

# Mr. CooperGroup®

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## Earnings Presentation 1Q 2020

*April 30, 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)).

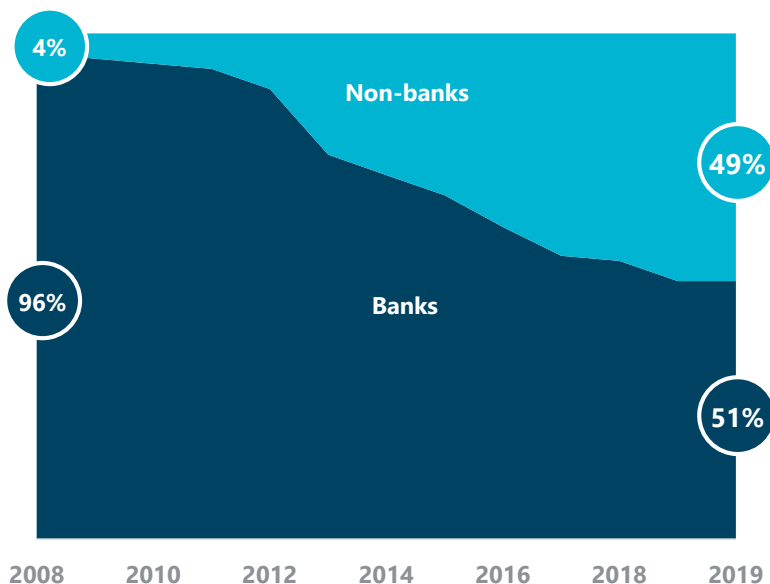
**Forward Looking Statements.** This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including target ROTCE and strategic initiatives, estimates of Originations profitability and total funding, customers entering into forbearance plans and the adequacy and amount of available liquidity. All statements other than statements of historical or current fact included in this presentation that address activities, events, conditions or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business and these statements are not guarantees of future performance. 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

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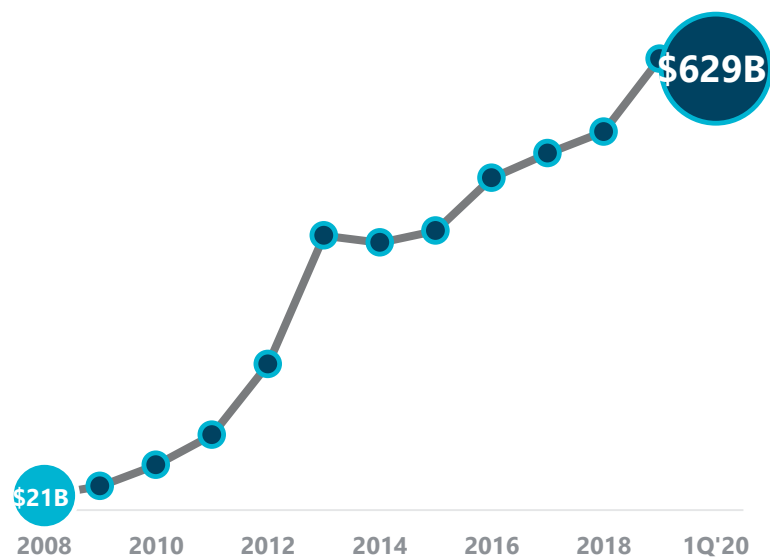
**Non-GAAP Measures.** This presentation contains certain references to non-GAAP measures. Please refer to the Appendix for more information on non-GAAP measures.

# Evolution of the Leading Non-bank Mortgage Servicer

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



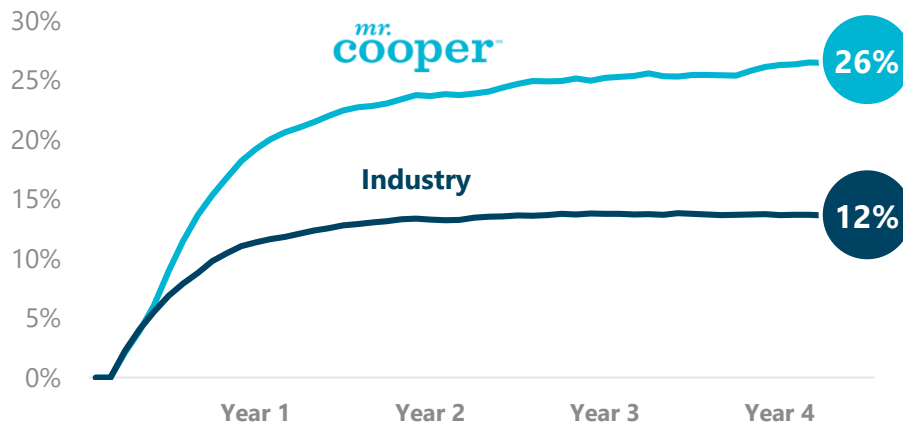
## Industry-leading Portfolio Growth



# Best-in-Class Operational Skills

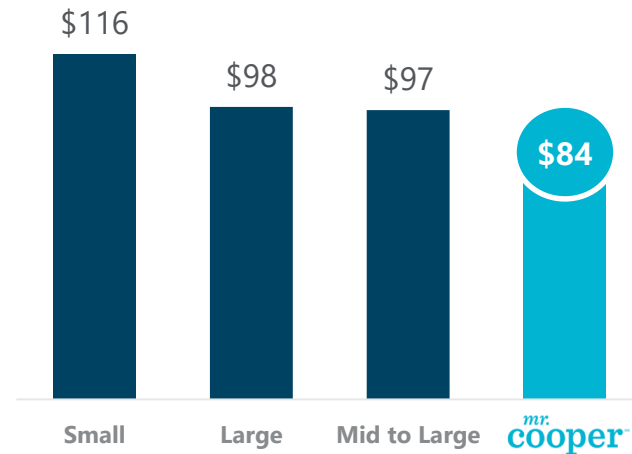
## Kept More People in Their Homes

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>

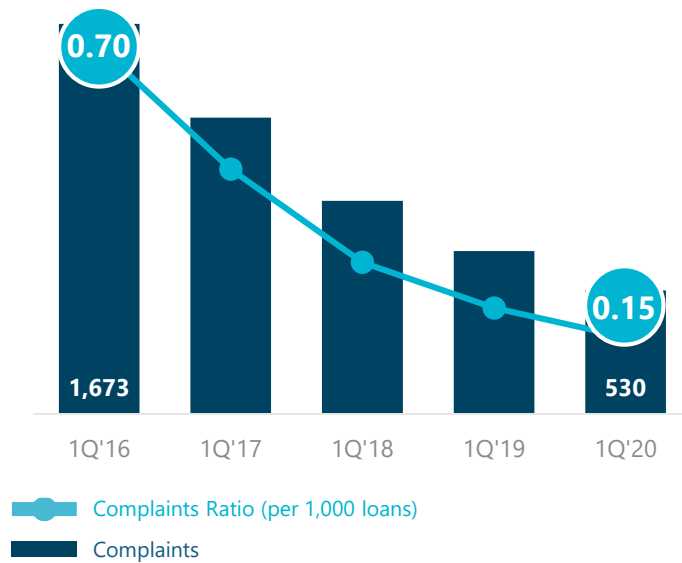


<sup>(1)</sup> Percentage of loans boarded delinquent brought back to performing status, compared to industry reperformance for buckets of similar loans. Source: Core Logic

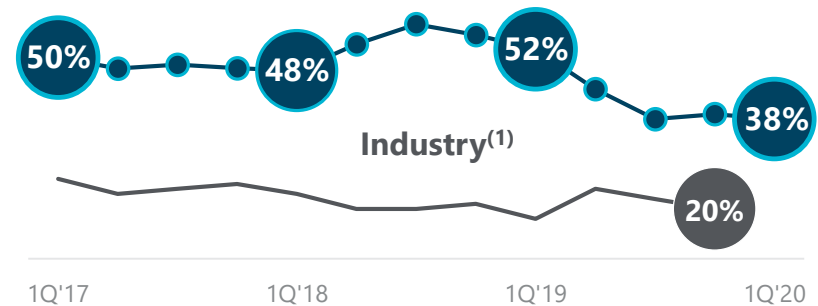
<sup>(2)</sup> Direct servicing cost per loan for performing loans. Categories are defined as prime servicers; "Mid to Large" is 500k-1mm loans, "Large" is greater than 1mm loans, "Small" is less than 100k loans. Source: 2018 MBA Peer Group Study

# Rebranding Establishes Customer-centric Culture

## Significant Improvement in Customer Experience



## Refinance Recapture is a Competitive Advantage

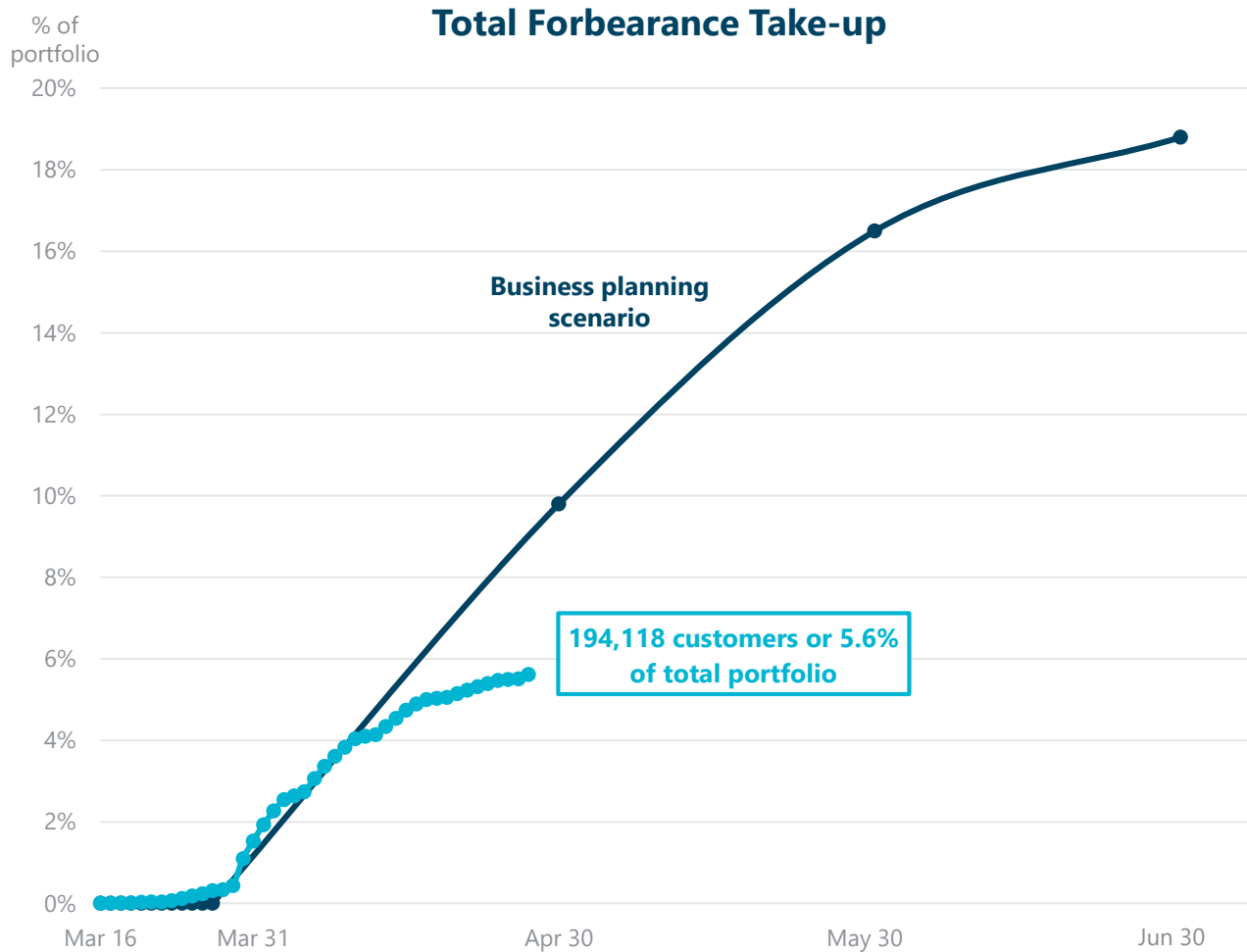


<sup>(1)</sup> Industry refinance recapture data as of 4Q'19 based on Black Knight's mortgage monitor January 2020 report.

# First Quarter Highlights

- **Reported (\$171) mm net loss or (\$1.84) per diluted share, reflecting mark-to-market of (\$383) mm**
- **Moved more than 95% of teammates to work-from-home status in 5 days**
- **Increased unrestricted cash q/q to \$579 mm from \$329 mm**
- **Subsequent to quarter-end, increased committed warehouse capacity for servicing advances by \$850 mm**
- **Generated strong pretax operating income of \$127 mm, equivalent to 19.6% ROTCE**
- **Originations segment generated pretax income of \$158 mm on funded volume of \$12.4 bn**
- **Servicing margin compressed to 3.9 bps**
- **Xome generated \$13 mm in pretax operating income, with third-party revenue rising q/q from 51% to 55%**

# Forbearance Update



# Strategic Priorities during the COVID-19 Pandemic

TARGET ROTCE **12%+**

STRENGTHEN  
BALANCE  
SHEET

CONTINUOUS  
COST STRUCTURE  
IMPROVEMENTS

GROW &  
STRENGTHEN  
CUSTOMER  
BASE

REINVENT  
CUSTOMER  
EXPERIENCE

SUSTAIN  
CULTURE  
& TALENT

## Strengthening the Balance Sheet

- Refinanced 2021 and 2022 senior notes, creating 3-year liquidity runway
- Increased cash
- Expanded committed funding capacity for servicing advances

## Managing Cost Structure

- Thoughtful capacity planning for call center and back office teams
- Roll-out of forbearance resources including digital tools
- Leveraging Project Titan investments that reengineered modification process



# Summary 1Q'20 Financial Results

\$ mm's, except per share data	1Q'20	4Q'19	1Q'19
Servicing	\$32	\$56	\$73
Originations	158	138	45
Xome	13	14	-
Corporate debt interest expense	(51)	(50)	(51)
Corporate expense/other	(25)	(33)	(19)
<b>Pretax operating income<sup>(1)</sup></b>	<b>\$127</b>	<b>\$125</b>	<b>\$48</b>
Other mark-to-market <sup>(2)</sup>	(353)	133	(268)
Merger related costs	-	-	(20)
Adjustments	(4)	(6)	20
Intangible amortization	(9)	(12)	(13)
Pretax (loss) income	(\$239)	\$240	(\$233)
Valuation allowance release	-	285	-
Income tax (expense) benefit	68	(64)	47
<b>Net (loss) income</b>	<b>(\$171)</b>	<b>\$461</b>	<b>(\$186)</b>
Weighted average diluted sharecount	91.4	92.6	90.8
Diluted EPS <sup>(5)</sup>	(\$1.84)	\$4.95	(\$2.05)

TBV Rollforward <sup>(1) (6)</sup>	\$ mm's	Per share
<b>4Q'19</b>	<b>\$2,037</b>	<b>\$22.36</b>
1Q'20 net loss <sup>(5)</sup>	(171)	(1.84)
Intangible amortization	9	0.10
Other	10	0.11
<b>1Q'20</b>	<b>\$1,885</b>	<b>\$20.50</b>

	\$mm's	ROTCE
GAAP net loss	(\$171)	(34.9%)
<b>Fully-taxed operating income<sup>(1) (3)</sup></b>	<b>\$96</b>	<b>19.6%</b>
Cash tax-effected operating income <sup>(1) (4)</sup>	\$123	25.1%
Discretionary steady state cash flow	\$147	n/a

## Adjustments

- \$4 mm in severance charges in Servicing related to corporate actions

## Other Notable Items

- Servicing included a \$15 mm loss in the Reverse portfolio
- Originations included a \$21 mm charge to reverse gains associated with spec pool deliveries and a \$13 mm charge to eliminate revenue associated with loans where customer employment issues may pose a risk to closing
- Corporate included \$8 mm in charges associated with the exit of an ancillary business unit

<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

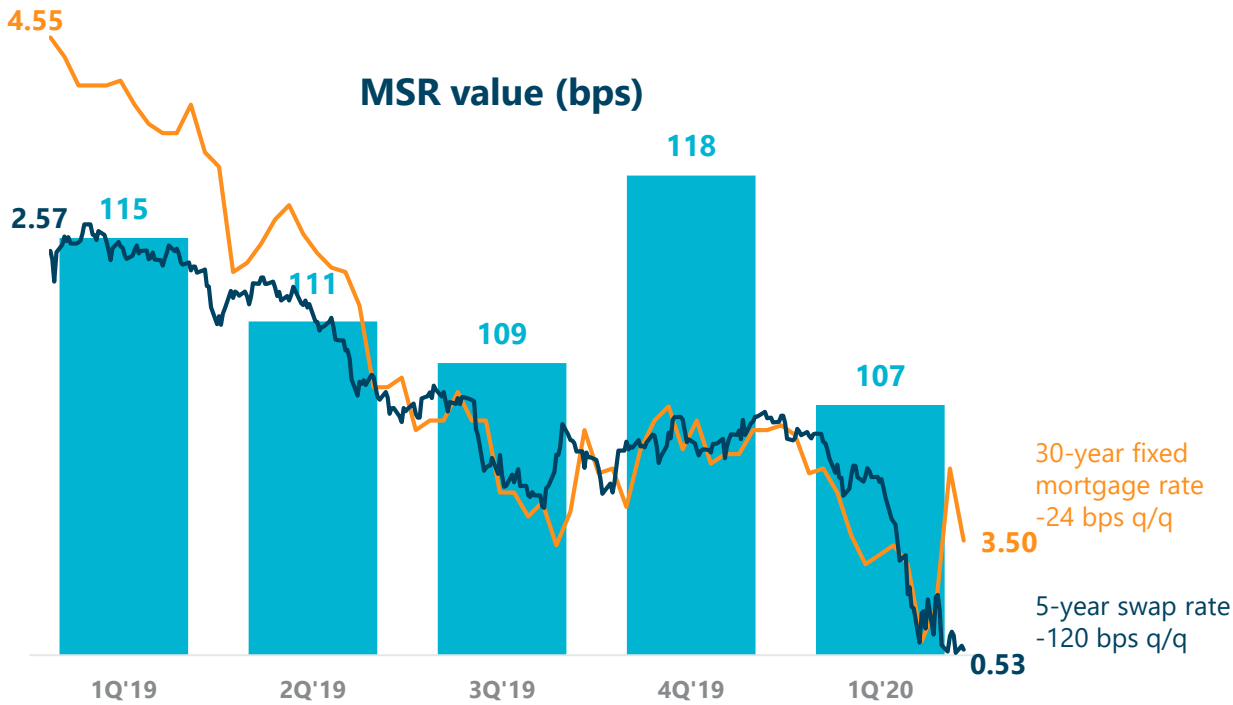
<sup>(3)</sup> Assumes GAAP tax-rate of 24.2% and does not give credit to cash flow benefits of the DTA

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

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

<sup>(6)</sup> TBV/share calculated on ending period sharecount

# MSR Value Pressured by Lower Rates



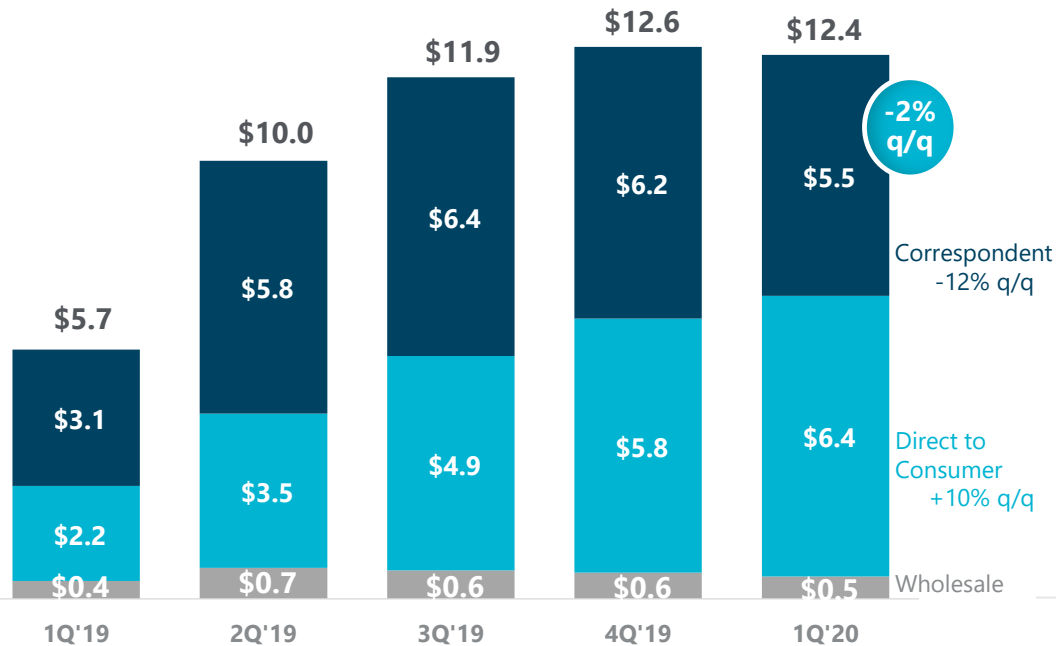
## Rate/term Refinance Opportunity

Mortgage Rate	Customers in Millions	Portfolio %
+50 bps	1.00	29%
+25 bps	1.24	35%
<b>Current rate</b>	<b>1.44</b>	<b>41%</b>
-25 bps	1.58	45%
-50 bps	1.65	47%

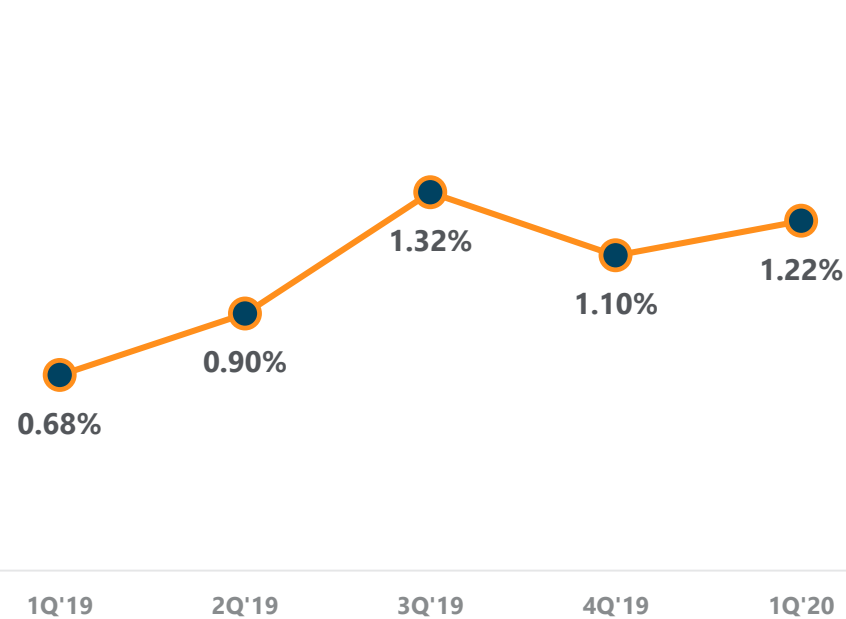
- The company reported a negative mark-to-market of \$383 mm, consisting of \$353 mm associated with the decline in interest rates, and \$30 mm related to the excess of fair value over cost-basis amortization

# Originations Profits Remain Strong

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



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



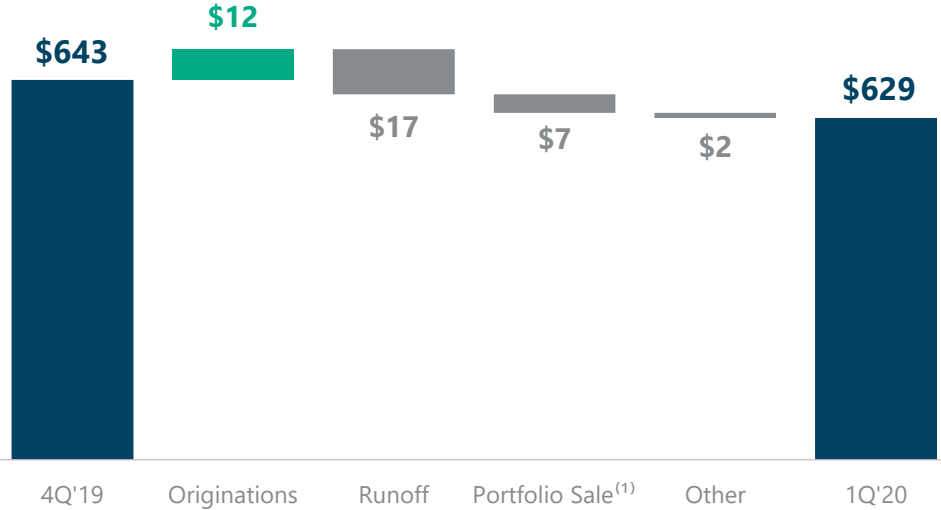
\$ bn's	January	February	March	April <sup>(2)</sup>
Locked volume	4.1	4.3	4.3	3.5
Funded volume	4.0	4.0	4.4	3.5
Pretax Margin	1.73%	1.57%	0.34%	1.5%+

- The company responded to mortgage capital markets volatility in mid-March by taking steps to de-risk the pipeline, positioning the Originations segment for strong profitability in April

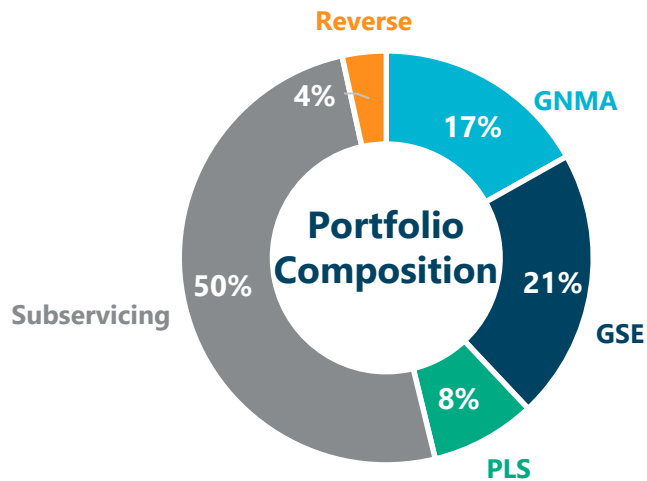
<sup>(1)</sup> Please see appendix for reconciliations of non-GAAP measures  
<sup>(2)</sup> Preliminary estimate. Actual results could differ materially.

# Servicing Portfolio Remained Roughly Stable

Portfolio Walk (\$ bn's)



- Servicing portfolio ended the quarter at \$629 bn, relatively flat with the fourth-quarter level net of a \$7 bn portfolio sale that deboarded during the quarter
- Excluding the economic share of run-off attributable to excess spread co-investment partners, the net replenishment rate for the forward owned MSR portfolio remained approximately 100%
- Subservicing remains at 50% of the total portfolio
- The reverse mortgage portfolio remains in run-off, with balances down 20% y/y

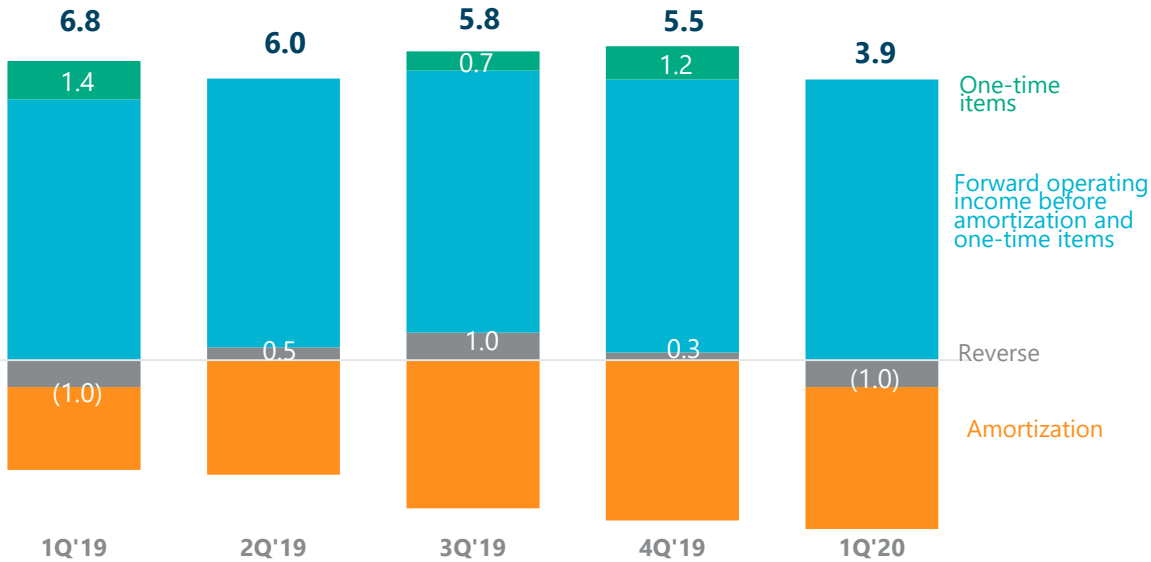


<sup>(1)</sup> MSR portfolio sale that transferred to subservicing portfolio in 4Q'19 and deboarded during 1Q'20

Note: Portfolio Sale Originations and Runoff refer to MSR portfolio. Net replenishment is calculated as originations funded volume excluding subservicing, divided by net run-off. During the quarter, originations of \$12.4 bn included \$1.7 bn associated with subservicing contracts. Net run-off is calculated as \$17 bn in run-off associated with the forward owned MSR, less 40% 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

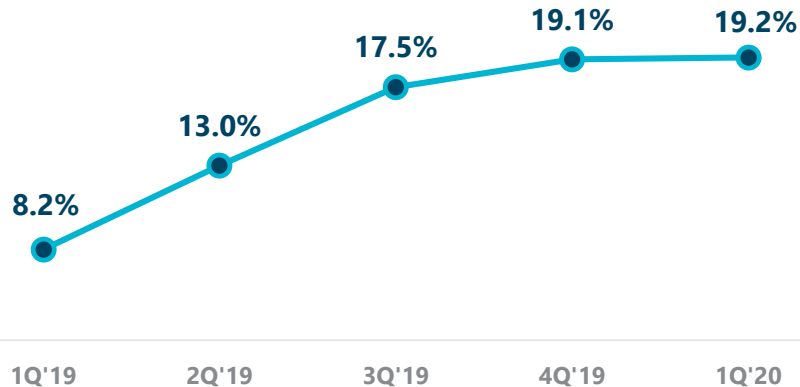
# Servicing Margin Impacted by Amortization and Reverse

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

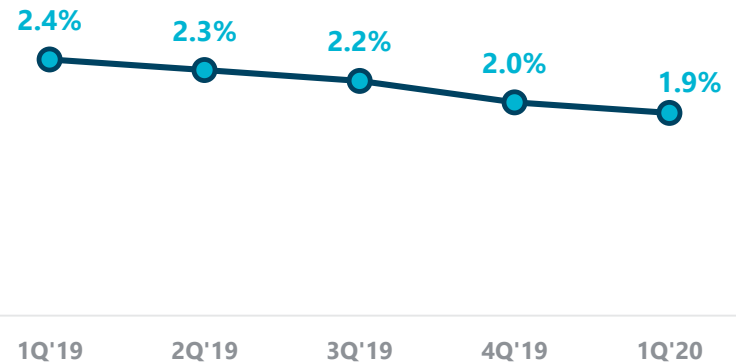


- High CPRs and amortization continued in 1Q'20
- Servicing included a \$15mm loss in the Reverse portfolio, driven primarily by the impact of sharply lower interest rates on purchase accounting for Reverse Mortgage Interest

Total CPR



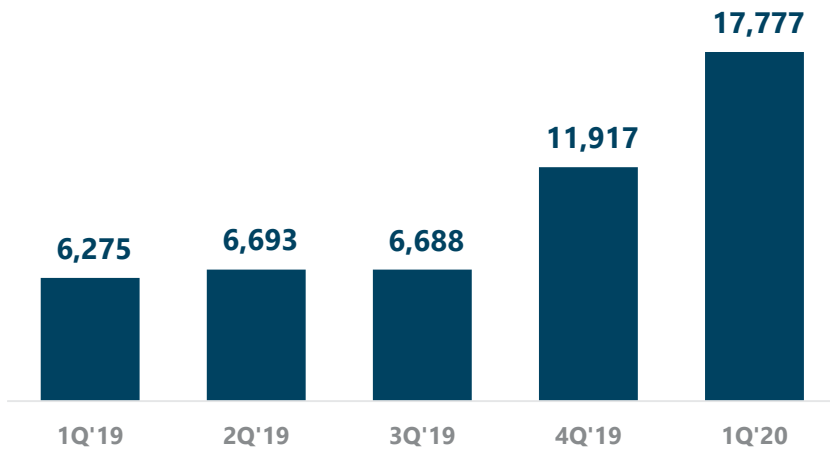
60+ Day Delinquency



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

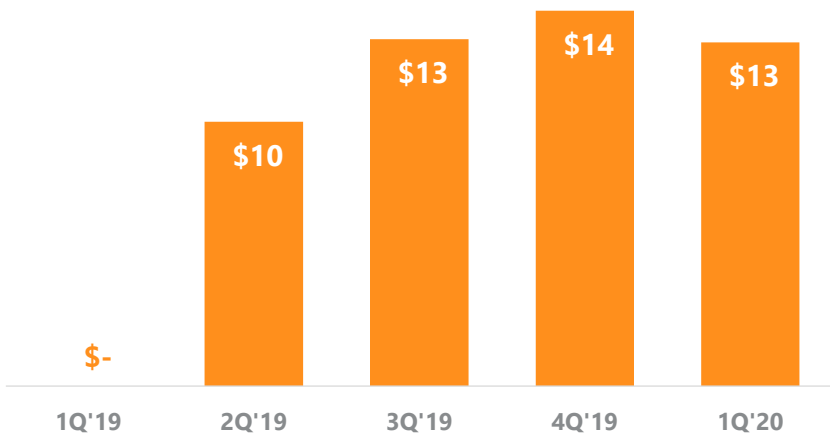
# Xome Expands Third-Party Revenues

## Average Exchange Properties Under Management

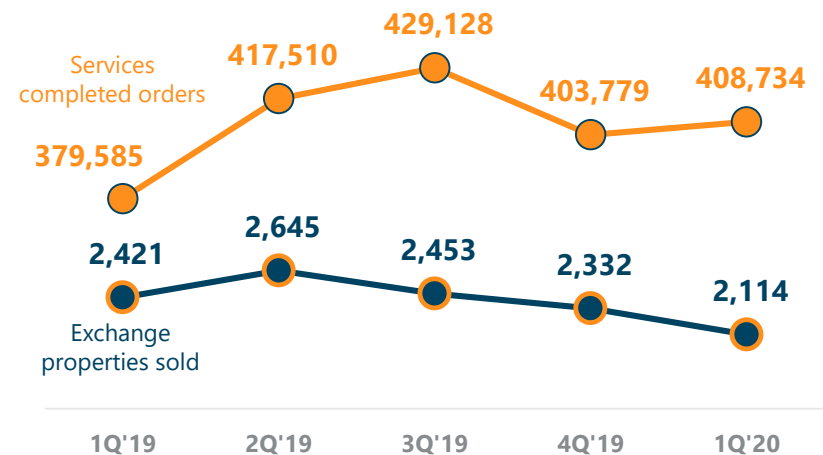


- Auction exchange continued to win third-party business, growing average Exchange properties under management over the last six months to 17,777
- Third-party revenue percentage increases from 51% to 55% q/q
- Continued strong results in title and close, reflecting higher refinance-related orders

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



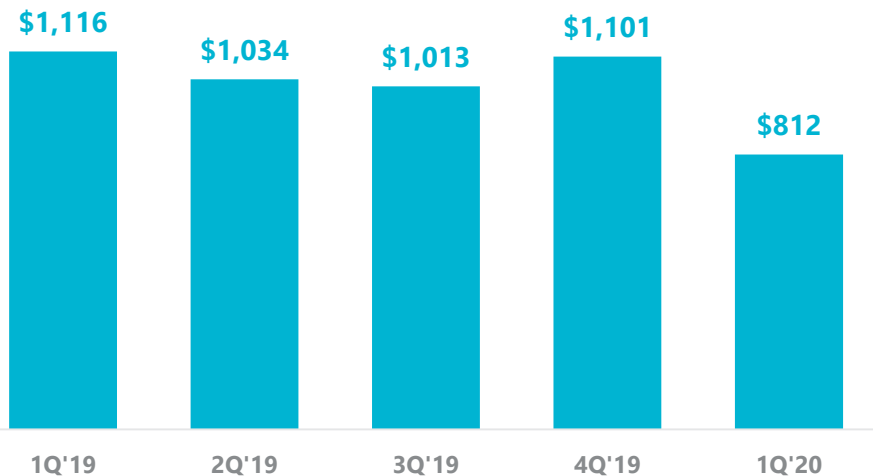
## Exchange Sales and Services Orders



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

# \$850 mm Increase in Committed Funding Capacity for Servicing Advances

## Servicing Advances (\$ mm's)<sup>(1)</sup>



## Advance Financing Plan

- Subsequent to quarter end, expanded committed financing capacity for GSE advances by \$650 mm to \$875 mm
- Subsequent to quarter end, expanded committed financing capacity for PLS advances by \$200 mm to \$425 mm
- Plan to fund GNMA advances through MSR lines, corporate cashflow, and PTAP if necessary

## Advances by Investor as of March 31, 2020

\$mm's	P&I	T&I <sup>(2)</sup>	Total
GNMA	\$9	\$177	\$186
GSE	4	209	213
PLS	75	202	277
Other <sup>(3)</sup>	116	20	136
<b>Total advances</b>	<b>\$204</b>	<b>\$608</b>	<b>\$812</b>

## Financing Capacity<sup>(4)</sup>

\$mm's	Maturity	Capacity	Outstanding	Utilization
PLS	Oct'21	\$425	\$223	52%
GSE	Apr'21	875	184	21%
Other	Jan'21	200	83	42%
<b>Advance facilities</b>		<b>\$1,500</b>	<b>\$490</b>	<b>33%</b>
MSR	Aug'20-Jan'23	1,000	295	30%
Origination	May'20-Apr'21	7,790	4,257	55%
<b>Total warehouse facilities</b>		<b>\$8,790</b>	<b>\$4,552</b>	<b>52%</b>

<sup>(1)</sup> Servicing advances before discounts

<sup>(2)</sup> Includes T&I and corporate advances

<sup>(3)</sup> Primarily includes advances related to interim servicing, special servicing agreements, and advances ineligible for financing

<sup>(4)</sup> Financing Capacity as of April 24, 2020, outstanding as of March 31, 2020



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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	\$203	\$20	\$106	\$2	\$330
Net gain on mortgage loans held for sale	34	297	-	-	331
Operating revenue excluding MTM	237	317	106	2	661
Salaries, wages, and benefits	86	117	35	8	246
General and administrative	63	49	61	26	198
Total expenses	149	166	96	34	444
Interest income / other	83	34	-	1	118
Interest expense	(113)	(27)	-	(1)	(141)
Corporate debt interest expense	-	-	-	(51)	(51)
Other income, net	-	-	1	-	1
Total other income (expenses), net	(30)	7	1	(51)	(73)
Pretax income (loss) before MTM	58	158	11	(83)	144
Fair value amortization <sup>(2)</sup>	(30)	-	-	-	(30)
Other MTM	(353)	-	-	-	(353)
MTM	(383)	-	-	-	(383)
<b>Pretax (loss) income</b>	<b>(325)</b>	<b>158</b>	<b>11</b>	<b>(83)</b>	<b>(239)</b>
Other MTM	353	-	-	-	353
Adjustments	4	-	-	-	4
Intangible amortization	-	-	2	7	9
<b>Pretax operating income (loss)</b>	<b>\$32</b>	<b>\$158</b>	<b>\$13</b>	<b>(\$76)</b>	<b>\$127</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	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20
<b>Stockholders' equity</b>	<b>\$1,761</b>	<b>\$1,678</b>	<b>\$1,767</b>	<b>\$2,231</b>	<b>\$2,066</b>
Goodwill	(109)	(120)	(120)	(120)	(120)
Intangible assets	(116)	(105)	(93)	(74)	(61)
<b>Tangible book value (TBV)</b>	<b>\$1,536</b>	<b>\$1,453</b>	<b>\$1,554</b>	<b>\$2,037</b>	<b>\$1,885</b>
Ending outstanding sharecount	91.0	91.1	91.1	91.1	92.0
TBV/share	\$16.87	\$15.95	\$17.06	\$22.36	\$20.50
Assets	\$17,646	\$18,405	\$18,478	\$18,305	\$17,613
Tangible assets <sup>(1)</sup>	\$17,421	\$18,180	\$18,265	\$18,111	\$17,432
TNW/Assets <sup>(2)</sup>	8.8%	8.0%	8.5%	11.2%	10.8%

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

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

# ROTCE Reconciliation

\$mm's	1Q'20
Pretax loss	(\$239)
Income tax benefit	68
Net loss	(\$171)
<b>ROTCE</b>	<b>(34.9%)</b>
Pretax loss	(239)
Mark-to-market	383
Fair value amortization	(30)
Accounting items	4
Intangible amortization	9
Pretax operating income	\$127
Income tax expense <sup>(1)</sup>	(31)
Fully-taxed operating income	\$96
<b>ROTCE</b>	<b>19.6%</b>
Income tax expense <sup>(2)</sup>	(4)
Cash-taxed operating income	\$123
<b>ROTCE</b>	<b>25.1%</b>
 <b>Average TBV</b>	 <b>\$1,961</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 annualized 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	1Q'19		2Q'19		3Q'19		4Q'19		1Q'20	
	\$	Bps	\$	Bps	\$	Bps	\$	Bps	\$	Bps
<b>Pretax (loss) income</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>	<b>(325)</b>	<b>(20.4)</b>
Mark-to-market (MTM)	293	20.3	231	14.4	83	5.2	(102)	(6.5)	383	24.1
Accounting item	(9)	(0.6)	-	-	-	-	-	-	4	0.2
Merger related costs	-	-	-	-	-	-	-	-	-	-
<b>Pretax income excluding MTM and other notable items</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>	<b>\$62</b>	<b>3.9</b>
Average UPB (\$bn)	\$576		\$639		\$637		\$630		\$636	

# Servicing Profitability

\$mm's	1Q'19		2Q'19		3Q'19		4Q'19		1Q'20	
	\$	Bps	\$	Bps	\$	Bps	\$	Bps	\$	Bps
<b>Operational Revenue</b>										
Base servicing fees	\$240	16.7	\$257	16.1	\$252	15.8	\$250	15.9	\$250	15.7
Modification fees	3	0.2	6	0.4	4	0.3	4	0.3	3	0.2
Incentive fees	1	0.1	1	0.0	6	0.4	7	0.4	4	0.3
Late payment fees	19	1.3	20	1.2	23	1.4	22	1.4	23	1.4
Other ancillary revenues	48	3.3	30	1.9	48	3.0	46	2.9	38	2.4
Total forward MSR operational revenue	311	21.6	314	19.6	333	20.9	329	20.9	318	20.0
Base subservicing fee and other subservicing revenue	52	3.6	62	3.9	65	4.1	60	3.8	65	4.1
Reverse servicing fees	9	0.6	8	0.5	7	0.4	7	0.4	6	0.4
Total servicing fee revenue	372	25.8	384	24.0	405	25.4	396	25.1	389	24.5
MSR financing liability costs	(12)	(0.8)	(11)	(0.7)	(9)	(0.6)	(9)	(0.6)	(8)	(0.5)
Excess spread payments - principal	(36)	(2.5)	(59)	(3.7)	(77)	(4.8)	(71)	(4.5)	(68)	(4.3)
Total operational revenue	324	22.5	314	19.6	319	20.0	316	20.0	313	19.7
<b>Amortization</b>										
Forward MSR amortization	(79)	(5.5)	(125)	(7.8)	(162)	(10.1)	(161)	(10.2)	(152)	(9.6)
Excess spread accretion	36	2.5	59	3.7	77	4.8	71	4.5	68	4.3
Reverse MSL accretion	18	1.3	11	0.7	10	0.6	8	0.5	8	0.5
Reverse MSR amortization	2	0.1	(1)	(0.1)	2	0.1	(2)	(0.1)	-	-
Total amortization	(23)	(1.6)	(56)	(3.5)	(73)	(4.6)	(84)	(5.3)	(76)	(4.8)
<b>Mark-to-Market Adjustments</b>										
MSR MTM	(360)	(25.0)	(227)	(14.2)	(195)	(12.2)	113	7.2	(412)	(25.9)
Excess spread / financing MTM	67	4.7	(4)	(0.2)	112	7.0	(11)	(0.7)	29	1.8
Total MTM adjustments	(293)	(20.3)	(231)	(14.4)	(83)	(5.2)	102	6.5	(383)	(24.1)
<b>Total revenues</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>	<b>(\$146)</b>	<b>(9.2)</b>
Average UPB (\$bn)	\$576		\$639		\$637		\$630		\$636	

# Servicing Profitability [cont.]

\$mm's	1Q'19		2Q'19		3Q'19		4Q'19		1Q'20	
	\$	Bps	\$	Bps	\$	Bps	\$	Bps	\$	Bps
Salaries, wages and benefits	\$86	6.0	\$90	5.6	\$85	5.3	\$85	5.4	\$86	5.4
Servicing support fees	39	2.7	24	1.5	30	1.9	28	1.8	25	1.5
Corporate and other general and administrative expenses	39	2.7	39	2.4	40	2.5	44	2.8	35	2.2
Foreclosure and other liquidation related expenses	27	1.9	32	2.0	11	0.7	(28)	(1.8)	-	-
Depreciation and amortization	4	0.3	4	0.3	5	0.3	6	0.4	3	0.2
Total general and administrative expenses	109	7.6	99	6.2	86	5.4	50	3.2	63	3.9
<b>Total expenses</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>	<b>\$149</b>	<b>9.3</b>
Reverse mortgage interest income	82	5.7	86	5.4	81	5.1	64	4.1	43	2.7
Other interest income	33	2.3	50	3.1	56	3.5	48	3.0	40	2.5
Interest income	115	8.0	136	8.5	137	8.6	112	7.1	83	5.2
Reverse mortgage interest expense	(71)	(4.9)	(46)	(2.9)	(58)	(3.6)	(61)	(3.9)	(52)	(3.3)
Advance interest expense	(9)	(0.6)	(8)	(0.5)	(6)	(0.4)	(6)	(0.4)	(5)	(0.3)
Other interest expense	(34)	(2.4)	(55)	(3.4)	(56)	(3.5)	(59)	(3.7)	(56)	(3.5)
Interest expense	(114)	(7.9)	(109)	(6.8)	(120)	(7.5)	(126)	(8.0)	(113)	(7.1)
Other income, net	-	-	-	-	-	-	4	0.3	-	-
<b>Total other income (expense), net</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>(\$30)</b>	<b>(1.9)</b>
<b>Pretax (loss) income</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>	<b>(\$325)</b>	<b>(20.4)</b>
Average UPB (\$bn)	\$576		\$639		\$637		\$630		\$636	

# Servicing Portfolio

\$mm's	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20
<b><u>Unpaid Principal Balance (UPB) Rollforward</u></b>					
Originations	\$4,891	\$9,521	\$11,398	\$12,160	\$11,635
Flow acquisitions	2,066	1,399	2,372	1,917	2,532
Bulk acquisitions	38,229	23,161	164	6,964	178
Dispositions	(872)	(920)	(959)	(3,352)	(40)
Transfers to/from Subservicing	(26,151)	(5,805)	(3,952)	(9,460)	(3,383)
Runoff	(9,952)	(15,036)	(18,354)	(18,128)	(17,070)
<b>Forward owned<sup>(1)</sup></b>	<b>\$303,692</b>	<b>\$316,012</b>	<b>\$306,681</b>	<b>\$296,782</b>	<b>\$290,634</b>
Subservicing	301,191	302,108	310,531	323,983	316,933
Reverse	27,014	25,569	23,990	22,725	21,590
<b>Total Servicing</b>	<b>\$631,897</b>	<b>\$643,689</b>	<b>\$641,202</b>	<b>\$643,490</b>	<b>\$629,157</b>
<b><u>Valuation Data</u></b>					
MSR original cost	83 bps	85 bps	86 bps	86 bps	86 bps
MSR carrying value	115 bps	111 bps	109 bps	118 bps	107 bps
<b><u>Runoff Rates</u></b>					
CPR	9.3%	14.3%	18.1%	18.6%	17.5%
Principal payments	3.8%	4.0%	3.8%	3.7%	3.7%
Forward owned runoff rate	13.1%	18.3%	21.9%	22.3%	21.2%
<b>Total Servicing CPR</b>	<b>8.2%</b>	<b>13.0%</b>	<b>17.5%</b>	<b>19.1%</b>	<b>19.2%</b>
<b><u>Portfolio Composition</u></b>					
GSE	21%	22%	22%	21%	21%
GNMA	17%	17%	17%	17%	17%
PLS	10%	10%	9%	8%	8%
Forward owned	48%	49%	48%	46%	46%
Subservicing	48%	47%	48%	50%	50%
Reverse	4%	4%	4%	4%	4%
Total	100%	100%	100%	100%	100%

<sup>(1)</sup> 4Q'18 ending unpaid principal balance was \$295,481 million

# Originations Profitability

\$mm's	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20
Service related, net - Originations	\$15	\$20	\$22	\$23	\$20
<b>Net gain on mortgage loans held for sale</b>					
Net gain on loans originated and sold	72	152	191	147	183
Capitalized servicing rights	61	100	126	133	119
Provision for repurchase reserves, net of release	(2)	(8)	(5)	(4)	(5)
Total net gain on mortgage loans held for sale	131	244	312	276	297
<b>Total revenues</b>	<b>\$146</b>	<b>\$264</b>	<b>\$334</b>	<b>\$299</b>	<b>\$317</b>

## Supplemental Data

Pull through adjusted lock volume	\$5,960	\$11,197	\$12,699	\$12,537	\$12,677
Funded volume	\$5,716	\$9,996	\$11,911	\$12,559	\$12,359
Loans sold, servicing retained	\$4,346	\$6,692	\$8,199	\$9,347	\$8,696
GOS margin <sup>(1)</sup>	2.20%	2.18%	2.46%	2.20%	2.34%
Revenue margin <sup>(1)</sup>	2.45%	2.36%	2.63%	2.38%	2.50%
Value of capitalized servicing retained	141 bps	149 bps	154 bps	143 bps	137 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	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20
Salaries, wages and benefits	\$69	\$88	\$104	\$114	\$117
Loan originations expenses	10	17	16	15	16
Corporate and other general and administrative expenses	14	13	16	18	18
Marketing and professional service fee	8	21	12	12	12
Depreciation and amortization	3	6	4	5	3
Loss on impairment of assets	-	-	3	-	-
<b>Total expenses</b>	<b>\$104</b>	<b>\$145</b>	<b>\$ 155</b>	<b>\$ 164</b>	<b>\$ 166</b>
Funded volume	\$5,716	\$9,996	\$11,911	\$12,559	\$12,359
Expenses margin <sup>(1)</sup>	1.82%	1.45%	1.30%	1.31%	1.34%
Interest income	\$17	\$23	\$24	\$34	\$34
Interest expense	(18)	(25)	(24)	(31)	(27)
Other income (expense), net	4	1	(1)	-	-
<b>Total other income (expense), net</b>	<b>\$3</b>	<b>(\$1)</b>	<b>(\$1)</b>	<b>\$3</b>	<b>\$7</b>
Funded volume	\$5,716	\$9,996	\$11,911	\$12,559	\$12,359
Other income (expense), net margin <sup>(1)</sup>	0.05%	-0.01%	-0.01%	0.02%	0.06%
<b>Pretax income</b>	<b>\$45</b>	<b>\$118</b>	<b>\$178</b>	<b>\$138</b>	<b>\$158</b>
Pretax income margin <sup>(2)</sup>	0.68%	0.90%	1.32%	1.10%	1.22%

<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	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20
<b>Pretax income</b>	<b>\$8</b>	<b>\$7</b>	<b>\$14</b>	<b>\$9</b>	<b>\$11</b>
Accounting item	(11)	-	(4)	3	-
Intangible amortization	3	3	3	2	2
<b>Pretax income excluding notable items</b>	<b>\$-</b>	<b>\$10</b>	<b>\$13</b>	<b>\$14</b>	<b>\$13</b>

# Xome Profitability

\$mm's	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20
Exchange	\$20	\$20	\$19	\$20	\$16
Services	71	82	87	83	85
Data/Technology	5	6	6	3	5
<b>Total revenues</b>	<b>\$96</b>	<b>\$108</b>	<b>\$112</b>	<b>\$106</b>	<b>\$106</b>
Salaries, wages and benefits	\$38	\$36	\$37	\$37	\$35
Operational expenses	57	62	60	57	58
Depreciation and amortization	4	3	4	3	3
<b>Total expenses</b>	<b>\$99</b>	<b>\$101</b>	<b>\$101</b>	<b>\$97</b>	<b>\$96</b>
<b>Total other income (expense), net</b>	<b>\$11</b>	<b>\$-</b>	<b>\$3</b>	<b>\$-</b>	<b>\$1</b>
<b>Pretax income</b>	<b>\$8</b>	<b>\$7</b>	<b>\$14</b>	<b>\$9</b>	<b>\$11</b>
Margin	8.3%	6.5%	12.5%	8.4%	10.4%
Exchange properties sold	2,421	2,645	2,453	2,332	2,114
Average exchange properties under management	6,275	6,693	6,688	11,917	17,777
Services completed orders	379,585	417,510	429,128	403,779	408,734
Percentage of revenue earned from third-party customers	53%	53%	53%	51%	55%

# Adjusted EBITDA

\$mm's	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20
Consolidated GAAP pretax (loss) income	(\$233)	(\$117)	\$107	\$240	(\$239)
Mark-to-market	293	231	83	(102)	383
Adjustments <sup>(1)</sup>	21	30	10	15	4
MSR amortization, net	23	56	73	84	76
Capitalized servicing rights	(66)	(103)	(129)	(136)	(123)
Depreciation and amortization	21	24	22	24	19
Corporate debt interest expense	51	51	51	50	51
Other	5	6	11	4	7
<b>Adjusted EBITDA</b>	<b>\$115</b>	<b>\$178</b>	<b>\$228</b>	<b>\$179</b>	<b>\$178</b>

<sup>(1)</sup> Adjusted EBITDA calculated consistent with the definition in the corporate indentures for senior unsecured notes maturing in 2023, 2026, and 2027. 1Q'20 includes corporate actions related to management and staffing changes \$4 mm

# 1Q'20 Sources and Uses Cash Flow

\$mm's	Servicing	Originations	Xome	Corporate / Other	Consolidated	Illustrative Steady State Discretionary Cashflow
GAAP pretax income (loss)	(\$325)	\$158	\$11	(\$83)	(\$239)	
Depreciation and amortization	3	3	3	10	19	
Share-based compensation	1	1	-	2	4	
Amortization of premiums, net of discount accretion	19	-	-	4	23	
Settlement of excess spread financing	(57)	-	-	-	(57)	
MSR/MSL amortization/accretion	144	-	-	-	144	
Total MTM adjustments	383	-	-	-	383	
<b>Business segment cash flow from operations</b>	<b>\$168</b>	<b>\$162</b>	<b>\$14</b>	<b>(\$67)</b>	<b>\$277</b>	<b>\$277</b>
State/local taxes <sup>(1)</sup>					-	(4)
Total working capital change <sup>(2)</sup>					149	
<b>Total sources, net</b>					<b>\$426</b>	<b>\$273</b>
Capex					(12)	(12)
Capitalized servicing rights - Originations/EBO					(123)	(123)
MSR purchases, MSR sales and excess spread financing					40	9
Net investment in MSR					(83)	(114) <sup>(3)</sup>
Redemption of unsecured senior notes					(98)	-
<b>Total uses, net</b>					<b>(193)</b>	<b>(126)</b>
<b>Change in cash</b>					<b>\$233</b>	<b>\$147</b>
<b>Change in unrestricted cash</b>					<b>\$250</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 \$(152) mm forward MSR amortization, \$68 mm excess spread accretion, and \$(30) mm fair value amortization