



Mr. CooperGroup®

2Q'20 EARNINGS REVIEW

July 30, 2020

IMPORTANT INFORMATION

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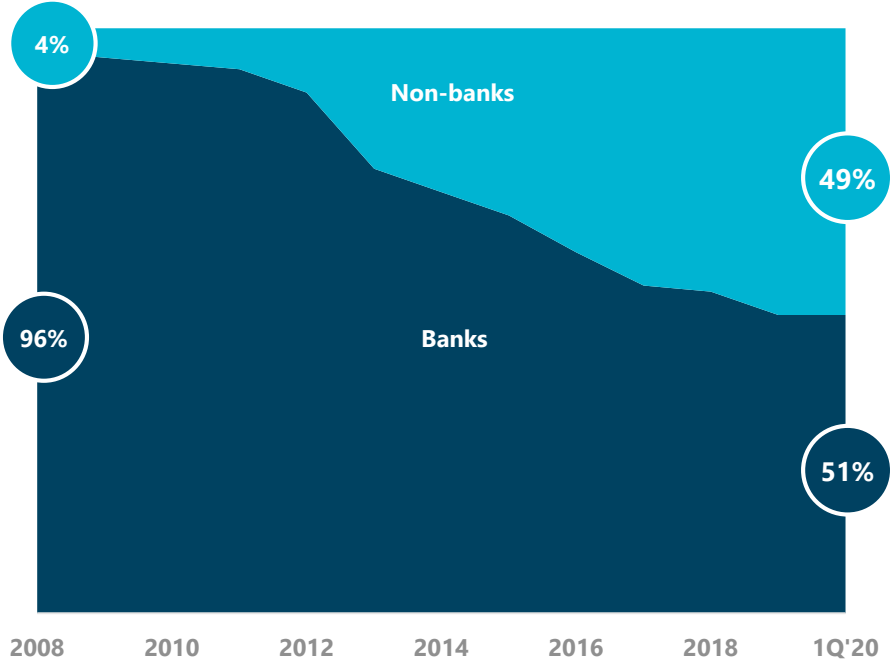
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Forward-looking statements may include the words "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "strategy," "future," "opportunity," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Such forward-looking statements involve risks and uncertainties that may cause actual events, results or performance to differ materially from those indicated by such statements, including the severity and duration of the COVID-19 pandemic; the pandemic's impact on the U.S. and the global economies; federal, state, and local government responses to the pandemic; borrower forbearance rates and availability of financing. Certain of these risks are identified and discussed in documents Mr. Cooper has filed or will file from time to time with the SEC. These risk factors will be important to consider in determining future results and should be reviewed in their entirety. These forward-looking statements are expressed in good faith, and Mr. Cooper believes there is a reasonable basis for them. However, the events, results or trends identified in these forward-looking statements may not occur or be achieved. Forward-looking statements speak only as of the date they are made, and Mr. Cooper is not under any obligation, and expressly disclaims any obligation, to update, alter or otherwise revise any forward-looking statement, except as required by law. Readers should carefully review the statements set forth in the reports that Mr. Cooper has filed or will file from time to time with the SEC.

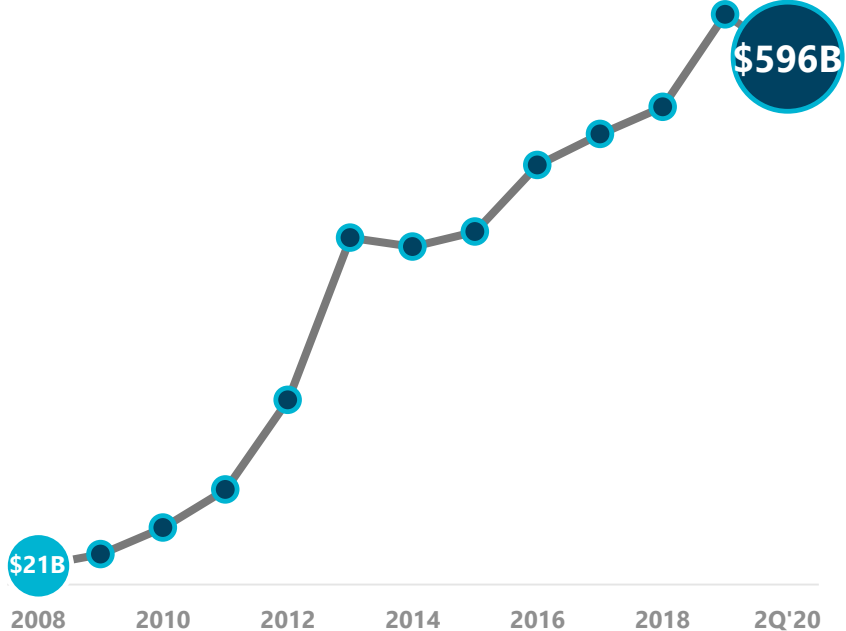
Non-GAAP Measures. This presentation contains certain references to non-GAAP measures. Please refer to the Appendix for more information on non-GAAP measures.

EVOLUTION OF THE LEADING NON-BANK MORTGAGE SERVICER

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



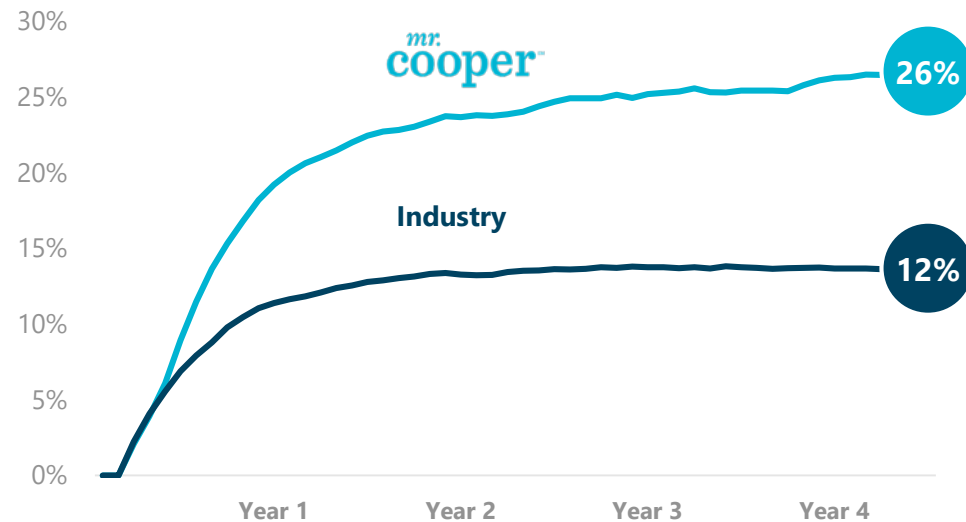
Industry-leading Portfolio Growth



BEST-IN-CLASS OPERATIONAL SKILLS

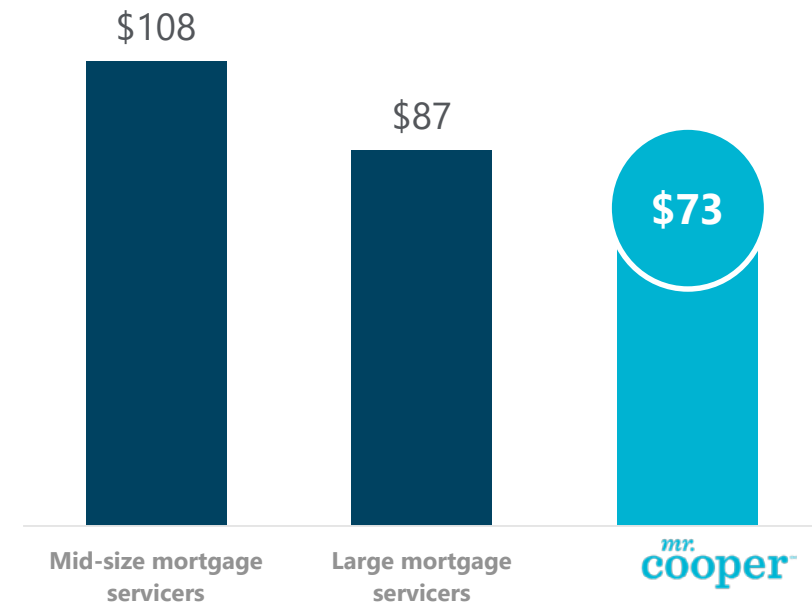
Kept More People in Their Homes

Returning Delinquent Loans to Performing Status at 2X the Industry Rate ⁽¹⁾



Built a Very Efficient Operating Platform

Direct Servicing cost per Loan below Peer Average ⁽²⁾

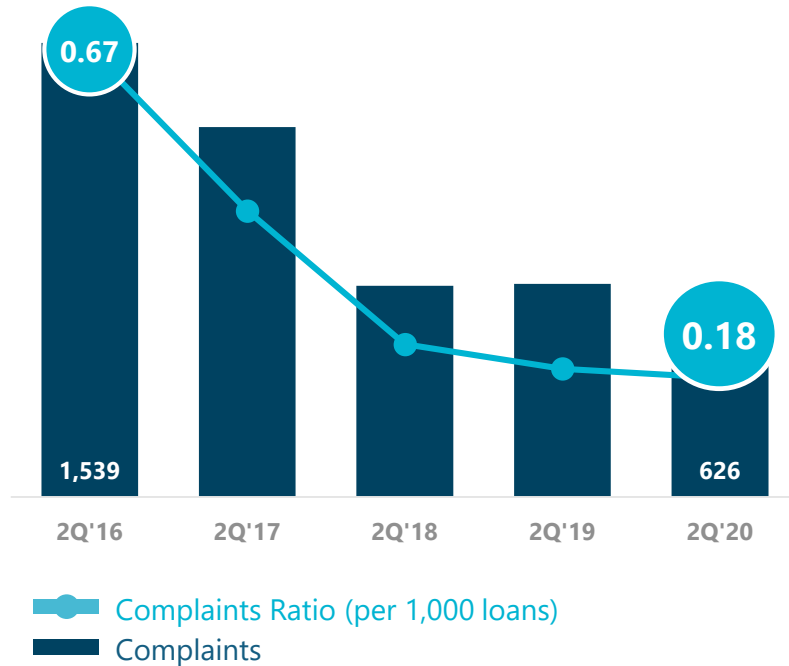


⁽¹⁾ Percentage of loans boarded delinquent brought back to performing status, compared to industry reperformance for buckets of similar loans. Source: Core Logic

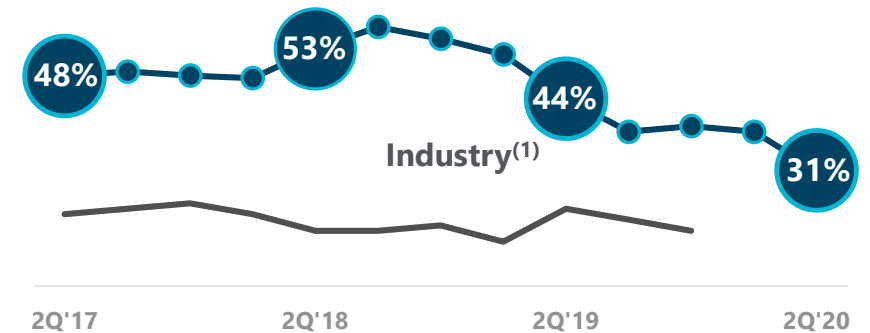
⁽²⁾ Direct servicing cost per loan for performing loans. Source: 2019 MBA Peer Group Study

REBRANDING ESTABLISHES CUSTOMER-CENTRIC CULTURE

Significant Improvement in Customer Experience



Refinance Recapture is a Competitive Advantage

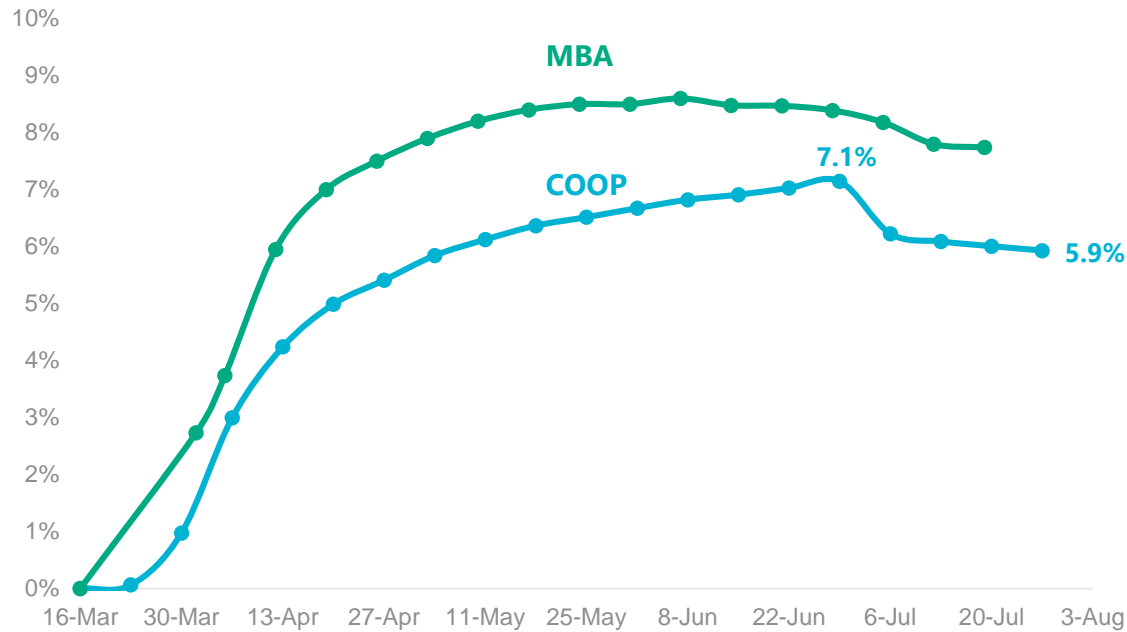


SECOND QUARTER HIGHLIGHTS

- Reported net income of \$73 million or \$0.77 per diluted share
- Generated record pretax operating income of \$350 million, equivalent to ROTCE of 55%, offset by a mark-to-market loss of \$261 million
- Increased unrestricted cash from \$579 million to \$1.0 billion
- Originations segment generated record pretax operating income of \$434 million on funded volume of \$10.7 billion
- Servicing margin compressed to 0.7 bps
- Xome generated \$13 million in pretax operating income
- Forbearance declined from a peak of 7.1% of customers to 5.9% as of July 27th
- Board authorized \$100 million stock repurchase

FORBEARANCE RATES NOW DECLINING

Total Forbearance Outstanding



- Through July 27th, forbearance was down from a peak of 7.1% to 5.9%

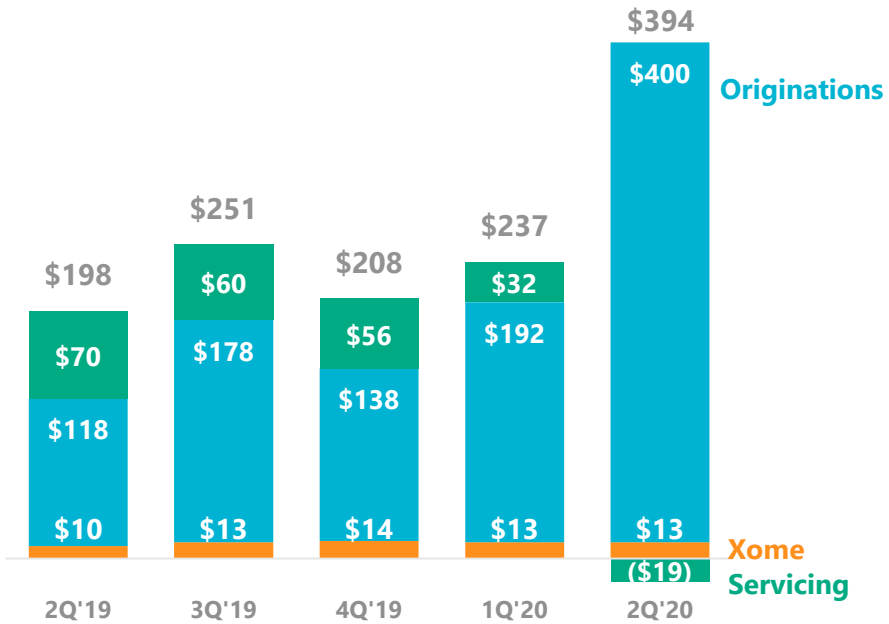
Agency Forbearance Policies

Investor	P&I Advances	T&I Advances	Modification Incentives
GNMA	Recovery upon partial claim or modification.	Upon modification or partial claim	\$0-\$750 FHA streamline modifications eligible for delivery into GNMA securities
FNMA	4 months with recovery of advances upon deferral, modification, or liquidation.	Recovery on day 1	\$500-\$1,000
FRE	Limited to interest only for 4 months	Recovery through deferral, modification, or liquidation	\$500-\$1,000
PLS	Recovery every 90 days to the extent recoverable from the trust.	Recovery at day 90	Investor specific

- Updated policies from the mortgage agencies provide an appropriate set of tools for servicers to help customers enter and exit forbearance

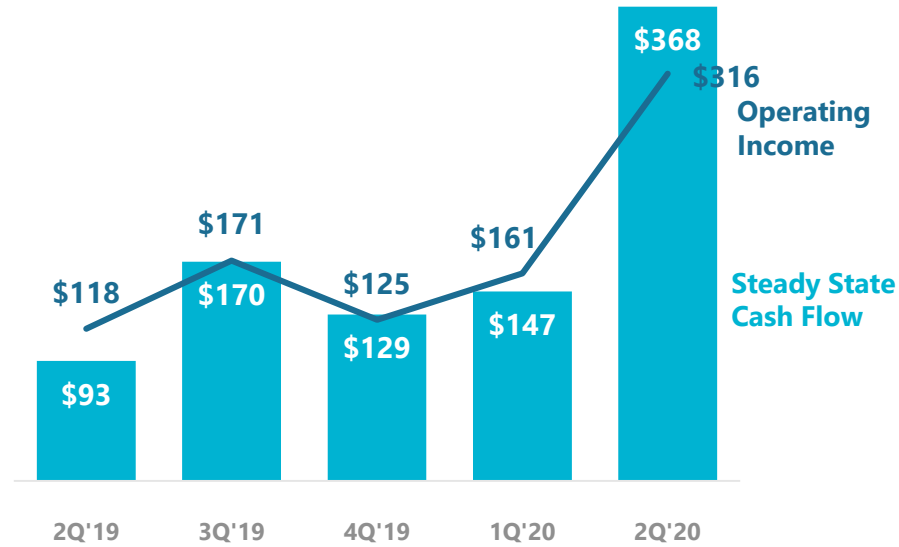
BALANCED CONTRIBUTIONS FROM SERVICING AND ORIGINATIONS

Pretax Segment Contribution (\$ mm's)



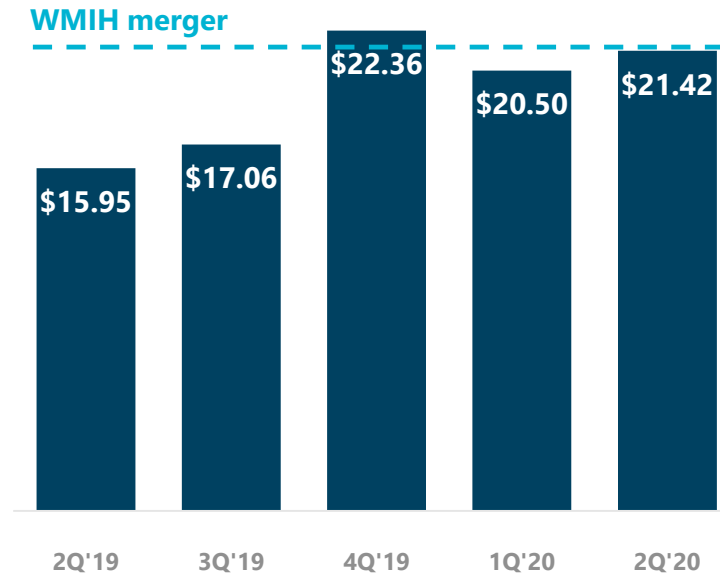
- The Company has evolved from its roots as a pure play servicer and now benefits from a balanced mix of originations and servicing

Steady State Cash Flow and Operating Earnings (\$ mm's)



- Operating earnings and cash flow have both accelerated

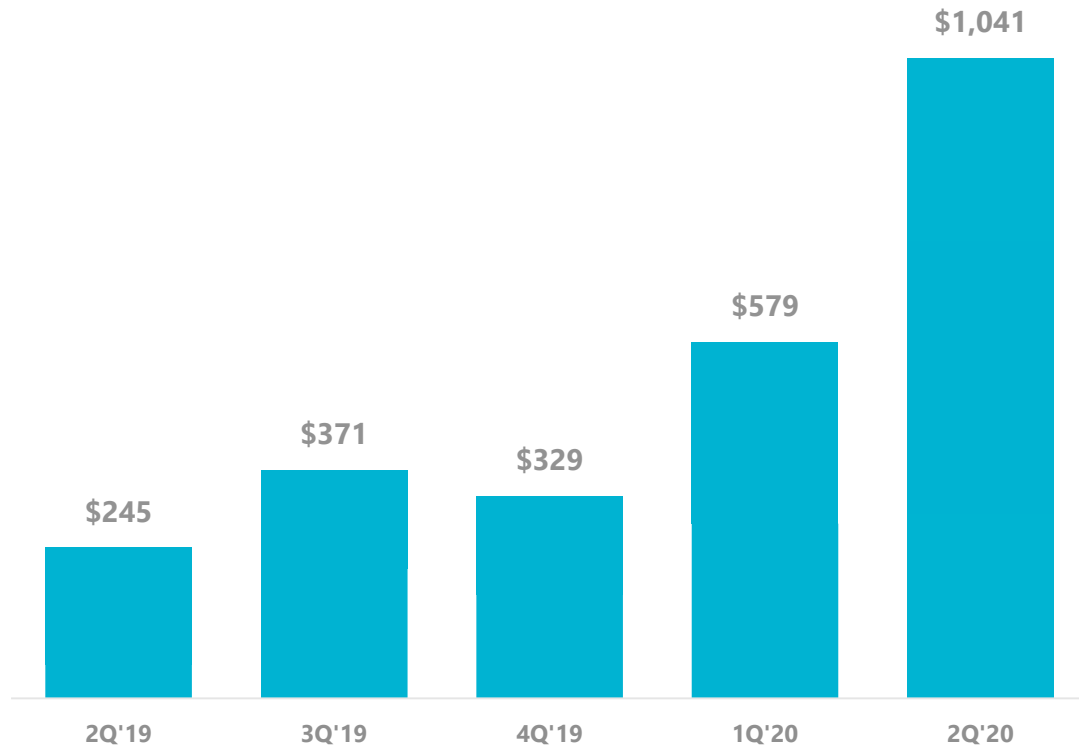
TBV/Share



- TBV/share is up 34% year-over-year

CAPITAL ALLOCATION PRIORITIES

Unrestricted cash (\$ mm's)



- 2Q'20 cash balance demonstrates the company's robust cash generation and access to liquidity

Use of Cash	Considerations
Hold surplus liquidity	Ensure strong performance in adverse economic scenarios
Deleverage	Strengthen balance sheet and improve profitability
Grow servicing portfolio	Take advantage of wide margins in the current environment
Stock repurchase authorization	Subject to section 382 limitations

- Stewardship of investor capital is a top priority for the board and management team

SUMMARY 2Q'20 FINANCIAL RESULTS

\$ mm's, except per share data	2Q'20	1Q'20	2Q'19
Servicing	(\$19)	\$32	\$70
Originations	434	158	118
Xome	13	13	10
Corporate debt interest expense	(47)	(51)	(51)
Corporate expense/other	(31)	(25)	(29)
Pretax operating income⁽¹⁾	\$350	\$127	\$118
Other mark-to-market ⁽²⁾	(232)	(353)	(205)
Merger related costs	-	-	(17)
Adjustments	(1)	(4)	-
Intangible amortization	(7)	(9)	(13)
Pretax income (loss)	\$110	(\$239)	(\$117)
Income tax (expense) benefit	(37)	68	30
Net income (loss)	\$73	(\$171)	(\$87)
Weighted average diluted sharecount	93.0	91.4	91.1
Diluted EPS ⁽⁴⁾	\$0.77	(\$1.84)	(\$0.96)

TBV Rollforward ⁽¹⁾	\$ mm's	Per share
1Q'20	\$1,885	\$20.50
2Q'20 net income ⁽⁴⁾	73	0.77
Intangible amortization	7	0.08
Other	6	0.07
2Q'20	\$1,971	\$21.42

⁽¹⁾ Please see appendix for reconciliations of non-GAAP items

⁽²⁾ 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

	\$ mm's	ROTCE
GAAP net income	\$73	15.1%
Fully-taxed operating income ⁽¹⁾⁽³⁾	\$265	55.0%
Discretionary steady state cash flow	\$368	n/a

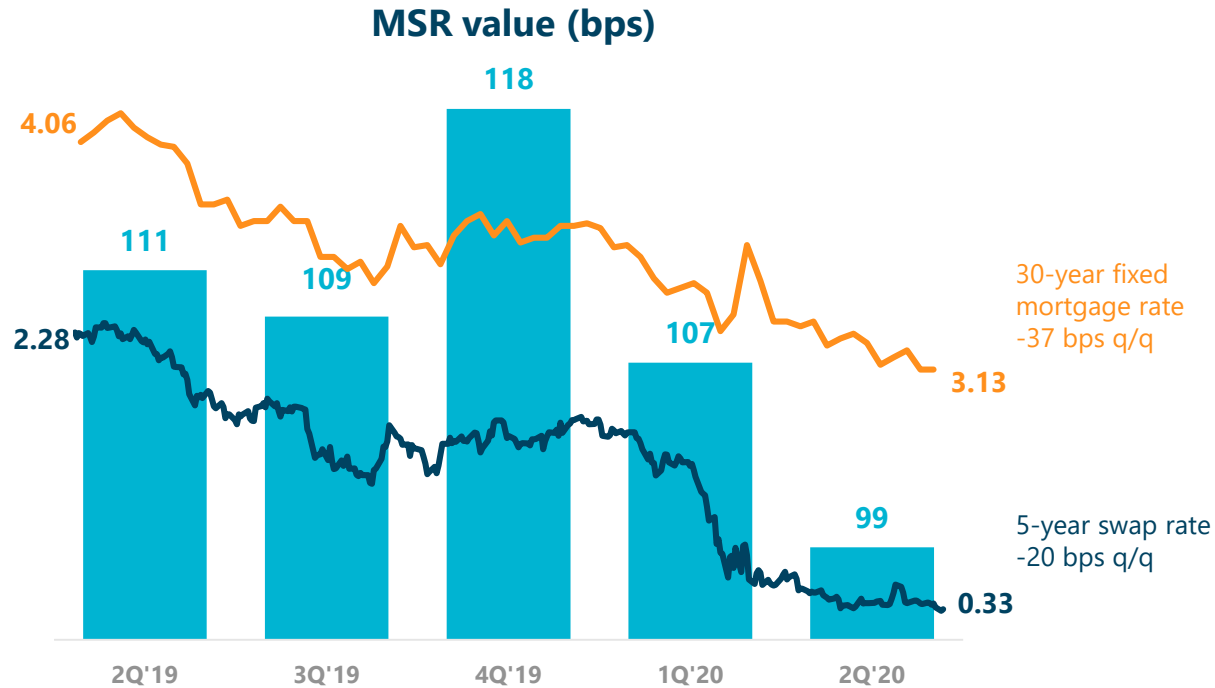
Adjustments

- \$1 mm in severance charges in Originations related to shutdown of Wholesale division

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

⁽⁴⁾ Per share data calculated based on net income (loss) attributable to common shareholders

MSR MARKED FOR LOWER INTEREST RATES AND HIGHER COST-TO-SERVICE



- The company reported a negative mark-to-market of \$261 mm, consisting of \$232 mm associated with the decline in interest rates, and \$29 mm related to the excess of fair value over cost-basis amortization
- As of June 30, 2020 a 25-bp downward shock to rates would result in a \$93 million mark-to-market charge

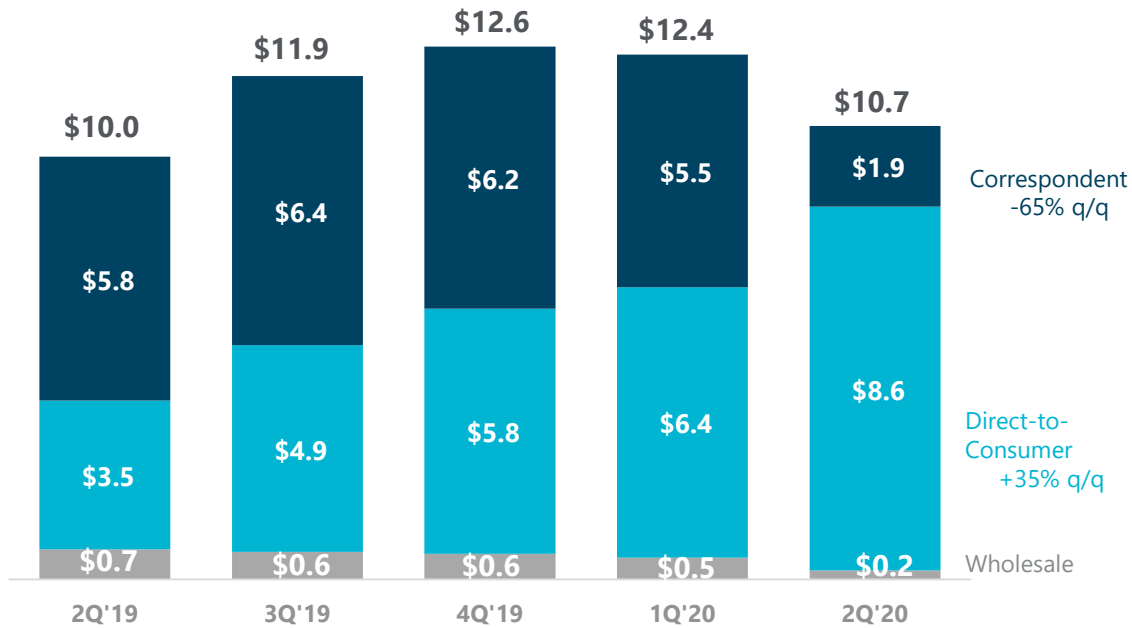
Rate/term Refinance Opportunity

Mortgage Rate	Customers in Thousands	Eligible Portfolio %
+50 bps	609.9	36%
+25 bps	694.5	41%
Current rate	786.5	46%
-25 bps	880.2	52%
-50 bps	970.6	57%

- At current rates, we expect the refinance opportunity to extend well into 2021

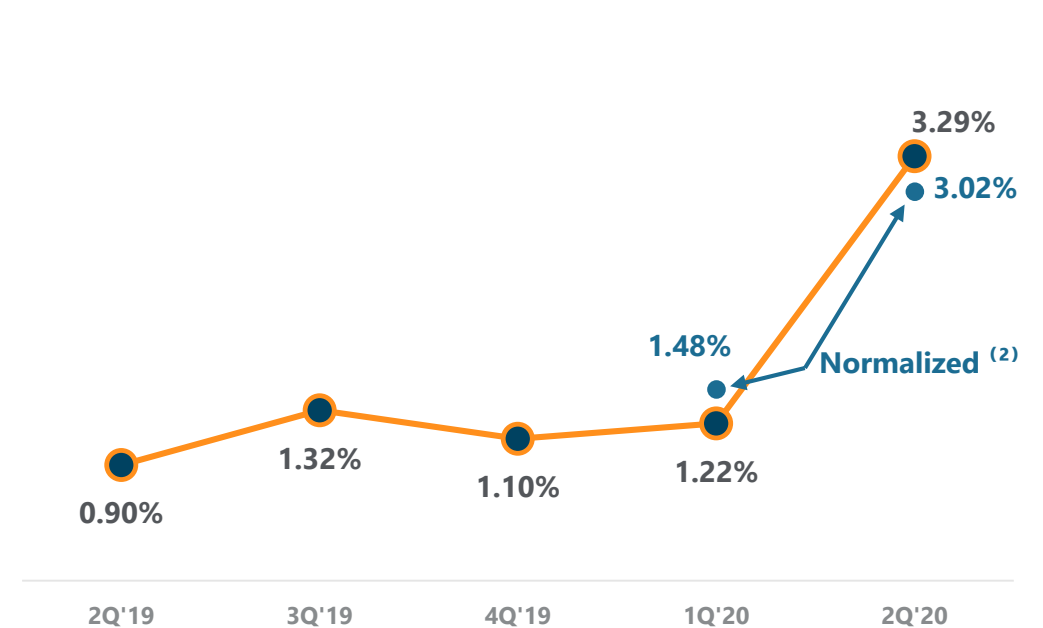
RECORD DIRECT-TO-CONSUMER FUNDED VOLUME AND MARGIN

Funded Volume By Channel (\$ bn's)



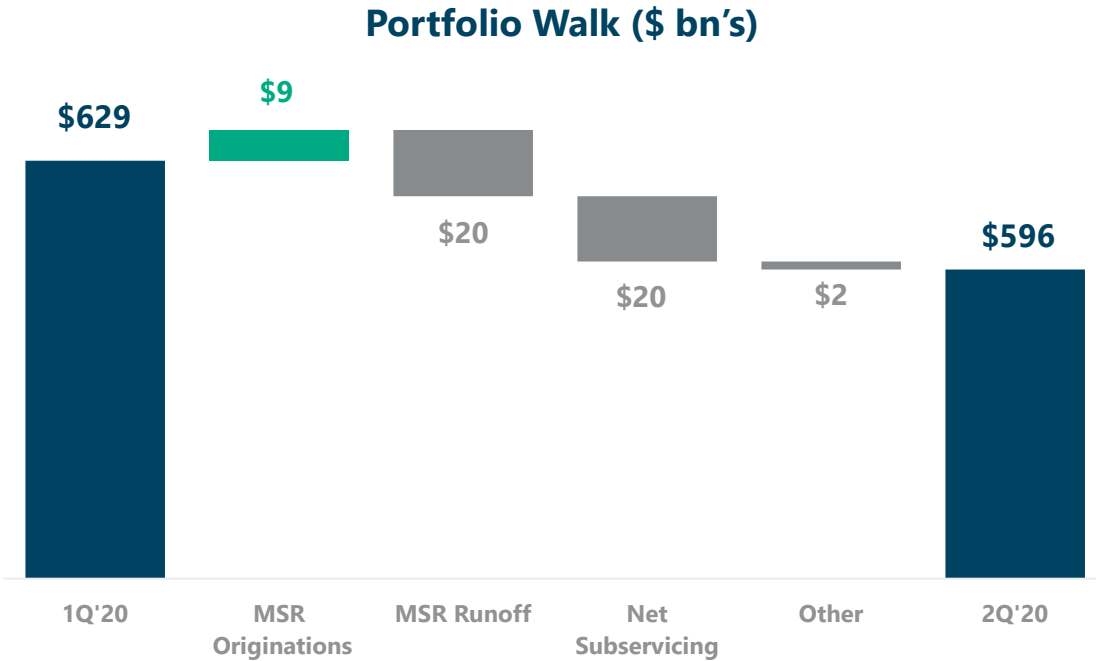
- Direct-to-Consumer scaled up to assist customers with refinances, and generated record volumes and margins
- Correspondent volume declined in 2Q'20 as the company prioritized cash build and de-risking the pipeline

Originations Pretax Margin⁽¹⁾

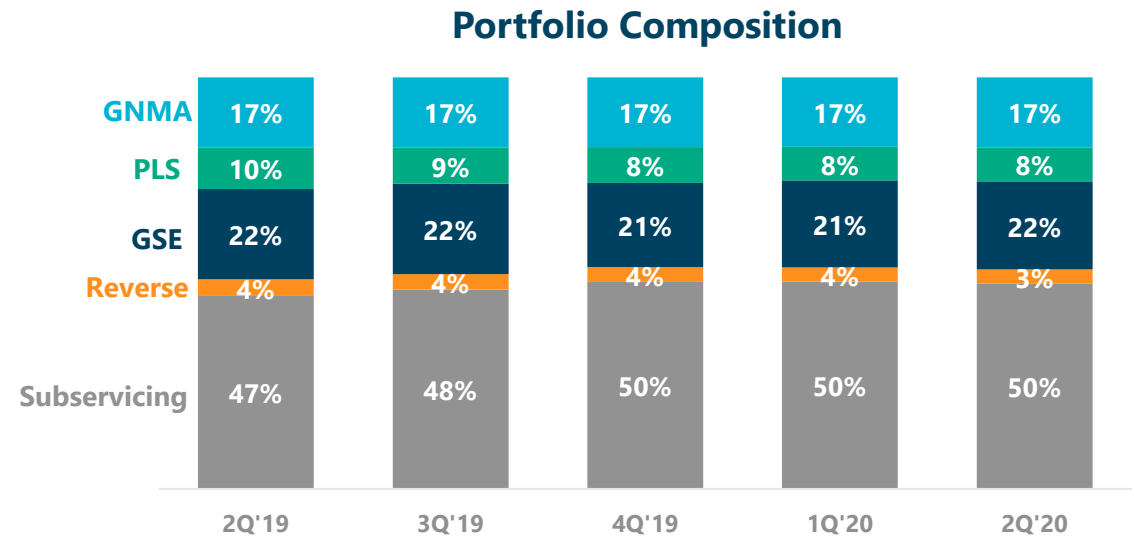
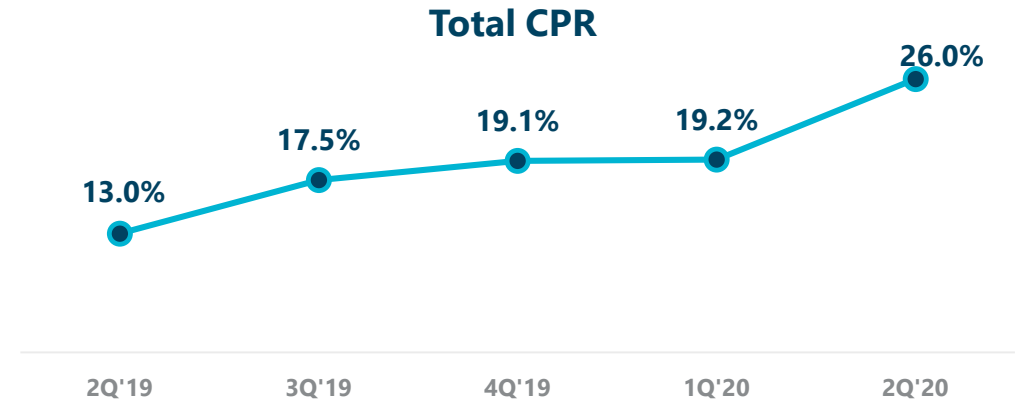


- Wide margins in 2Q'20 reflected favorable capital market conditions, strong execution in our Direct-to-Consumer channel, locks outpacing fundings, and a mix shift in Direct-to-Consumer volumes from 52% in 1Q'20 to 80% in 2Q'20

SERVICING PORTFOLIO LOWER ON CORRESPONDENT PAUSE

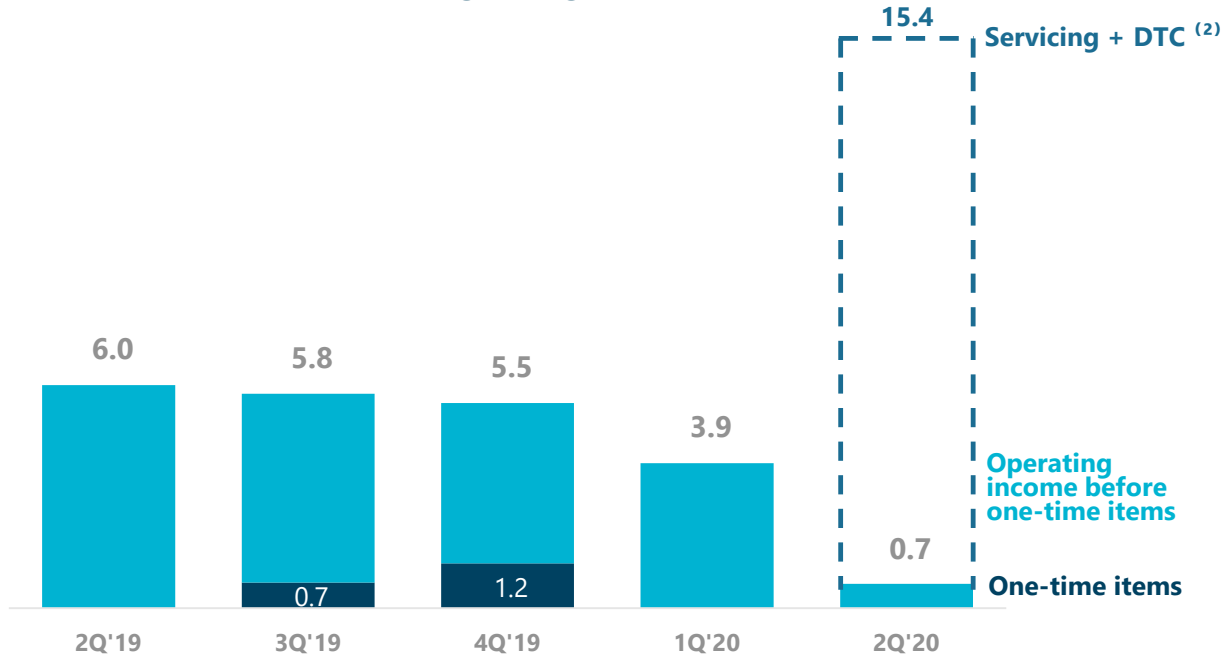


- Servicing portfolio declined due to elevated prepayments in owned and subservicing portfolios, as well as the Company's decision to temporarily suspend correspondent production
- Total portfolio composition remains roughly stable

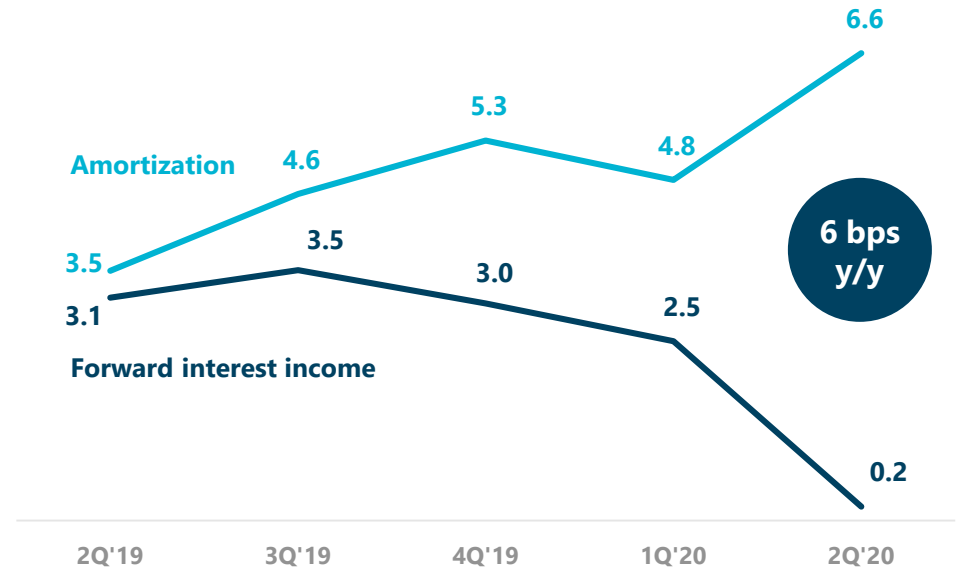


SERVICING MARGIN IMPACTED BY LOW INTEREST RATES

Servicing Margin (bps)⁽¹⁾



Amortization and Forward Interest Income Margin (bps)

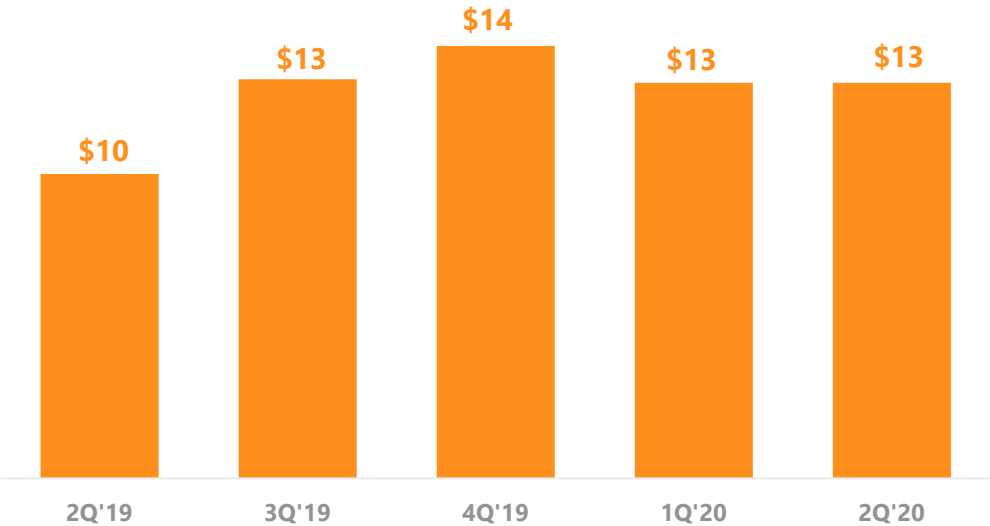


- Servicing margin compressed to 0.7 bps due to the impact of low interest rates, including higher amortization and reduced interest income on custodial deposits
- Reverse contribution was (0.3) bps in 2Q'20 compared to (1.0) bps in 1Q'20

- Total servicing expenses declined \$67 million year-over-year on improved operational efficiencies
- According to the MBA 2019 Servicing Survey, the Company's direct servicing cost was \$73 per loan, 16% below large peers, with the gap widening from 13% in 2018

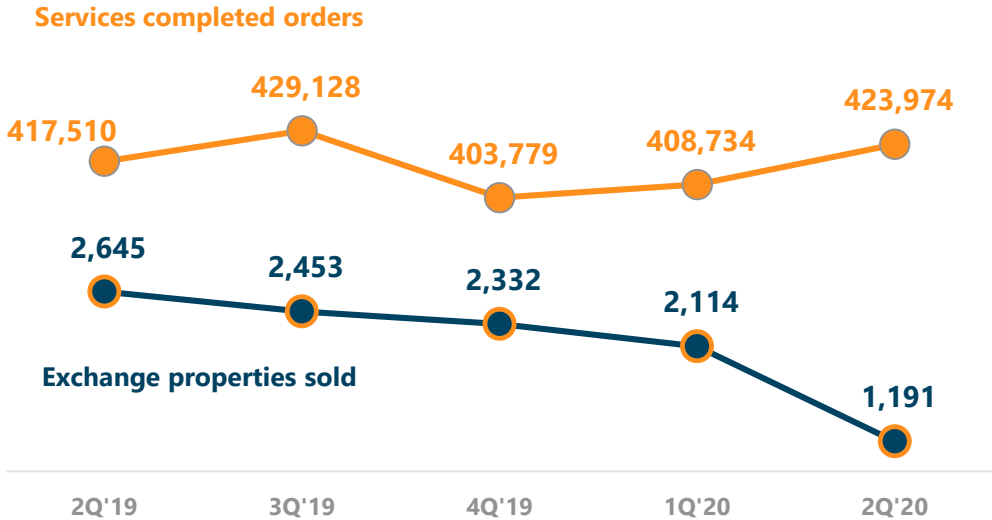
XOME BENEFITTED FROM TITLE

Operating Profitability (\$ mm's)⁽¹⁾



- Xome benefitted from very strong title, reflecting high refinance-related orders

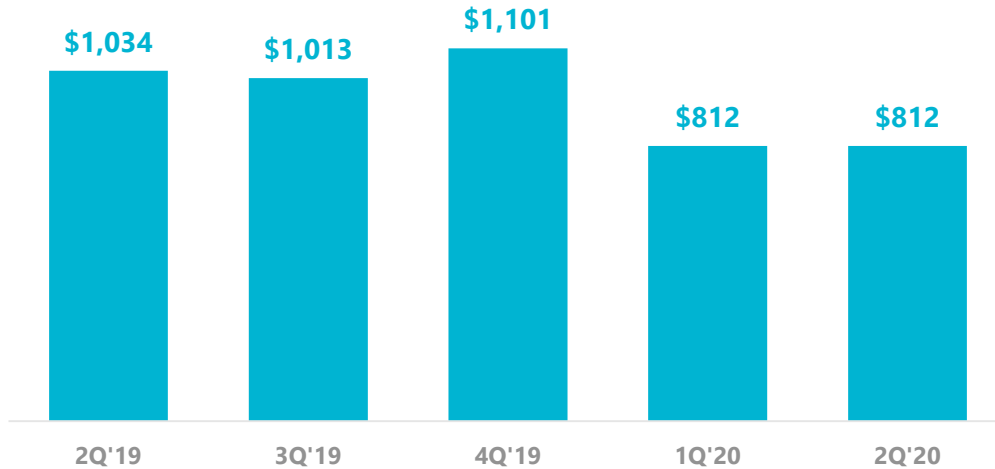
Exchange Sales and Services Orders



- Exchange profitability declined due to foreclosure moratoriums
- Third-party revenue percentage decreased from 55% to 53% quarter-over-quarter

ADVANCES FLAT, STRONG FINANCING CAPACITY

Servicing Advances (\$ mm's)⁽¹⁾



Advances by Investor as of June 30, 2020

\$ mm's	P&I	T&I ⁽²⁾	Total
GNMA	\$8	\$202	\$210
GSE	7	183	190
PLS	113	213	326
Other ⁽³⁾	72	14	86
Total advances	\$200	\$612	\$812

Financing Capacity

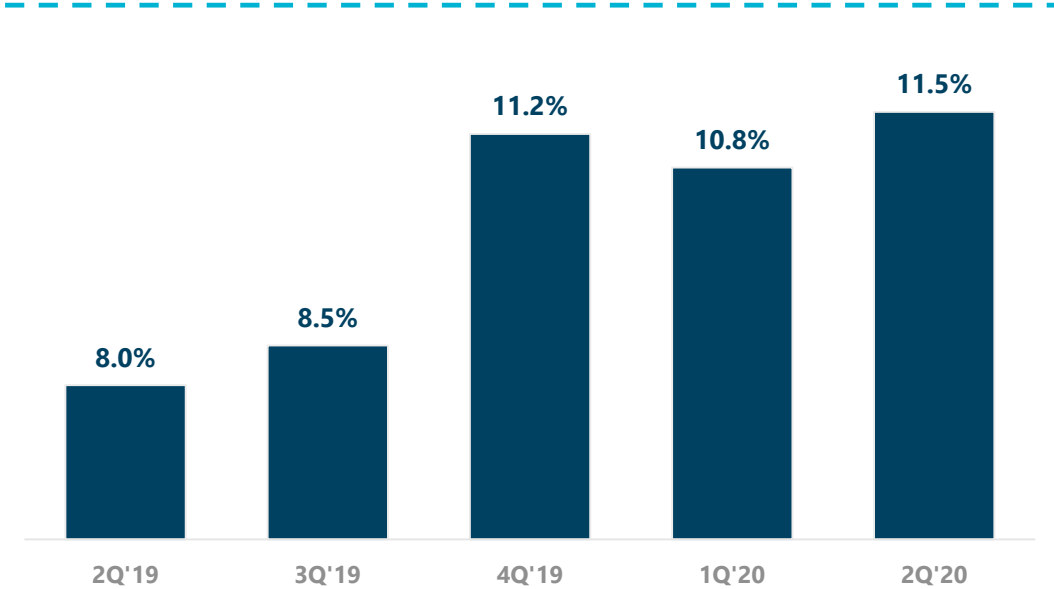
\$ mm's	Maturity	Capacity	Outstanding	Utilization
PLS	Oct'21	\$425	\$211	50%
GSE	Apr'21	875	193	22%
Other	Jan'21	200	76	38%
Advance facilities		\$1,500	\$480	32%
MSR	Aug'20-May'21	1,050	445	42%
Origination	Sep'20-Jun'21	7,040	3,587	51%
Total warehouse facilities		\$8,090	\$4,032	50%

- Advances were flat as high prepayment speeds offset the impact of forbearance

STRONG PROGRESS TOWARDS CAPITAL TARGETS

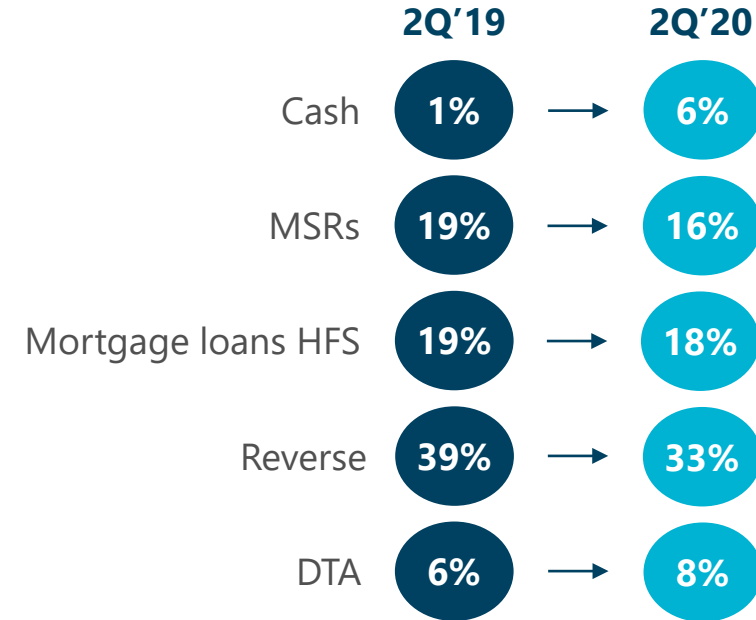
Tangible Net Worth/Assets

15%+ Target



- Company remains committed to strengthening the balance sheet and improving profitability

% of Total Assets



- Quality of balance sheet has improved year-over-year with an increase in cash, reduction in MSRs, and demonstrated ability to manage mortgage loans held for sale in a challenging environment
- DTA increased principally on recovery of reserve on stronger profitability

Appendix

SEGMENT OPERATING INCOME AND NON-GAAP RECONCILIATION

\$ mm's	Servicing	Originations	Xome	Corporate / Other	Consolidated
Servicing related excluding MTM	\$147	\$21	\$106	(\$1)	\$273
Net gain on mortgage loans held for sale	45	573	-	-	618
Operating revenue excluding MTM	192	594	106	(1)	891
Salaries, wages, and benefits	75	120	33	20	248
General and administrative	47	47	62	15	171
Total expenses	122	167	95	35	419
Interest income / other	57	19	-	-	76
Interest expense	(117)	(13)	-	-	(130)
Corporate debt interest expense	-	-	-	(47)	(47)
Other income, net	-	-	1	(1)	-
Total other income (expenses), net	(60)	6	1	(48)	(101)
Pretax income (loss) before MTM	10	433	12	(84)	371
Fair value amortization ⁽¹⁾	(29)	-	-	-	(29)
Other MTM	(232)	-	-	-	(232)
MTM	(261)	-	-	-	(261)
Pretax (loss) income	(251)	433	12	(84)	110
Other MTM	232	-	-	-	232
Adjustments	-	1	-	-	1
Intangible amortization	-	-	1	6	7
Pretax operating (loss) income	(\$19)	\$434	\$13	(\$78)	\$350

TANGIBLE BOOK VALUE (TBV) AND TNW/ASSETS RECONCILIATION

\$ mm's	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20
Stockholders' equity	\$1,678	\$1,767	\$2,231	\$2,066	\$2,145
Goodwill	(120)	(120)	(120)	(120)	(120)
Intangible assets	(105)	(93)	(74)	(61)	(54)
Tangible book value (TBV)	\$1,453	\$1,554	\$2,037	\$1,885	\$1,971
Ending outstanding sharecount	91.1	91.1	91.1	92.0	92.0
TBV/share	\$15.95	\$17.06	\$22.36	\$20.50	\$21.42
Assets	\$18,405	\$18,478	\$18,305	\$17,613	\$17,300
Tangible assets ⁽¹⁾	\$18,180	\$18,265	\$18,111	\$17,432	\$17,126
TNW/Assets ⁽²⁾	8.0%	8.5%	11.2%	10.8%	11.5%

ROTCE RECONCILIATION

\$ mm's	2Q'20
Pretax income	\$110
Income tax expense	(37)
Net income	\$73
ROTCE	15.1%
Pretax income	110
Mark-to-market	261
Fair value amortization	(29)
Accounting items	1
Intangible amortization	7
Pretax operating income	\$350
Income tax expense ⁽¹⁾	(85)
Fully-taxed operating income	\$265
ROTCE	55.0%
Average TBV	\$1,928

ROTCE is a non-GAAP financial measure that is computed by dividing annualized earnings by average 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	2Q'19		3Q'19		4Q'19		1Q'20		2Q'20	
	\$	Bps	\$	Bps	\$	Bps	\$	Bps	\$	Bps
Pretax (loss) income	(\$135)	(8.4)	\$9	0.6	\$189	12.0	(\$325)	(20.4)	(\$251)	(16.4)
Mark-to-market (MTM)	231	14.4	83	5.2	(102)	(6.5)	383	24.1	261	17.1
Accounting item	-	-	-	-	-	-	4	0.2	-	-
Pretax income excluding MTM and other notable items	\$96	6.0	\$92	5.8	\$87	5.5	\$62	3.9	\$10	0.7
Average UPB (\$bn)	\$639		\$637		\$630		\$636		\$612	

SERVICING PROFITABILITY

\$ mm's	2Q'19		3Q'19		4Q'19		1Q'20		2Q'20	
	\$	Bps	\$	Bps	\$	Bps	\$	Bps	\$	Bps
Operational Revenue										
Base servicing fees	\$257	16.1	\$252	15.8	\$250	15.9	\$250	15.7	\$239	15.6
Modification fees	6	0.4	4	0.3	4	0.3	3	0.2	2	0.1
Incentive fees	1	0.0	6	0.4	7	0.4	4	0.3	5	0.3
Late payment fees	20	1.2	23	1.4	22	1.4	23	1.4	16	1.1
Other ancillary revenues	30	1.9	48	3.0	46	2.9	38	2.4	44	2.9
Total forward MSR operational revenue	314	19.6	333	20.9	329	20.9	318	20.0	306	20.0
Base subservicing fee and other subservicing revenue	62	3.9	65	4.1	60	3.8	65	4.1	69	4.5
Reverse servicing fees	8	0.5	7	0.4	7	0.4	6	0.4	7	0.5
Total servicing fee revenue	384	24.0	405	25.4	396	25.1	389	24.5	382	25.0
MSR financing liability costs	(11)	(0.7)	(9)	(0.6)	(9)	(0.6)	(8)	(0.5)	(9)	(0.6)
Excess spread payments - principal	(59)	(3.7)	(77)	(4.8)	(71)	(4.5)	(68)	(4.3)	(79)	(5.2)
Total operational revenue	314	19.6	319	20.0	316	20.0	313	19.7	294	19.2
Amortization										
Forward MSR amortization	(125)	(7.8)	(162)	(10.1)	(161)	(10.2)	(152)	(9.6)	(186)	(12.1)
Excess spread accretion	59	3.7	77	4.8	71	4.5	68	4.3	79	5.2
Reverse MSL accretion	11	0.7	10	0.6	8	0.5	8	0.5	5	0.3
Reverse MSR amortization	(1)	(0.1)	2	0.1	(2)	(0.1)	-	-	-	-
Total amortization	(56)	(3.5)	(73)	(4.6)	(84)	(5.3)	(76)	(4.8)	(102)	(6.6)
Mark-to-Market Adjustments										
MSR MTM	(227)	(14.2)	(195)	(12.2)	113	7.2	(412)	(25.9)	(321)	(21.0)
Excess spread / financing MTM	(4)	(0.2)	112	7.0	(11)	(0.7)	29	1.8	60	3.9
Total MTM adjustments	(231)	(14.4)	(83)	(5.2)	102	6.5	(383)	(24.1)	(261)	(17.1)
Total revenues	\$27	1.7	\$163	10.2	\$334	21.2	(\$146)	(9.2)	(\$69)	(4.5)
Average UPB (\$bn)	\$639		\$637		\$630		\$636		\$612	

SERVICING PROFITABILITY [CONT.]

\$ mm's	2Q'19		3Q'19		4Q'19		1Q'20		2Q'20	
	\$	Bps	\$	Bps	\$	Bps	\$	Bps	\$	Bps
Salaries, wages and benefits	\$90	5.6	\$85	5.3	\$85	5.4	\$86	5.4	\$75	4.9
Servicing support fees	24	1.5	30	1.9	28	1.8	25	1.5	27	1.8
Corporate and other general and administrative expenses	39	2.4	40	2.5	44	2.8	35	2.2	32	2.1
Foreclosure and other liquidation related expenses	32	2.0	11	0.7	(28)	(1.8)	-	-	(17)	(1.1)
Depreciation and amortization	4	0.3	5	0.3	6	0.4	3	0.2	5	0.3
Total general and administrative expenses	99	6.2	86	5.4	50	3.2	63	3.9	47	3.1
Total expenses	\$189	11.8	\$171	10.7	\$135	8.6	\$149	9.3	\$122	8.0
Reverse mortgage interest income	86	5.4	81	5.1	64	4.1	43	2.7	54	3.5
Other interest income	50	3.1	56	3.5	48	3.0	40	2.5	3	0.2
Interest income	136	8.5	137	8.6	112	7.1	83	5.2	57	3.7
Reverse mortgage interest expense	(46)	(2.9)	(58)	(3.6)	(61)	(3.9)	(52)	(3.3)	(51)	(3.3)
Advance interest expense	(8)	(0.5)	(6)	(0.4)	(6)	(0.4)	(5)	(0.3)	(8)	(0.5)
Other interest expense	(55)	(3.4)	(56)	(3.5)	(59)	(3.7)	(56)	(3.5)	(58)	(3.8)
Interest expense	(109)	(6.8)	(120)	(7.5)	(126)	(8.0)	(113)	(7.1)	(117)	(7.6)
Other income, net	-	-	-	-	4	0.3	-	-	-	-
Total other income (expense), net	\$27	1.7	\$17	1.1	(\$10)	(0.6)	(\$30)	(1.9)	(\$60)	(3.9)
Pretax (loss) income	(\$135)	(8.4)	\$9	0.6	\$189	12.0	(\$325)	(20.4)	(\$251)	(16.4)
Average UPB (\$bn)	\$639		\$637		\$630		\$636		\$612	

SERVICING PORTFOLIO

\$ mm's	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20
<u>Unpaid Principal Balance (UPB) Rollforward</u>					
Originations	\$9,521	\$11,398	\$12,160	\$11,635	\$9,478
Flow acquisitions	1,399	2,372	1,917	2,532	126
Bulk acquisitions	23,161	164	6,964	178	36
Dispositions	(920)	(959)	(3,352)	(40)	(31)
Transfers to/from Subservicing	(5,805)	(3,952)	(9,460)	(3,383)	(1,796)
Runoff	(15,036)	(18,354)	(18,128)	(17,070)	(20,472)
Forward owned⁽¹⁾	\$316,012	\$306,681	\$296,782	\$290,634	\$277,975
Subservicing	302,108	310,531	323,983	316,933	296,792
Reverse	25,569	23,990	22,725	21,590	20,758
Total Servicing	\$643,689	\$641,202	\$643,490	\$629,157	\$595,525
<u>Valuation Data</u>					
MSR original cost	85 bps	86 bps	86 bps	86 bps	86 bps
MSR carrying value	111 bps	109 bps	118 bps	107 bps	99 bps
<u>Runoff Rates</u>					
CPR	14.3%	18.1%	18.6%	17.5%	22.0%
Principal payments	4.0%	3.8%	3.7%	3.7%	3.7%
Forward owned runoff rate	18.3%	21.9%	22.3%	21.2%	25.7%
Total Servicing CPR	13.0%	17.5%	19.1%	19.2%	26.0%
<u>Portfolio Composition</u>					
GSE	22%	22%	21%	21%	22%
GNMA	17%	17%	17%	17%	17%
PLS	10%	9%	8%	8%	8%
Forward owned	49%	48%	46%	46%	47%
Subservicing	47%	48%	50%	50%	50%
Reverse	4%	4%	4%	4%	3%
Total	100%	100%	100%	100%	100%

ORIGINATIONS PROFITABILITY

\$ mm's	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20
Service related, net - Originations	\$20	\$22	\$23	\$20	\$21
Net gain on mortgage loans held for sale					
Net gain on loans originated and sold	152	191	147	183	453
Capitalized servicing rights	100	126	133	119	123
Provision for repurchase reserves, net of release	(8)	(5)	(4)	(5)	(3)
Total net gain on mortgage loans held for sale	244	312	276	297	573
Total revenues	\$264	\$334	\$299	\$317	\$594

Supplemental Data

Pull through adjusted lock volume	\$11,197	\$12,699	\$12,537	\$12,677	\$12,394
Funded volume	\$9,996	\$11,911	\$12,559	\$12,359	\$10,729
Loans sold, servicing retained	\$6,692	\$8,199	\$9,347	\$8,696	\$9,250
GOS margin ⁽¹⁾	2.18%	2.46%	2.20%	2.34%	4.62%
Revenue margin ⁽¹⁾	2.36%	2.63%	2.38%	2.50%	4.79%
Value of capitalized servicing retained	149 bps	154 bps	143 bps	137 bps	133 bps

ORIGINATIONS PROFITABILITY [CONT.]

\$ mm's	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20
Salaries, wages and benefits	\$88	\$104	\$114	\$117	\$120
Loan originations expenses	17	16	15	16	16
Corporate and other general and administrative expenses	13	16	18	18	16
Marketing and professional service fee	21	12	12	12	11
Depreciation and amortization	6	4	5	3	4
Loss on impairment of assets	-	3	-	-	-
Total expenses	\$145	\$155	\$164	\$166	\$167
Funded volume	\$9,996	\$11,911	\$12,559	\$12,359	\$10,729
Expenses margin ⁽¹⁾	1.45%	1.30%	1.31%	1.34%	1.56%
Interest income	\$23	\$24	\$34	\$34	\$19
Interest expense	(25)	(24)	(31)	(27)	(13)
Other income (expense), net	1	(1)	-	-	-
Total other (expense) income, net	(\$1)	(\$1)	\$3	\$7	\$6
Funded volume	\$9,996	\$11,911	\$12,559	\$12,359	\$10,729
Other (expense) income, net margin ⁽¹⁾	-0.01%	-0.01%	0.02%	0.06%	0.06%
Pretax income	\$118	\$178	\$138	\$158	\$433
Pretax income margin ⁽²⁾	0.90%	1.32%	1.10%	1.22%	3.29%

XOME NON-GAAP RECONCILIATION

\$ mm's	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20
Pretax income	\$7	\$14	\$9	\$11	\$12
Accounting item	-	(4)	3	-	-
Intangible amortization	3	3	2	2	1
Pretax income excluding notable items	\$10	\$13	\$14	\$13	\$13

XOME PROFITABILITY

\$ mm's	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20
Exchange	\$20	\$19	\$20	\$16	\$9
Services	82	87	83	85	94
Data/Technology	6	6	3	5	3
Total revenues	\$108	\$112	\$106	\$106	\$106
Salaries, wages and benefits	\$36	\$37	\$37	\$35	\$33
Operational expenses	62	60	57	58	59
Depreciation and amortization	3	4	3	3	3
Total expenses	\$101	\$101	\$97	\$96	\$95
Total other income, net	\$-	\$3	\$-	\$1	\$1
Pretax income	\$7	\$14	\$9	\$11	\$12
Margin	6.5%	12.5%	8.4%	10.4%	11.3%
Exchange properties sold	2,645	2,453	2,332	2,114	1,191
Average exchange properties under management	6,693	6,688	11,917	17,777	17,438
Services completed orders	417,510	429,128	403,779	408,734	423,974
Percentage of revenue earned from third-party customers	53%	53%	51%	55%	53%

ADJUSTED EBITDA

\$ mm's	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20
Consolidated GAAP pretax (loss) income	(\$117)	\$107	\$240	(\$239)	\$110
Mark-to-market	231	83	(102)	383	261
Adjustments ⁽¹⁾	30	10	15	4	1
MSR amortization, net	56	73	84	76	102
Capitalized servicing rights	(103)	(129)	(136)	(123)	(126)
Depreciation and amortization	24	22	24	19	18
Corporate debt interest expense	51	51	50	51	47
Other	6	11	4	7	5
Adjusted EBITDA	\$178	\$228	\$179	\$178	\$418

2Q'20 SOURCES AND USES CASH FLOW

	Servicing	Originations	Xome	Corporate / Other	Consolidated	Illustrative Steady State Discretionary Cashflow
\$mm's						
GAAP pretax income (loss)	(\$251)	\$433	\$12	(\$84)	\$110	
Depreciation and amortization	5	4	3	6	18	
Share-based compensation	-	1	1	4	6	
Amortization of premiums, net of discount accretion	5	-	-	6	11	
Settlement of excess spread financing	(52)	-	-	-	(52)	
MSR/MSL amortization/accretion	181	-	-	-	181	
Total MTM adjustments	261	-	-	-	261	
Business segment cash flow from operations	\$149	\$438	\$16	(\$68)	\$535	\$535
State/local taxes ⁽¹⁾					-	(17)
Total working capital change ⁽²⁾					65	-
Total sources, net					\$600	\$518
Capex					(14)	(14)
Capitalized servicing rights - Originations/EBO					(126)	(126)
MSR purchases, MSR sales and excess spread financing					(4)	(10)
Net investment in MSR					(130)	(136) ⁽³⁾
Total uses, net					(144)	(150)
Change in cash					\$456	\$368
Change in unrestricted cash					\$462	

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

⁽²⁾ 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

⁽³⁾ Required investment to sustain the net MSR is based on sum of (\$186) mm forward MSR amortization, \$79 mm excess spread accretion, and (\$29) mm fair value amortization