	(23.4)
Non-recurring	(0.9)	(1.1)	---	(0.4)	---
GAAP Pretax Income	9.7	(12.7)	11.7	(21.2)	(16.7)
Average UPB (\$B)	\$394.9	\$399.9	\$403.1	\$392.0	\$378.0

1) Excludes severance and other adjustments.

2) Previously, the release of mortgage servicing liabilities related to GNMA buy-outs was reflected in the Operating P&L as a reduction of amortization totaling \$16mm in Q1'16 and \$10mm in Q4'15, respectively. These items have been reclassified, for presentation purposes, to the Operating Revenue line item in all periods.

3) Includes 17MM or 1.7 bps related to clean up call in Q2'16.

Appendix: Valuation Of Servicing Assets

Market-to-market adds quarterly volatility...but has minimal current cash flow impact

- **Accounting mark-to-market treatment on a quarterly basis**
 - Highly sensitive to short term changes in mortgage rates
 - Much more volatile than actual cash flows...one of the reasons banks have sold their MSR's
- **But model-driven marks ignore important cash flow drivers:**
 - Ignore recapture
 - Assume prepayment speeds derived from static rates
 - No P&L from originations & Xome
- **Long term servicing cash flows are what count – and remain remarkably stable**
 - \$2.8 bn servicing portfolio expected to generate \$4.5 billion of nominal servicing cash flows

NSM MSR's

Forward MSR as of 6/30/16

UPB	\$319B
Book Value (\$mm)	\$2.8B
Expected Future Cash Flow	\$4.5B

Appendix: Illustrative Example

- \$37 Billion servicing portfolio acquired in 2013
 - Original book value of \$224 million
 - Expected to produce \$438 million lifetime cash flows
- **While marks have varied +/-10% each quarter...cumulative long term cash flows remain within a 3% band vs. original underwriting**
 - 31% loan recapture significantly offsets loan prepayments

Portfolio Highlights

	At Underwriting	Today	Delta
Mortgage Rate	3.83%	3.28%	55 bps
UPB est. at 6/30/16	\$22.5bn	\$21.9bn	(3%)
Avg. Net CPR est. thru 6/30/16	12.3	13.1	80 bps
Avg. Recapture est. thru 6/30/16	31%	31%	-
Cum. Cash Flow est. thru 6/30/16	\$156mm	\$151mm	(3%)
Total Lifetime Cash Flow	\$427mm	\$438mm	+3%

Cumulative Long Term Cash Flows

