

# Mr. CooperGroup®

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## Earnings Presentation 4Q 2019

*February 25, 2020*



# Important Information

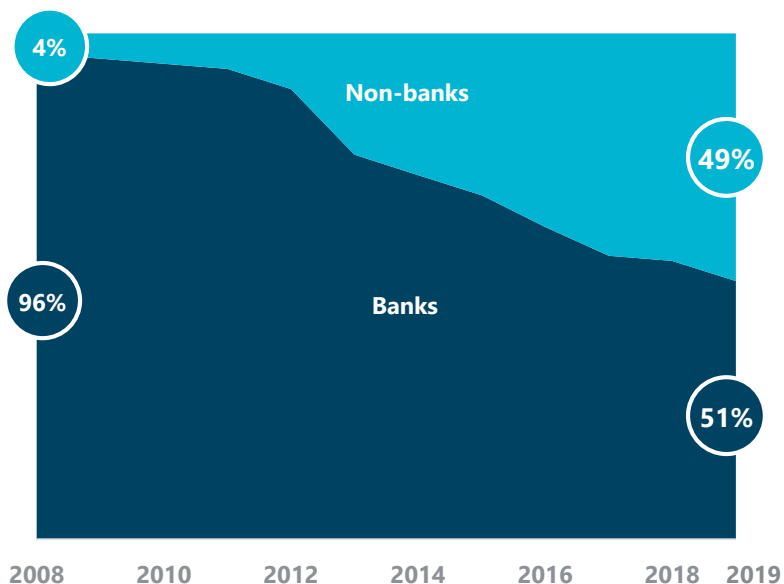
This presentation contains summarized information concerning Mr. Cooper Group Inc. (the "Company") and the Company's business, operations, financial performance and trends. No representation is made that the information in this presentation is complete. For additional financial, statistical and business 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 filed with the U.S. Securities and Exchange Commission (the "SEC"), as well other reports filed with the SEC from time to time. Such reports are or will be available in the Investors section of the Company's website ([www.mrcoopergroup.com](http://www.mrcoopergroup.com)) and the SEC's website ([www.sec.gov](http://www.sec.gov)).

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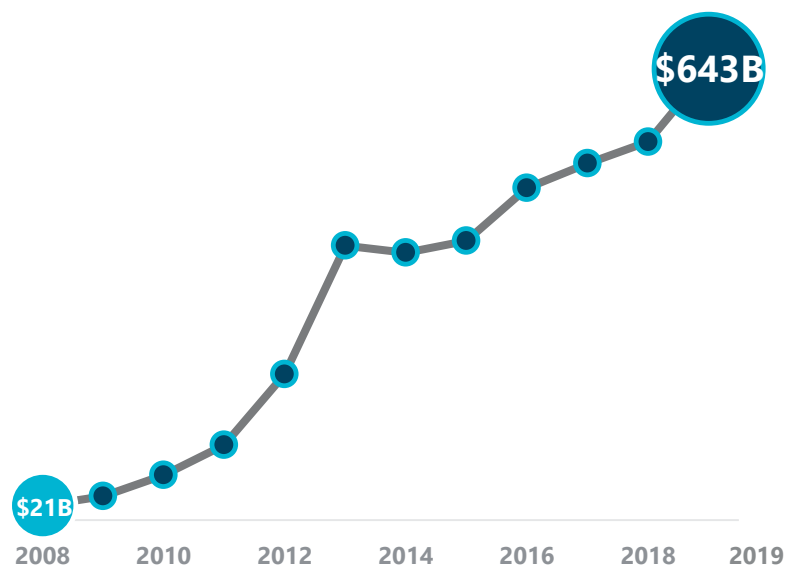
**Non-GAAP Measures.** This presentation contains certain references to non-GAAP measures. Please refer to the Appendix for more information on non-GAAP measures.

# Evolution of the Leading Non-bank Mortgage Servicer

## Post Crisis, Servicing Market Share Shifted to Non-banks (%)



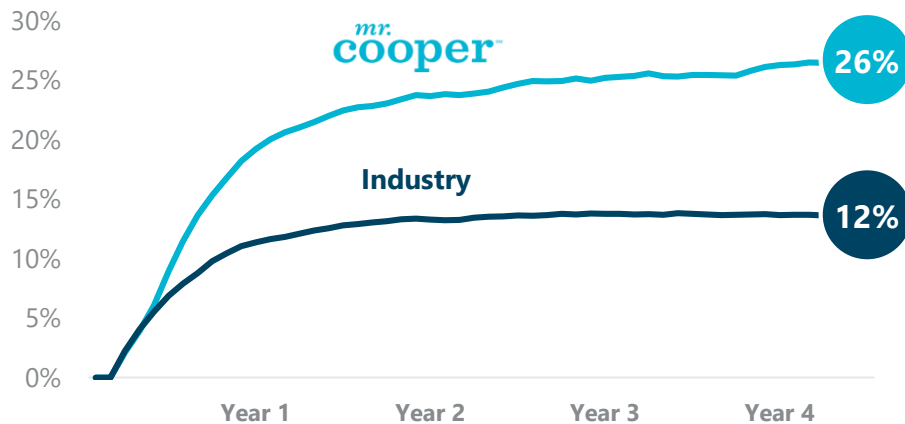
## Industry-leading Portfolio Growth



# Best-in-Class Operational Skills

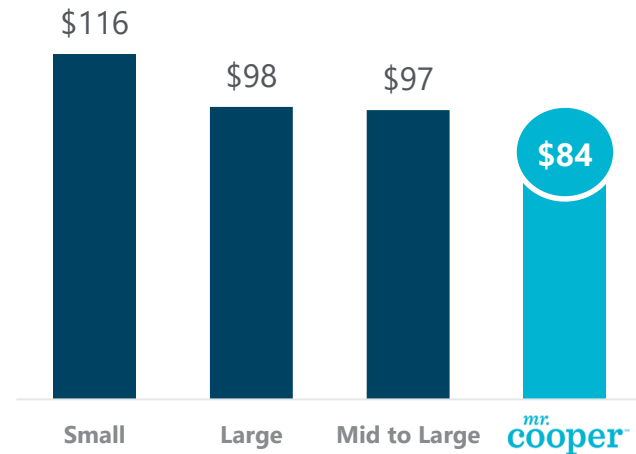
## Kept More People in Their Homes

Returning Delinquent Loans to Performing Status at 2X the Industry Rate <sup>(1)</sup>



## Built a Very Efficient Operating Platform

Direct Servicing cost per Loan below Peer Average <sup>(2)</sup>

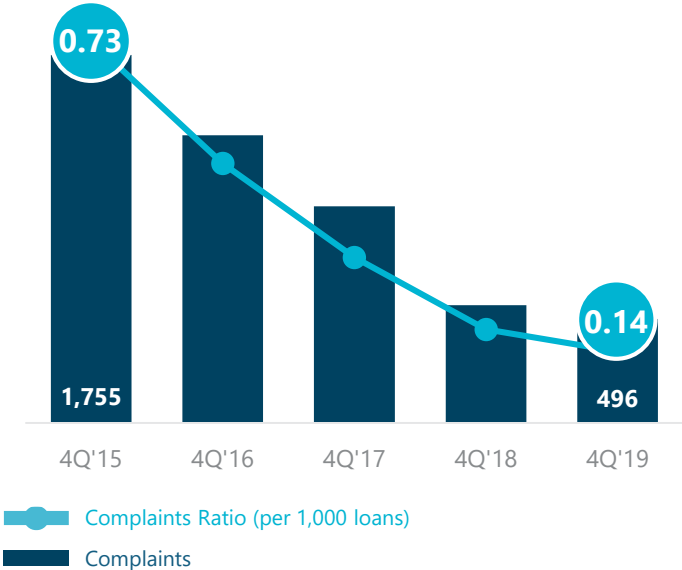


<sup>(1)</sup> Percentage of loans boarded delinquent brought back to performing status, compared to industry reperformance for buckets of similar loans. Source: Core Logic

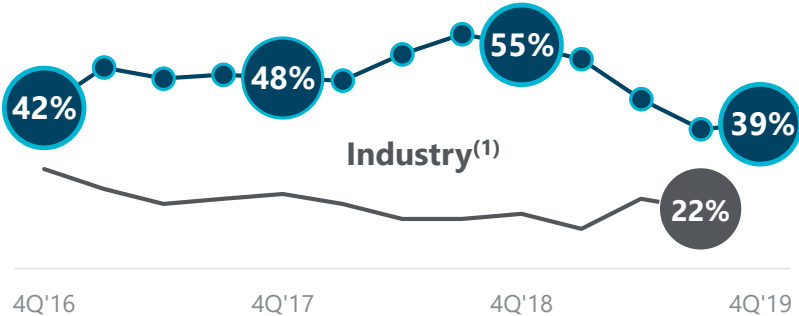
<sup>(2)</sup> Direct servicing cost per loan for performing loans. Categories are defined as prime servicers; "Mid to Large" is 500k-1mm loans, "Large" is greater than 1mm loans, "Small" is less than 100k loans. Source: 2018 MBA Peer Group Study

# Rebranding Establishes Customer-centric Culture

## Significant Improvement in Customer Experience



## Refinance Recapture is a Competitive Advantage

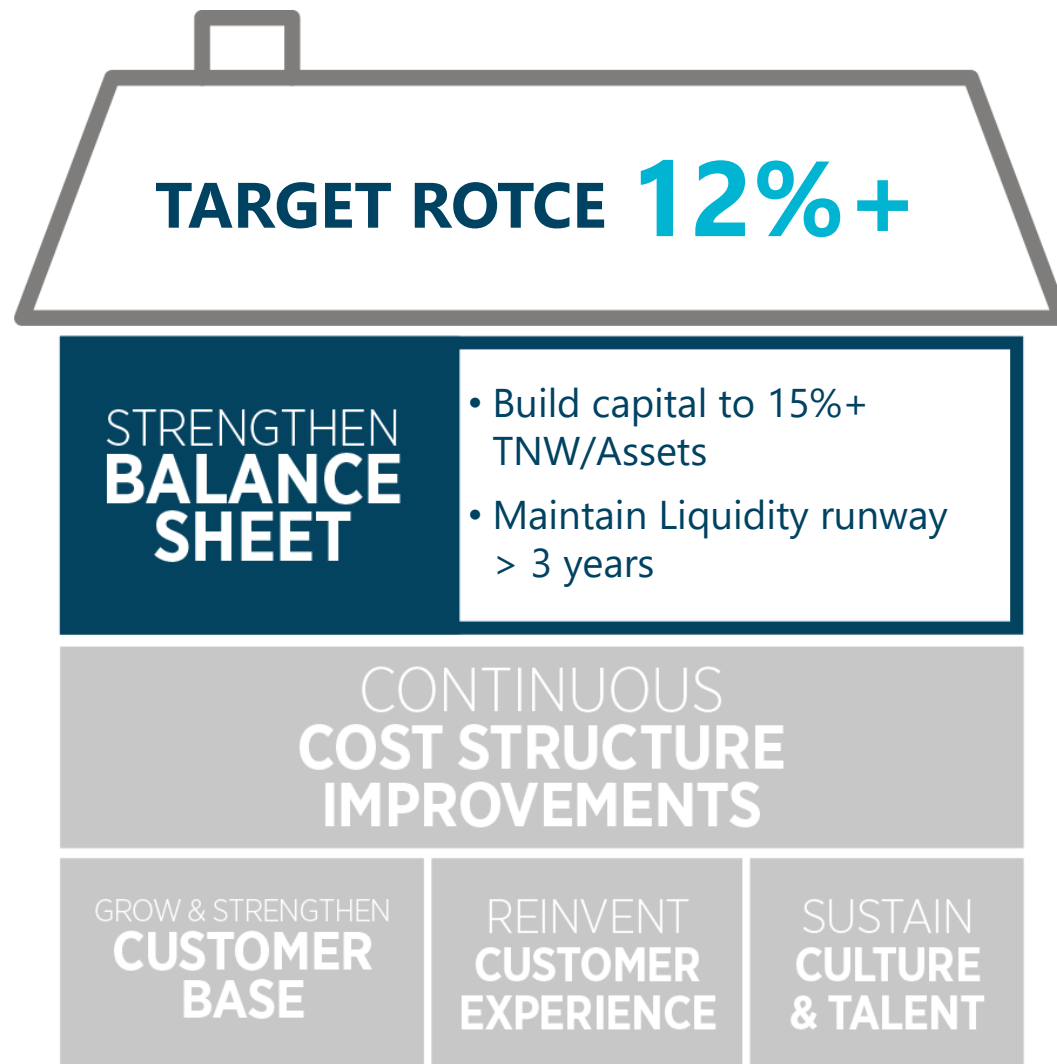


<sup>(1)</sup> Industry refinance recapture data as of 3Q'19 based on Black Knight's mortgage monitor October 2019 report.

## Fourth Quarter Highlights

- **Reported \$461 mm net income or \$4.95 per diluted share, including \$285 mm recovery of valuation allowance and positive \$102 mm MSR mark**
- **Strong pretax operating income of \$125 mm, equivalent to a 21.1% ROTCE**
- **Generated Originations EBT of \$138 mm on record funded volume of \$12.6 bn and margin of 1.10%**
- **Servicing UPB remained stable, ending the quarter at \$643 bn, with an operating margin of 5.5 bps**
- **Xome reported EBT of \$9 mm and pretax operating income of \$14 mm**
- **Subsequent to quarter end, called \$100 mm of senior notes, issued \$600 mm in senior notes maturing 2027 with coupon of 6.0% and redeemed senior notes maturing 2021 and 2022**

# Strategic Pillars: Strengthen the Balance Sheet



*Note: ROTCE estimates are forward-looking and are subject to a number of risks, uncertainties and changes in circumstances, certain of which are beyond our control. Actual results could differ materially as a result of several factors, including interest rates, prepayment rates, amortization, economic growth, and delinquencies. Please see appendix for reconciliations of non-GAAP items.*

# Sustaining the ROTCE through continual improvement in cost structure

TARGET ROTCE **12%+**

STRENGTHEN  
BALANCE SHEET

CONTINUOUS  
COST  
STRUCTURE  
IMPROVEMENTS

- Drive 5% per year reduction in unit costs
- Corporate actions to improve overall efficiency

GROW & STRENGTHEN  
CUSTOMER  
BASE

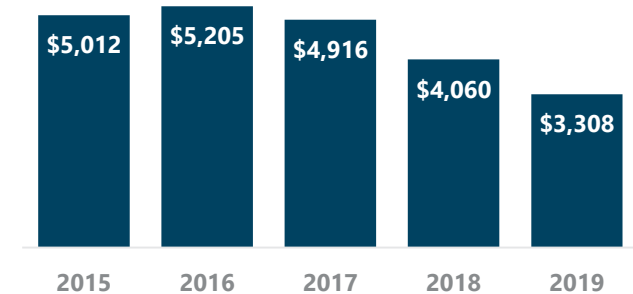
REINVENT  
CUSTOMER  
EXPERIENCE

SUSTAIN  
CULTURE  
& TALENT

SERVICING COST  
PER LOAN



ORIGINATIONS COST  
PER LOAN



Note: ROTCE estimates are forward-looking and are subject to a number of risks, uncertainties and changes in circumstances, certain of which are beyond our control. Actual results could differ materially as a result of several factors, including interest rates, prepayment rates, amortization, economic growth, and delinquencies. Please see appendix for reconciliations of non-GAAP items.



# Summary 4Q'19 Financial Results

\$ mm's, except per share data	4Q'19	3Q'19	4Q'18
Servicing	\$56	\$60	\$53
Originations	138	178	16
Xome	14	13	1
Corporate debt interest expense	(50)	(51)	(54)
Corporate expense/other	(33)	(29)	(18)
<b>Pretax operating income (loss)<sup>(1)</sup></b>	<b>\$125</b>	<b>\$171</b>	<b>(\$2)</b>
Other mark-to-market <sup>(2)</sup>	133	(51)	(153)
Merger related costs	-	-	(4)
Adjustments	(6)	(1)	(5)
Intangible amortization	(12)	(12)	(14)
Pretax income (loss)	\$240	\$107	(\$178)
Valuation allowance release	285	-	-
Income tax (expense) benefit	(64)	(24)	42
<b>Net income (loss)</b>	<b>\$461</b>	<b>\$83</b>	<b>(\$136)</b>
Weighted average diluted sharecount	92.6	92.0	90.8
Diluted EPS <sup>(5)</sup>	\$4.95	\$0.90	(\$1.50)

TBV Rollforward <sup>(1)</sup>	\$ mm's	Per diluted share
<b>3Q'19</b>	<b>\$1,554</b>	<b>\$16.88</b>
4Q'19 net income <sup>(5)</sup>	461	4.95
Intangible amortization	12	0.13
Other	10	0.11
<b>4Q'19</b>	<b>\$2,037</b>	<b>\$22.00</b>

	\$mm's	ROTCE
GAAP net income	\$461	102.7%
<b>Fully-taxed operating income<sup>(1)(3)</sup></b>	<b>\$95</b>	<b>21.1%</b>
Cash tax-effected operating income <sup>(1)(4)</sup>	\$121	27.0%
Discretionary steady state cash flow	\$129	n/a

- Recovered \$285 mm in DTA valuation allowance
- Adjustments in 4Q'19 included \$3 mm in Xome and \$3 mm in Corporate/other related to management and staff changes associated with ongoing corporate actions designed to improve efficiency
- Servicing benefitted from \$19 mm from a prior servicer recovery
- Corporate includes \$7 mm of expenses related to other corporate actions

<sup>(1)</sup> Please see appendix for reconciliations of non-GAAP items

<sup>(2)</sup> Other mark-to-market does not include fair value amortization. Fair value amortization represents the additional amortization required under the fair value amortization method over the cost amortization method

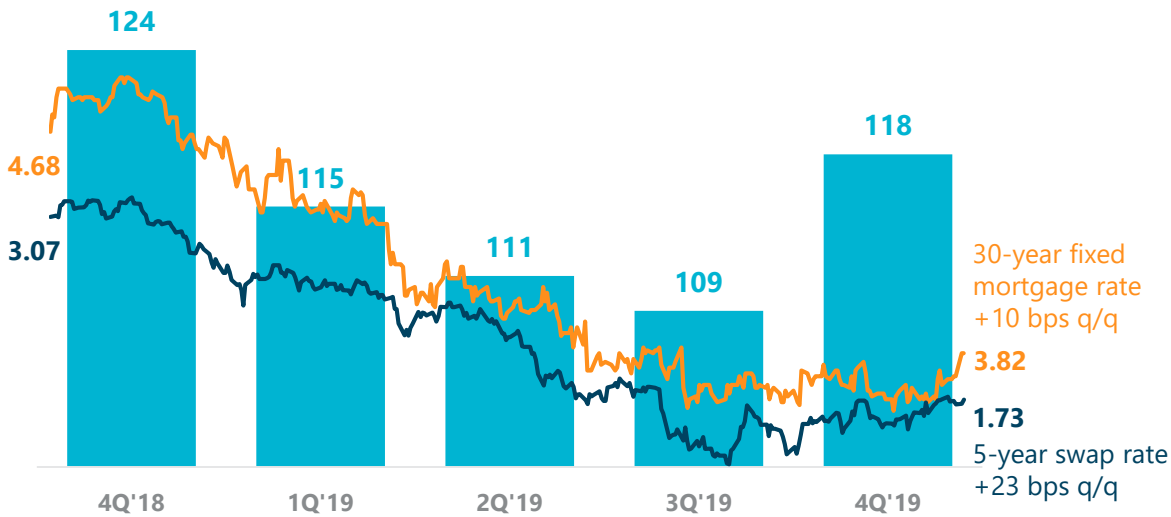
<sup>(3)</sup> Assumes GAAP tax-rate of 24.2% and does not give credit to cash flow benefits of the DTA

<sup>(4)</sup> Assumes marginal tax rate of 3.2%

<sup>(5)</sup> Per share data calculated based on net income attributable to common stockholders

# MSR Value Benefits from Higher Rates

## MSR value (bps)



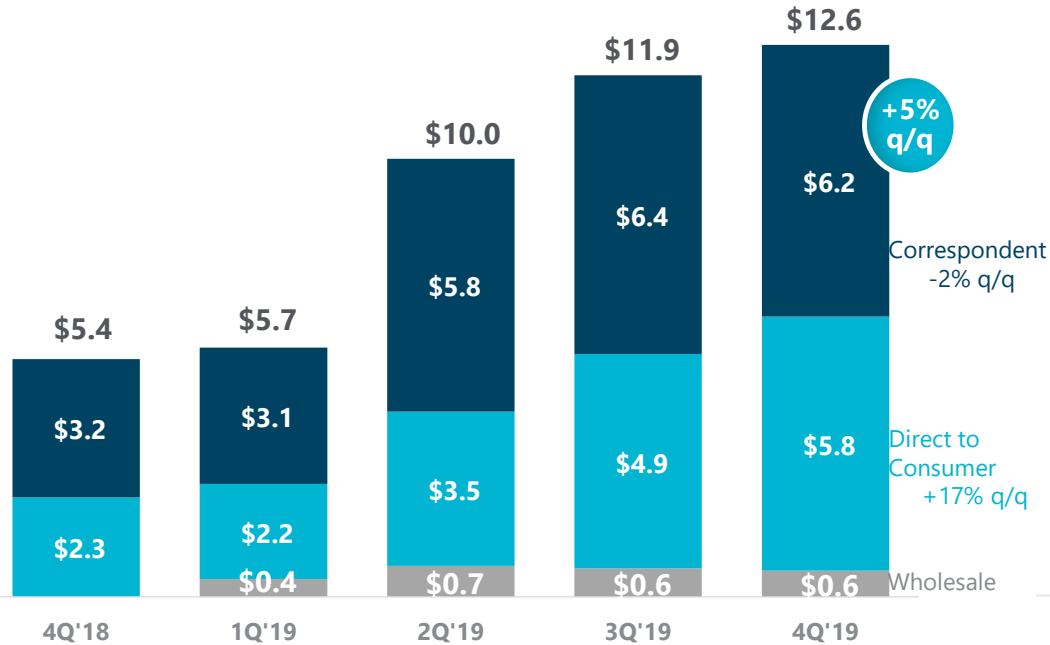
## Rate/term Refinance Opportunity

Mortgage Rate	Customers in Millions	Portfolio %
+50 bps	0.59	16%
+25 bps	0.82	22%
<b>Current rate</b>	<b>1.07</b>	<b>28%</b>
-25 bps	1.28	34%
-50 bps	1.32	35%

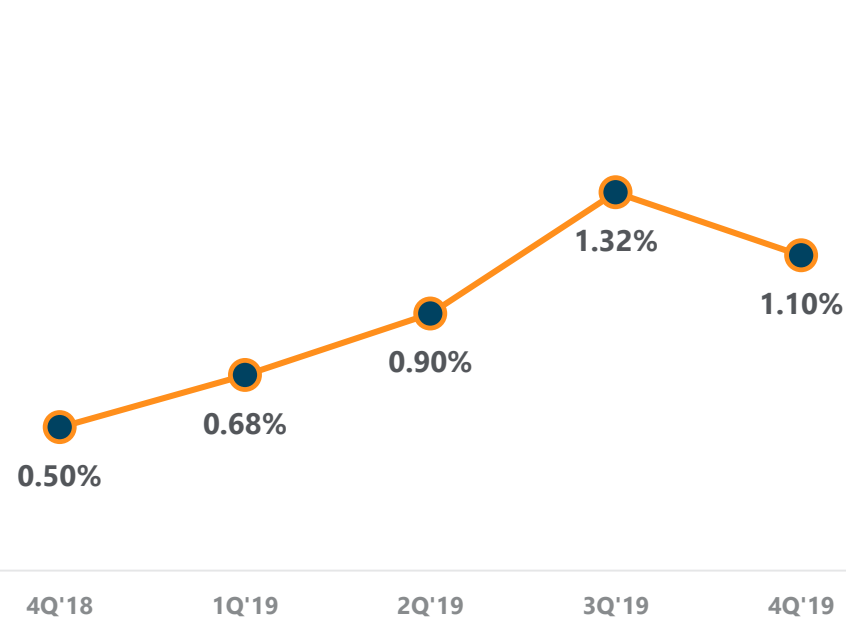
- The company reported a positive mark-to-market of \$102 mm, reflecting the impact of higher interest rates during 4Q'19

# Originations Profits Continue Strong on Record Fundings

## Funded Volume By Channel (\$ bn's)



## Originations Pretax Margin<sup>(1)</sup>

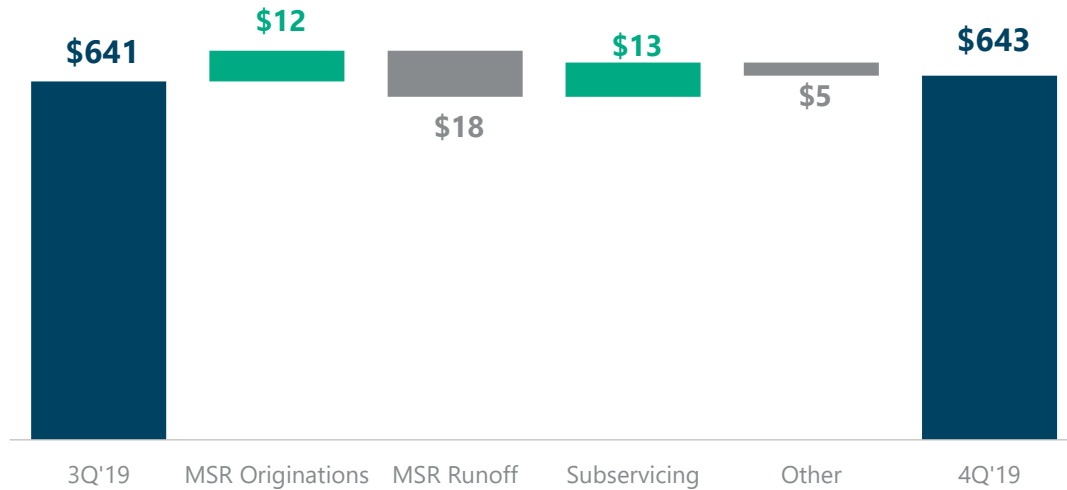


- Total funded volume of \$12.6 bn was up 5% q/q and 131% y/y, while locked volume was down 1% q/q to \$12.6 bn
- January locked volume was \$4.1 bn and funded volume was \$4.0 bn

<sup>(1)</sup> Please see appendix for reconciliations of non-GAAP measures

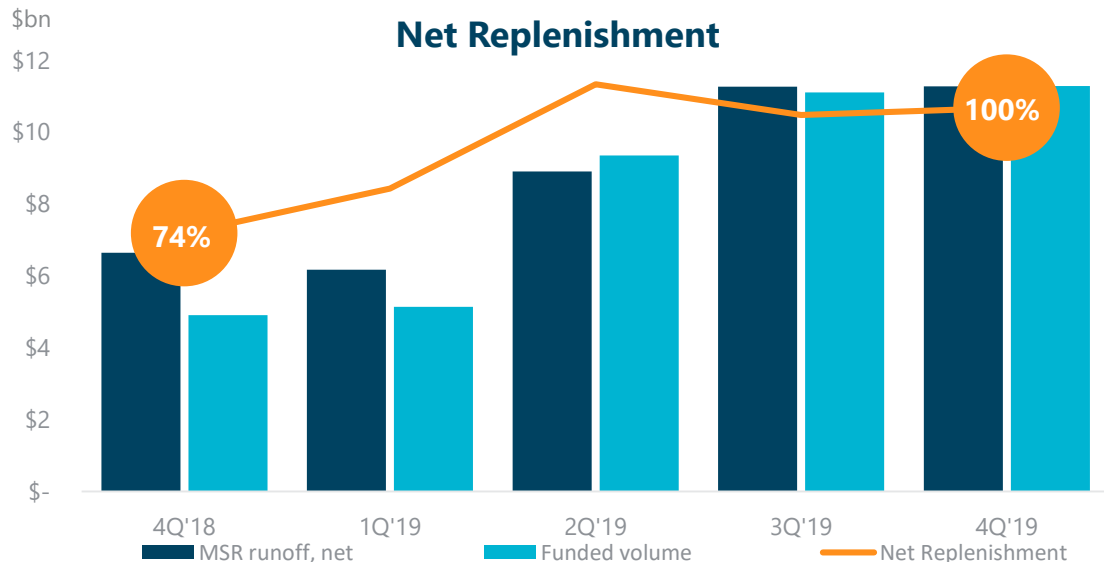
# Servicing Portfolio UPB Remains Stable

## Portfolio Walk (\$ bn's)



- Total portfolio ended the quarter at \$643 bn, largely stable with the prior quarter-end
- Excluding the economic share of run-off attributable to excess spread co-investment partners, the net replenishment rate for the forward owned MSR portfolio was 100%
- Subservicing increased from 48% to 50% of the total portfolio
- The reverse mortgage portfolio remains in run-off, with balances down 20% y/y

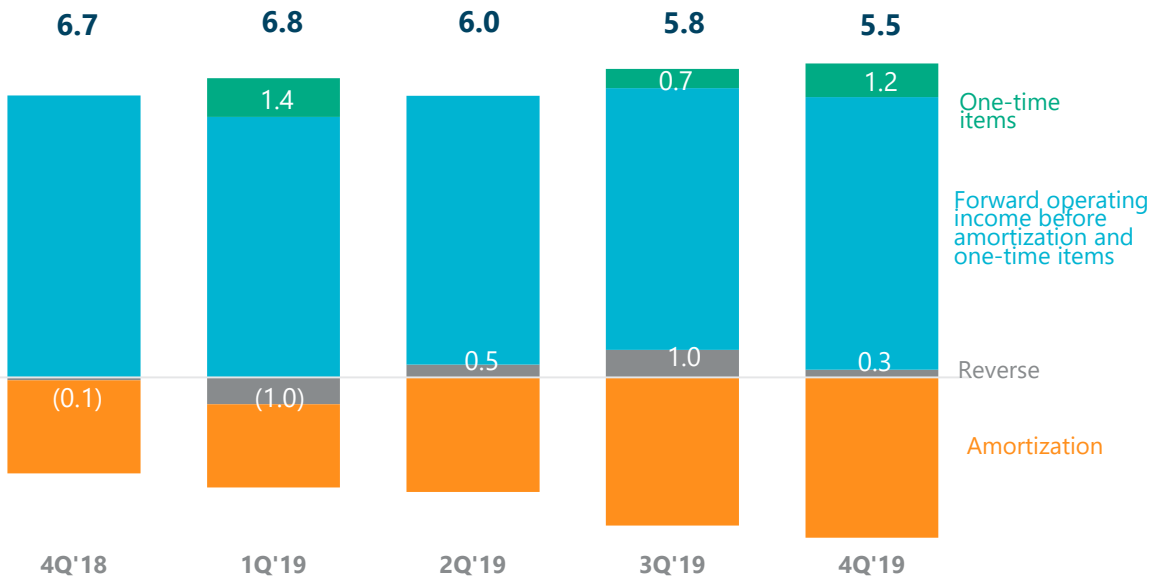
## Net Replenishment



Note: Net replenishment is calculated as originations funded volume excluding subservicing, divided by net run-off. During the quarter, originations of \$12.6 bn included \$1.3 bn associated with subservicing contracts. Net run-off is calculated as \$18 bn in run-off associated with the forward owned MSR, less 38% attributable to excess spread co-investors, based on the ratio of the excess spread liability to the MSR value at the end of the quarter

# Servicing Margin Impacted by Higher Amortization

Servicing Margin (bps)<sup>(1)</sup>

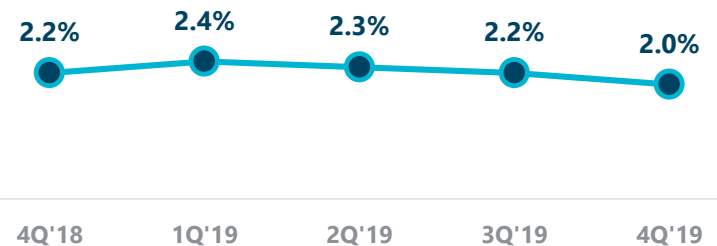


- Servicing margin compressed sequentially due to higher amortization
- Servicing segment benefitted from \$19 mm prior servicer recovery

CPR



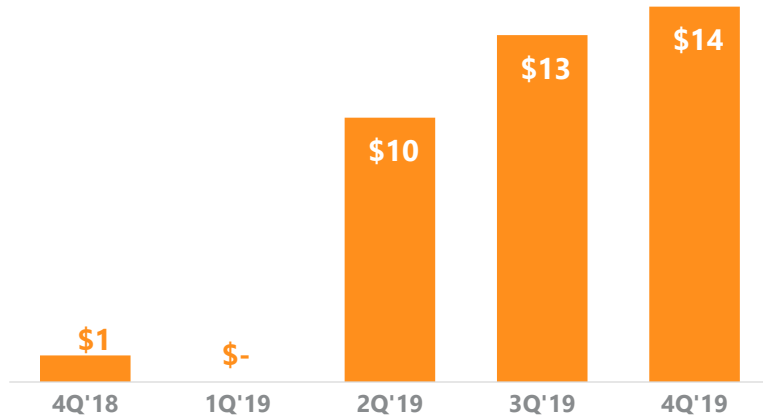
60+ Delinquency



<sup>(1)</sup> Please see appendix for reconciliations of non-GAAP measures

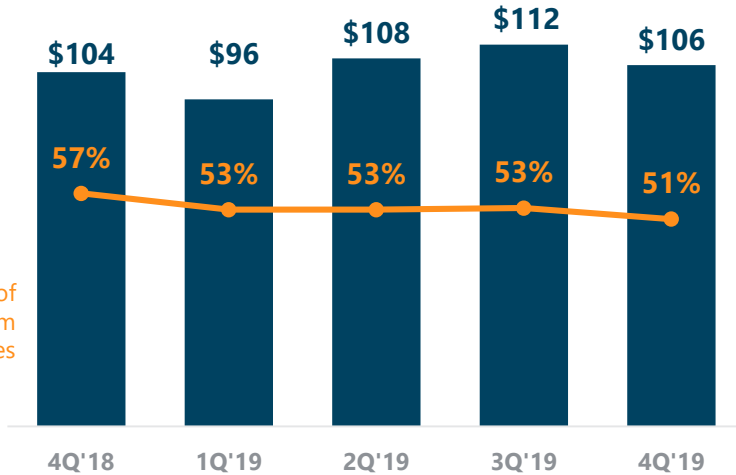
# Xome Operating Results Improved to \$14 mm<sup>(1)</sup>

## Operating Profitability (\$ mm's)<sup>(1)</sup>

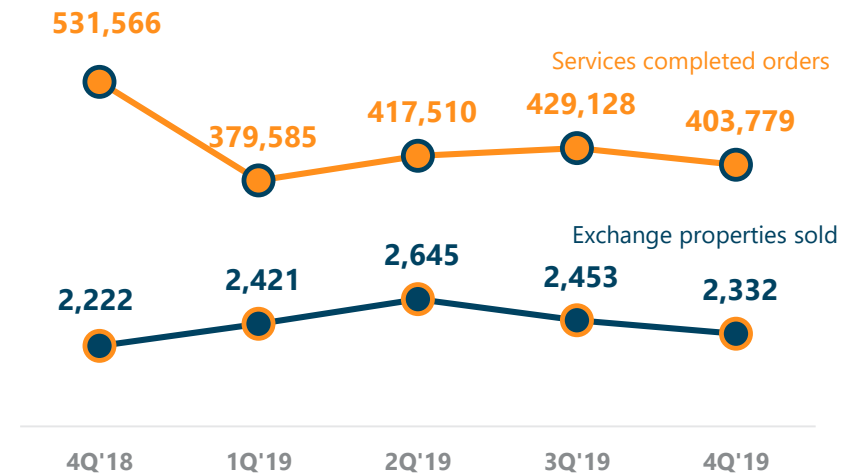


- Strong results in title and close, reflecting higher refinance-related orders
- Auction exchange continued to win third-party business, helping to mitigate impact of low-delinquency environment

## Revenue (\$ mm's)



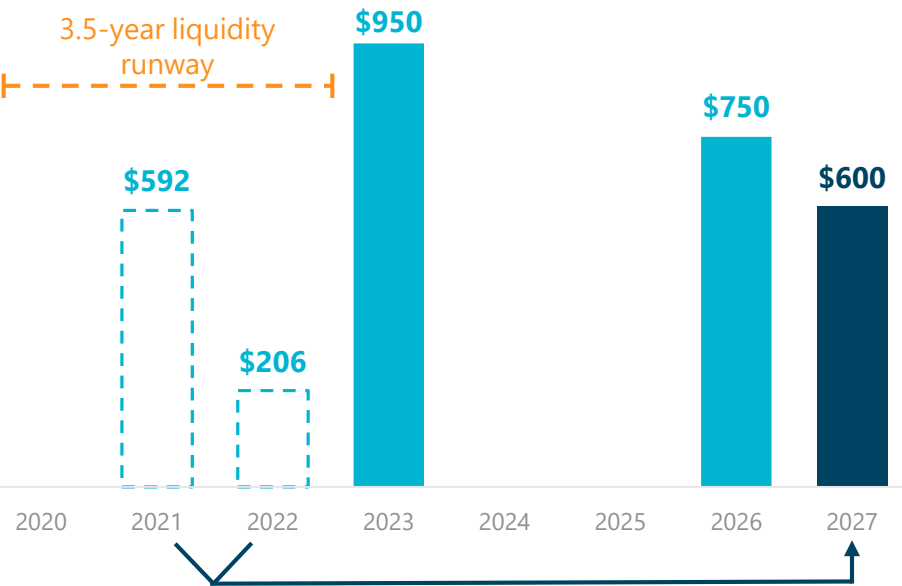
## Exchange Sales and Service Orders



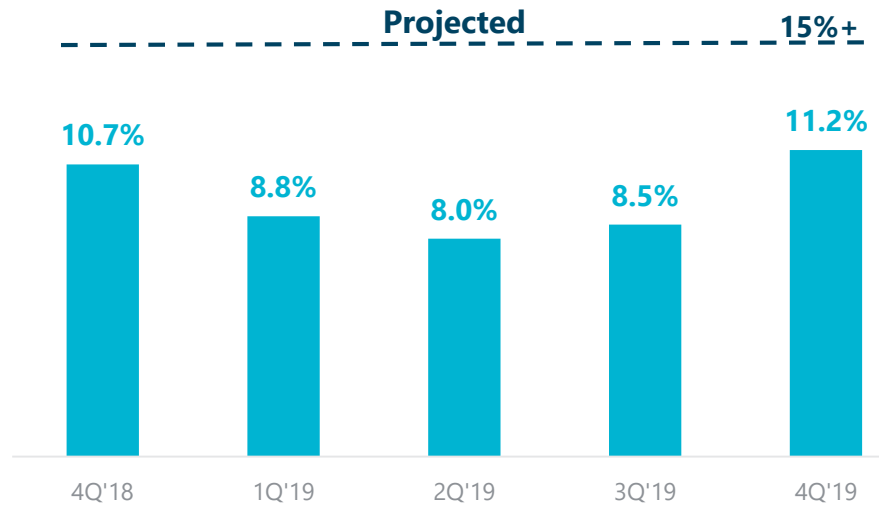
<sup>(1)</sup> Please see appendix for reconciliations of non-GAAP measures

# Commitment to Strong Liquidity and Capital

## Senior Note Maturities (\$mm's)



## TNW/Assets



- Ended the year with strong liquidity with voluntary pay down of \$90 mm in operating lines during the quarter
- In compliance with all existing and proposed capital and liquidity requirements
- Estimated steady state cash flow was strong at \$129 mm
- Called \$200 mm of senior notes due 2021, and refinanced remaining 2021 and 2022 maturities with \$600 mm issuance maturing in 2027, creating strong liquidity runway through July 2023

Note: TNW/Assets estimates are forward-looking and are subject to a number of risks, uncertainties and changes in circumstances, certain of which are beyond our control. Actual results could differ materially as a result of several factors, including interest rates, prepayment rates, amortization, economic growth, and delinquencies. Please see appendix for reconciliations of non-GAAP items.



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# Appendix



# Segment Operating Income and non-GAAP Reconciliation

\$mm's	Servicing	Originations	Xome	Corporate / Other	Consolidated <sup>(1)</sup>
Servicing related excluding MTM	\$198	\$23	\$106	\$2	\$328
Net gain on mortgage loans held for sale	34	276	-	-	310
Operating revenue excluding MTM	232	299	106	2	638
Salaries, wages and benefits	85	114	37	18	254
General and administrative	50	50	60	25	184
Total expenses	135	164	97	43	438
Interest income / other	112	34	-	-	146
Interest expense	(126)	(31)	-	-	(157)
Corporate debt interest expense	-	-	-	(50)	(50)
Other income (expense), net	4	-	-	(5)	(1)
Total other income (expenses), net	(10)	3	-	(55)	(62)
Pretax income (loss) before MTM	87	138	9	(96)	138
Fair value amortization <sup>(2)</sup>	(31)	-	-	-	(31)
Other MTM	133	-	-	-	133
MTM	102	-	-	-	102
<b>Pretax income (loss)</b>	<b>189</b>	<b>138</b>	<b>9</b>	<b>(96)</b>	<b>240</b>
Other MTM	(133)	-	-	-	(133)
Adjustments	-	-	3	3	6
Intangible amortization	-	-	2	10	12
<b>Pretax operating income (loss)</b>	<b>\$56</b>	<b>\$138</b>	<b>\$14</b>	<b>(\$83)</b>	<b>\$125</b>

<sup>(1)</sup>Consolidated includes eliminations

<sup>(2)</sup>Amount represents the additional amortization required under the fair value amortization method over the cost amortization method

# Tangible Book Value (TBV) and TNW/Assets Reconciliation

\$mm's	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19
<b>Stockholders' equity</b>	<b>\$1,945</b>	<b>\$1,761</b>	<b>\$1,678</b>	<b>\$1,767</b>	<b>\$2,231</b>
Goodwill	(23)	(109)	(120)	(120)	(120)
Intangible assets	(117)	(116)	(105)	(93)	(74)
<b>Tangible book value (TBV)</b>	<b>\$1,805</b>	<b>\$1,536</b>	<b>\$1,453</b>	<b>\$1,554</b>	<b>\$2,037</b>
Average diluted sharecount	90.8	90.8	91.1	92.0	92.6
TBV/share	\$19.89	\$16.91	\$15.95	\$16.88	\$22.00
Assets	\$16,973	\$17,646	\$18,405	\$18,478	\$18,305
Tangible assets <sup>(1)</sup>	\$16,833	\$17,421	\$18,180	\$18,265	\$18,111
TNW/Assets <sup>(2)</sup>	10.7%	8.8%	8.0%	8.5%	11.2%

<sup>(1)</sup> Tangible assets excludes goodwill and intangible assets

<sup>(2)</sup> Based on TBV divided by Tangible assets

# ROTCE Reconciliation

\$mm's	4Q'19
Pretax income	\$240
Income tax benefit	221
Net income	\$461
<b>ROTCE</b>	<b>102.7%</b>
Pretax income	240
Mark-to-market	(102)
Fair value amortization	(31)
Accounting items	6
Intangible amortization	12
Pretax operating income	\$125
Income tax expense <sup>(1)</sup>	(30)
Fully-taxed operating income	\$95
<b>ROTCE</b>	<b>21.1%</b>
Income tax expense <sup>(2)</sup>	(4)
Cash-taxed operating income	\$121
<b>ROTCE</b>	<b>27.0%</b>
 <b>Average TBV</b>	 <b>\$1,796</b>

<sup>(1)</sup>Assumes GAAP tax-rate of 24.2% and does not give credit to cash flow benefits of the DTA

<sup>(2)</sup>Assumes marginal tax rate of 3.2%

ROTCE is a non-GAAP financial measure that is computed by dividing earnings by tangible common equity. Tangible common equity equals total stockholders' equity less goodwill and intangible assets. The methodology of determining tangible common equity may differ among companies. Management believes that ROTCE is a useful financial measure because it measures the performance of a business consistently and enables investors and others to assess the Company's use of equity. We are unable to provide a reconciliation of the forward-looking non-GAAP financial measure to its most directly comparable GAAP financial measure because we are unable to provide, without unreasonable effort, a meaningful or accurate calculation or estimate of amounts that would be necessary for the reconciliation due to the complexity and inherent difficulty in forecasting and quantifying future amounts or when they may occur. Such unavailable information could be significant to future results.

# Servicing Non-GAAP Reconciliation

\$mm's	4Q'18		1Q'19		2Q'19		3Q'19		4Q'19	
	\$	Bps	\$	Bps	\$	Bps	\$	Bps	\$	Bps
<b>Pretax (loss) income</b>	<b>(\$100)</b>	<b>(7.6)</b>	<b>(\$186)</b>	<b>(12.9)</b>	<b>(\$135)</b>	<b>(8.4)</b>	<b>\$9</b>	<b>0.6</b>	<b>\$189</b>	<b>12.0</b>
Mark-to-market (MTM)	188	14.3	293	20.3	231	14.4	83	5.2	(102)	(6.5)
Accounting item	-	-	(9)	(0.6)	-	-	-	-	-	-
Merger related costs	-	-	-	-	-	-	-	-	-	-
<b>Pretax income excluding MTM and other notable items</b>	<b>\$88</b>	<b>6.7</b>	<b>\$98</b>	<b>6.8</b>	<b>\$96</b>	<b>6.0</b>	<b>\$92</b>	<b>5.8</b>	<b>\$87</b>	<b>5.5</b>
Average UPB (\$bn)	\$526		\$576		\$639		\$637		\$630	

# Servicing Profitability

\$mm's	4Q'18		1Q'19		2Q'19		3Q'19		4Q'19	
	\$	Bps	\$	Bps	\$	Bps	\$	Bps	\$	Bps
<b>Operational Revenue</b>										
Base servicing fees	\$225	17.1	\$240	16.7	\$257	16.1	\$252	15.8	\$250	15.9
Modification fees	3	0.2	3	0.2	6	0.4	4	0.3	4	0.3
Incentive fees	3	0.2	1	0.1	1	0.0	6	0.4	7	0.4
Late payment fees	18	1.4	19	1.3	20	1.2	23	1.4	22	1.4
Other ancillary revenues	24	1.8	48	3.3	30	1.9	48	3.0	46	2.9
Total forward MSR operational revenue	273	20.7	311	21.6	314	19.6	333	20.9	329	20.9
Base subservicing fee and other subservicing revenue	40	3.0	52	3.6	62	3.9	65	4.1	60	3.8
Reverse servicing fees	9	0.7	9	0.6	8	0.5	7	0.4	7	0.4
Total servicing fee revenue	322	24.4	372	25.8	384	24.0	405	25.4	396	25.1
MSR financing liability costs	(12)	(0.9)	(12)	(0.8)	(11)	(0.7)	(9)	(0.6)	(9)	(0.6)
Excess spread payments - principal	(30)	(2.3)	(36)	(2.5)	(59)	(3.7)	(77)	(4.8)	(71)	(4.5)
Total operational revenue	280	21.2	324	22.5	314	19.6	319	20.0	316	20.0
<b>Amortization</b>										
Forward MSR amortization	(76)	(5.8)	(79)	(5.5)	(125)	(7.8)	(162)	(10.1)	(161)	(10.2)
Excess spread accretion	32	2.4	36	2.5	59	3.7	77	4.8	71	4.5
Reverse MSL accretion	9	0.7	18	1.3	11	0.7	10	0.6	8	0.5
Reverse MSR amortization	(4)	(0.3)	2	0.1	(1)	(0.1)	2	0.1	(2)	(0.1)
Total amortization	(39)	(3.0)	(23)	(1.6)	(56)	(3.5)	(73)	(4.6)	(84)	(5.3)
<b>Mark-to-Market Adjustments</b>										
MSR MTM	(202)	(15.4)	(360)	(25.0)	(227)	(14.2)	(195)	(12.2)	113	7.2
Excess spread / financing MTM	14	1.1	67	4.7	(4)	(0.2)	112	7.0	(11)	(0.7)
Total MTM adjustments	(188)	(14.3)	(293)	(20.3)	(231)	(14.4)	(83)	(5.2)	102	6.5
<b>Total revenues</b>	<b>\$53</b>	<b>3.9</b>	<b>\$8</b>	<b>0.6</b>	<b>\$27</b>	<b>1.7</b>	<b>\$163</b>	<b>10.2</b>	<b>\$334</b>	<b>21.2</b>
Average UPB (\$bn)	\$526		\$576		\$639		\$637		\$630	

# Servicing Profitability [cont.]

\$mm's	4Q'18		1Q'19		2Q'19		3Q'19		4Q'19	
	\$	Bps	\$	Bps	\$	Bps	\$	Bps	\$	Bps
Salaries, wages and benefits	\$79	6.0	\$86	6.0	\$90	5.6	\$85	5.3	\$85	5.4
Servicing support fees	34	2.6	39	2.7	24	1.5	30	1.9	28	1.8
Corporate and other general and administrative expenses	45	3.4	39	2.7	39	2.4	40	2.5	44	2.8
Foreclosure and other liquidation related expenses	36	2.7	27	1.9	32	2.0	11	0.7	(28)	(1.8)
Depreciation and amortization	5	0.4	4	0.3	4	0.3	5	0.3	6	0.4
Total general and administrative expenses	120	9.1	109	7.6	99	6.2	86	5.4	50	3.2
<b>Expenses</b>	<b>\$199</b>	<b>15.1</b>	<b>\$195</b>	<b>13.6</b>	<b>\$189</b>	<b>11.8</b>	<b>\$171</b>	<b>10.7</b>	<b>\$135</b>	<b>8.6</b>
Reverse mortgage interest income	133	10.1	82	5.7	86	5.4	81	5.1	64	4.1
Other interest income	11	0.8	33	2.3	50	3.1	56	3.5	48	3.0
Interest income	144	10.9	115	8.0	136	8.5	137	8.6	112	7.1
Reverse mortgage interest expense	(84)	(6.4)	(71)	(4.9)	(46)	(2.9)	(58)	(3.6)	(61)	(3.9)
Advance interest expense	(8)	(0.6)	(9)	(0.6)	(8)	(0.5)	(6)	(0.4)	(6)	(0.4)
Other interest expense	(7)	(0.5)	(34)	(2.4)	(55)	(3.4)	(56)	(3.5)	(59)	(3.7)
Interest expense	(99)	(7.5)	(114)	(7.9)	(109)	(6.8)	(120)	(7.5)	(126)	(8.0)
Other income, net	1	0.1	-	-	-	-	-	-	4	0.3
<b>Total other income (expense), net</b>	<b>\$46</b>	<b>3.5</b>	<b>\$1</b>	<b>0.1</b>	<b>\$27</b>	<b>1.7</b>	<b>\$17</b>	<b>1.1</b>	<b>(\$10)</b>	<b>(0.6)</b>
<b>Pretax income (loss)</b>	<b>(\$100)</b>	<b>(7.6)</b>	<b>(\$186)</b>	<b>(12.9)</b>	<b>(\$135)</b>	<b>(8.4)</b>	<b>\$9</b>	<b>0.6</b>	<b>\$189</b>	<b>12.0</b>
Average UPB (\$bn)	\$526		\$576		\$639		\$637		\$630	

# Servicing Portfolio

\$mm's	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19
<b>Unpaid Principal Balance (UPB) Rollforward</b>					
Originations	\$5,068	\$4,891	\$9,521	\$11,398	\$12,160
Flow acquisitions	2,111	2,066	1,399	2,372	1,917
Bulk acquisitions	21,924	38,229	23,161	164	6,964
Dispositions	(4,291)	(872)	(920)	(959)	(3,352)
Transfers to/from Subservicing	6,085	(26,151)	(5,805)	(3,952)	(9,460)
Runoff	(9,902)	(9,952)	(15,036)	(18,354)	(18,128)
<b>Forward owned<sup>(1)</sup></b>	<b>\$295,481</b>	<b>\$303,692</b>	<b>\$316,012</b>	<b>\$306,681</b>	<b>\$296,782</b>
Subservicing	223,886	301,191	302,108	310,531	323,983
Reverse	28,415	27,014	25,569	23,990	22,725
<b>Total Servicing</b>	<b>\$547,782</b>	<b>\$631,897</b>	<b>\$643,689</b>	<b>\$641,202</b>	<b>\$643,490</b>
<b>Valuation Data</b>					
MSR original cost	79 bps	83 bps	85 bps	86 bps	86 bps
MSR carrying value	124 bps	115 bps	111 bps	109 bps	118 bps
<b>Runoff Rates</b>					
CPR	10.1%	9.3%	14.3%	18.1%	18.6%
Principal payments	4.0%	3.8%	4.0%	3.8%	3.7%
Forward owned runoff rate	14.1%	13.1%	18.3%	21.9%	22.3%
<b>Total Servicing CPR</b>	<b>9.1%</b>	<b>8.2%</b>	<b>13.0%</b>	<b>17.5%</b>	<b>19.1%</b>
<b>Portfolio Composition</b>					
GSE	27%	21%	22%	22%	21%
GNMA	15%	17%	17%	17%	18%
PLS	12%	10%	10%	9%	7%
Forward owned	54%	48%	49%	48%	46%
Subservicing	41%	48%	47%	48%	50%
Reverse	5%	4%	4%	4%	4%
Total	100%	100%	100%	100%	100%

<sup>(1)</sup> 3Q'18 ending unpaid principal balance was \$274,486 million

# Originations Non-GAAP Reconciliation

\$mm's	4Q'18		1Q'19		2Q'19		3Q'19		4Q'19	
	\$	Margin	\$	Margin	\$	Margin	\$	Margin	\$	Margin
<b>Pretax income</b>	<b>\$11</b>	<b>0.40%</b>	<b>\$45</b>	<b>0.68%</b>	<b>\$118</b>	<b>0.90%</b>	<b>\$178</b>	<b>1.32%</b>	<b>\$138</b>	<b>1.10%</b>
Business shutdown costs	5	0.10%	-	-	-	-	-	-	-	-
<b>Pretax income excluding business shutdown costs</b>	<b>\$16</b>	<b>0.50%</b>	<b>\$45</b>	<b>0.68%</b>	<b>\$118</b>	<b>0.90%</b>	<b>\$178</b>	<b>1.32%</b>	<b>\$138</b>	<b>1.10%</b>
Pull through adjusted lock volume (\$bn)	\$4.9		\$6.0		\$11.2		\$12.7		\$12.6	
Funded volume (\$bn)	\$5.4		\$5.7		\$10.0		\$11.9		\$12.6	

Note: Revenue based on pull through adjusted locked volume, expenses based on funded volume.



# Originations Profitability

\$mm's	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19
Service related, net - Originations	\$14	\$15	\$20	\$22	\$23
<b>Net gain on mortgage loans held for sale</b>					
Net gain on loans originated and sold	10	72	152	191	147
Capitalized servicing rights	73	61	100	126	133
Provision for repurchase reserves, net of release	(2)	(2)	(8)	(5)	(4)
Total net gain on mortgage loans held for sale	81	131	244	312	276
<b>Total revenues</b>	<b>\$95</b>	<b>\$146</b>	<b>\$264</b>	<b>\$334</b>	<b>\$299</b>

## Supplemental Data

Pull through adjusted lock volume	\$4,873	\$5,960	\$11,197	\$12,699	\$12,537
Funded volume	\$5,424	\$5,716	\$9,996	\$11,911	\$12,559
Loans sold, servicing retained	\$5,020	\$4,346	\$6,692	\$8,199	\$9,347
GOS margin <sup>(1)</sup>	1.66%	2.20%	2.18%	2.46%	2.20%
Revenue margin <sup>(1)</sup>	1.95%	2.45%	2.36%	2.63%	2.38%
Value of capitalized servicing retained	147 bps	141 bps	149 bps	154 bps	143 bps

<sup>(1)</sup> Calculated on pull through adjusted lock volume as revenue is recognized at the time of loan lock

# Originations Profitability [cont.]

\$mm's	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19
Salaries, wages and benefits	\$56	\$69	\$88	\$104	\$114
Loan originations expenses	10	10	17	16	15
Corporate and other general and administrative expenses	11	14	13	16	18
Marketing and professional service fee	9	8	21	12	12
Depreciation and amortization	3	3	6	4	5
Loss on impairment of assets	-	-	-	3	-
<b>Expenses</b>	<b>\$89</b>	<b>\$104</b>	<b>\$145</b>	<b>\$ 155</b>	<b>\$ 164</b>
Funded volume	\$5,424	\$5,716	\$9,996	\$11,911	\$12,559
Expenses margin <sup>(1)</sup>	1.64%	1.82%	1.45%	1.30%	1.31%
Interest income	\$17	\$17	\$23	\$24	\$34
Interest expense	(16)	(18)	(25)	(24)	(31)
Other income (expense), net	4	4	1	(1)	-
<b>Total other income (expense), net</b>	<b>\$5</b>	<b>\$3</b>	<b>(\$1)</b>	<b>(\$1)</b>	<b>\$3</b>
Funded volume	\$5,424	\$5,716	\$9,996	\$11,911	\$12,559
Other income (expense), net margin <sup>(1)</sup>	0.09%	0.05%	-0.01%	-0.01%	0.02%
<b>Pretax income</b>	<b>\$11</b>	<b>\$45</b>	<b>\$118</b>	<b>\$178</b>	<b>\$138</b>
Pretax income margin <sup>(2)</sup>	0.40%	0.68%	0.90%	1.32%	1.10%

<sup>(1)</sup> Calculated on funded volume as expenses are incurred based on closing of the loan

<sup>(2)</sup> Revenue based on pull through adjusted lock volume, expenses based on funded volume

# Xome Non-GAAP Reconciliation

\$mm's	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19
<b>Pretax income (loss)</b>	<b>(\$2)</b>	<b>\$8</b>	<b>\$7</b>	<b>\$14</b>	<b>\$9</b>
Business shutdown costs	1	-	-	-	-
Asset sales	(1)	-	-	-	-
Accounting item	-	(11)	-	(4)	3
Intangible amortization	3	3	3	3	2
<b>Pretax income excluding notable items</b>	<b>\$1</b>	<b>\$ -</b>	<b>\$10</b>	<b>\$13</b>	<b>\$14</b>

# Xome Profitability

\$mm's	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19
Exchange	\$19	\$20	\$20	\$19	\$20
Services	81	71	82	87	83
Data/Technology	4	5	6	6	3
<b>Total revenues</b>	<b>\$104</b>	<b>\$96</b>	<b>\$108</b>	<b>\$112</b>	<b>\$106</b>
Salaries, wages and benefits	44	38	36	37	37
Operational expenses	60	57	62	60	57
Depreciation and amortization	3	4	3	4	3
<b>Expenses</b>	<b>\$107</b>	<b>\$99</b>	<b>\$101</b>	<b>\$101</b>	<b>\$97</b>
<b>Other income (expense), net</b>	<b>\$1</b>	<b>\$11</b>	<b>\$ -</b>	<b>\$3</b>	<b>\$ -</b>
<b>Pretax income (loss)</b>	<b>(\$2)</b>	<b>\$8</b>	<b>\$7</b>	<b>\$14</b>	<b>\$9</b>
Margin	-1.9%	8.3%	6.5%	12.5%	8.4%
Exchange properties sold	2,222	2,421	2,645	2,453	2,332
Average exchange properties under management	5,753	6,275	6,693	6,688	11,917
Services completed orders	531,566	379,585	417,510	429,128	403,779
Percentage of revenue earned from third-party customers	57%	53%	53%	53%	51%

# Adjusted EBITDA

\$mm's	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19
Consolidated GAAP pretax (loss) income	(\$178)	(\$233)	(\$117)	\$107	\$240
Mark-to-market	188	293	231	83	(102)
Adjustments <sup>(1)</sup>	29	21	30	10	15
MSR amortization, net	33	23	56	73	84
Capitalized servicing rights	(77)	(66)	(103)	(129)	(136)
Depreciation and amortization	24	21	24	22	24
Corporate debt interest expense	54	51	51	51	50
Other	8	5	6	11	4
<b>Adjusted EBITDA</b>	<b>\$81</b>	<b>\$115</b>	<b>\$178</b>	<b>\$228</b>	<b>\$179</b>

<sup>(1)</sup> Adjusted EBITDA calculated consistent with the definition in the corporate indentures for senior unsecured notes maturing in 2023 and 2026. 4Q'19 includes rent differential \$1 mm, Project Titan expenses \$8 mm, corporate actions related to management and staffing changes \$6 mm

# 4Q'19 Sources and Uses Cash Flow

\$mm's	Servicing	Originations	Xome	Corporate / Other	Consolidated	Illustrative Steady State Discretionary Cashflow
GAAP pretax income (loss)	\$189	\$138	\$9	(\$96)	\$240	
Depreciation and amortization	6	5	3	10	24	
Share-based compensation	1	1	-	2	4	
Amortization of premiums, net of discount accretion	2	-	-	4	6	
Settlement of excess spread financing	(56)	-	-	-	(56)	
MSR/MSL amortization/accretion	155	-	-	-	155	
Total MTM adjustments	(102)	-	-	-	(102)	
<b>Business segment cash flow from operations</b>	<b>\$195</b>	<b>\$144</b>	<b>\$12</b>	<b>(\$80)</b>	<b>\$271</b>	<b>\$271</b>
State/local taxes <sup>(1)</sup>					(8)	(8)
Total working capital change <sup>(2)</sup>					(61)	-
<b>Total sources, net</b>					<b>\$202</b>	<b>\$263</b>
Capex					(12)	(12)
Capitalized servicing rights - Originations/EBO					(136)	(136)
MSR purchases, MSR sales and excess spread financing					16	14
Net investment in MSR					(120)	(122) <sup>(3)</sup>
Redemption of unsecured senior notes					(100)	-
<b>Total uses, net</b>					<b>(\$232)</b>	<b>(\$134)</b>
<b>Change in cash</b>					<b>(\$30)</b>	<b>\$129</b>
<b>Change in unrestricted cash</b>					<b>(\$42)</b>	

<sup>(1)</sup> Based on marginal tax rate of 3.2%, net of federal benefit. Actual tax payments/refunds included in total working capital changes.

<sup>(2)</sup> Includes mortgage loans originated, sold or repurchased, net gains on mortgage loans held for sale excluding capitalized servicing rights, reverse mortgage interests, interest income on reverse mortgage loans, and HECM and participating interest activities, repayment of nonrecourse debt – legacy assets, and changes in warehouse facilities, advance facilities, advances and other receivables, other assets, payables and other liabilities, taxes, and other activities

<sup>(3)</sup> Required investment to sustain the net MSR is based on sum of \$(162) mm forward MSR amortization, \$71 mm excess spread accretion, and \$(31) mm fair value amortization