



Mr. CooperGroup®

# 4Q'20 EARNINGS REVIEW

*February 23, 2021*

# IMPORTANT INFORMATION

This presentation contains summarized information concerning Mr. Cooper Group Inc. ("Mr. Cooper" or 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 statements regarding future outlooks, ROTCE and leverage targets, servicing portfolio growth and EBO forecasts, potential upside from investments and tax rates, and refinancing opportunities. 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.

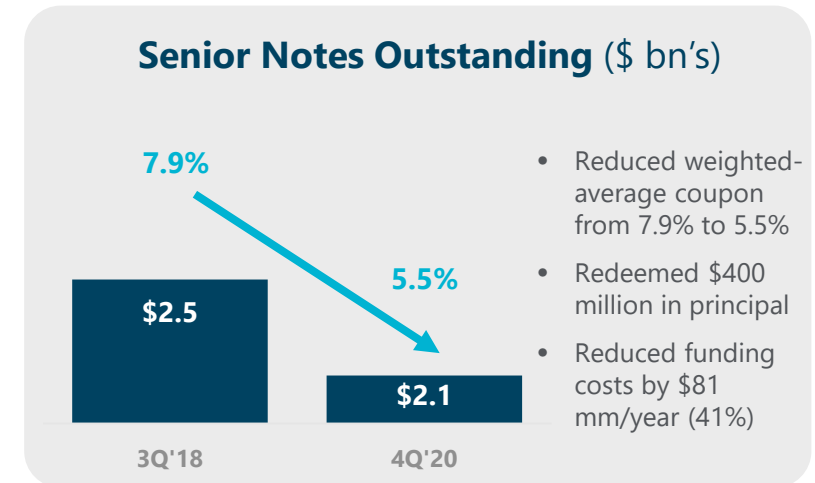
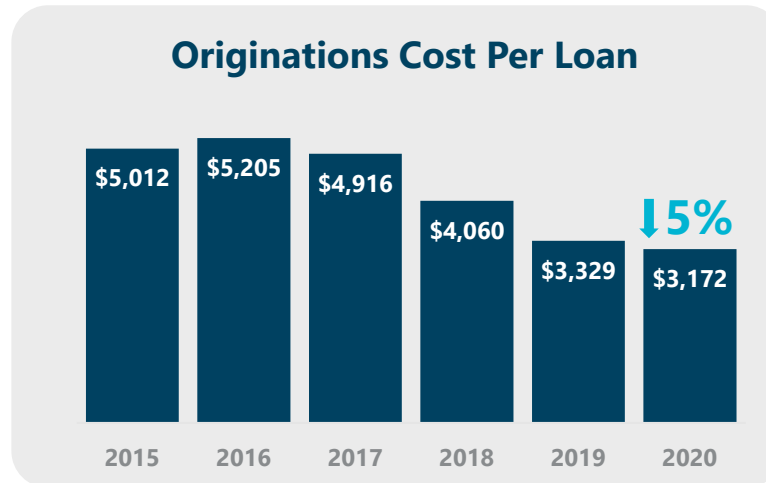
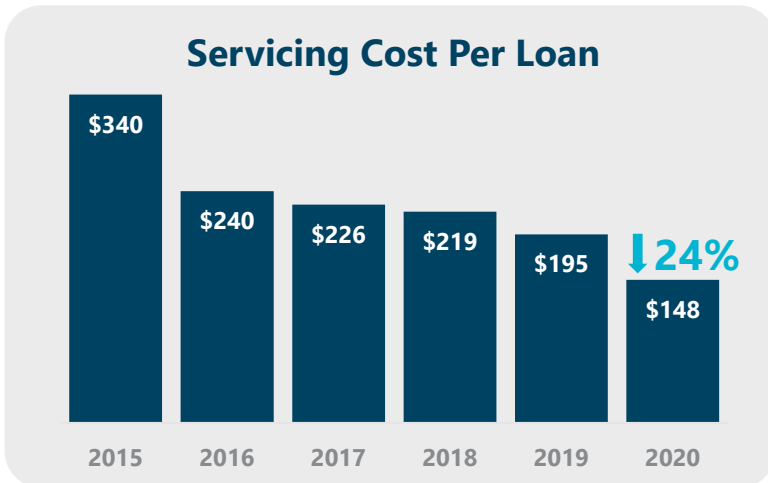
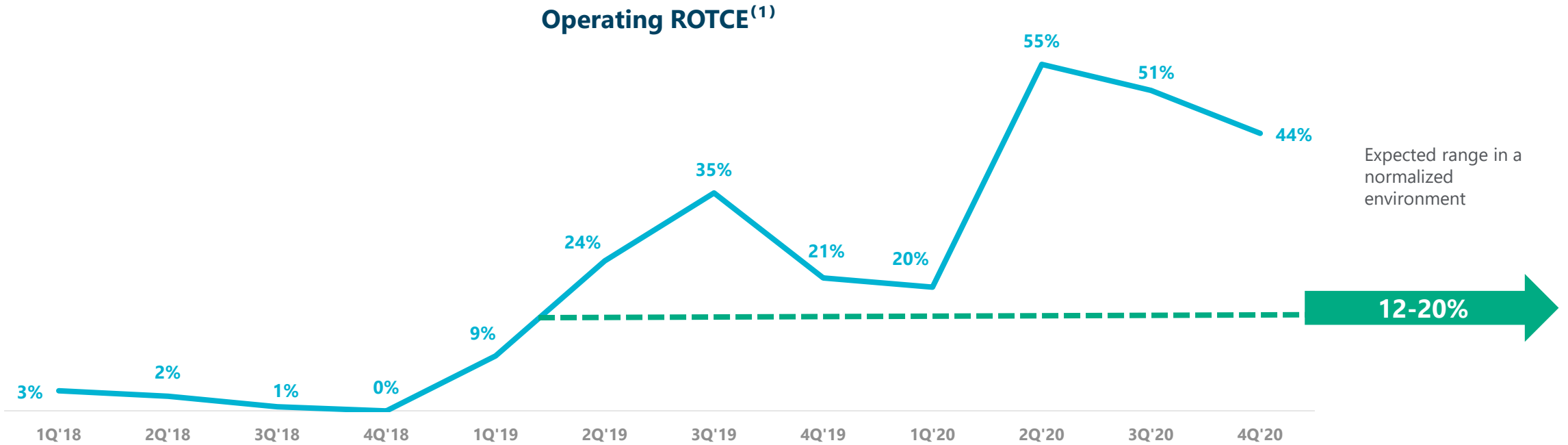
Forward-looking statements may include the words "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "strategy," "future," "opportunity," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Such forward-looking statements 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 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.

# FOURTH QUARTER HIGHLIGHTS

- Reported net income of \$191 million and \$2.00 per diluted share
- Generated pretax operating income of \$329 million, equivalent to ROTCE of 44%
- Tangible book value per share increased to \$26.27
- Originations generated pretax income of \$435 million on record funded volume of \$24.5 billion, up 57% q/q
- Servicing portfolio grew 7% q/q to \$626 billion
- Redeemed \$750 million senior notes with \$100 million cash and issued \$650 million in new notes at 5.125%, extending liquidity runway to 6 years
- Repurchased 1.4 million shares of common stock for \$34 million
- Quarter-end unrestricted cash was \$695 million

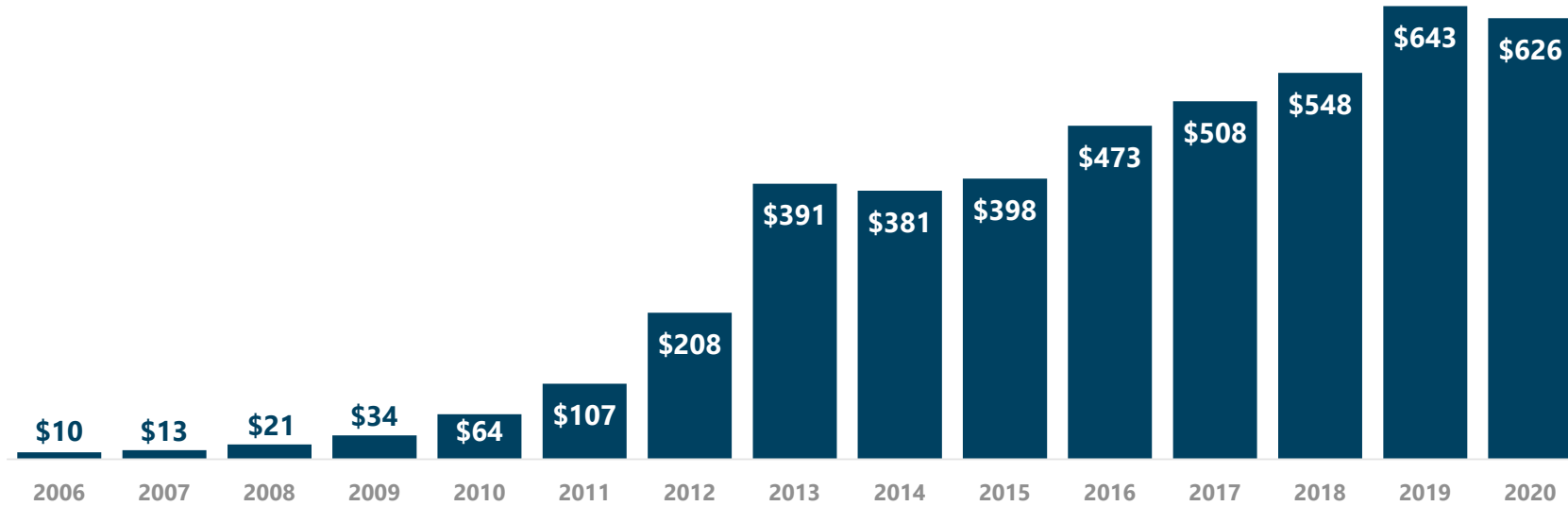
# MR. COOPER'S PROGRESS AGAINST ROTCE TARGET



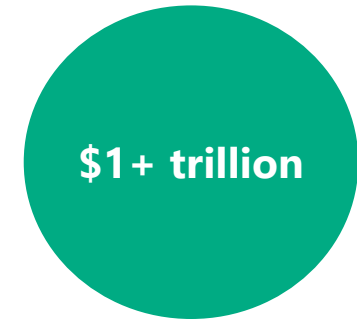
# MR. COOPER'S TRACK RECORD

Industry-leading portfolio growth based on operational excellence has propelled us to the nation's largest non-bank servicer and #3 overall

(\$ billions)



Operational capacity



## Industry Leading Growth

- Disciplined acquirer
- Proprietary system with cost advantage
- Innovative technology
- Culture of customer advocacy
- Credit risk management
- Compliance

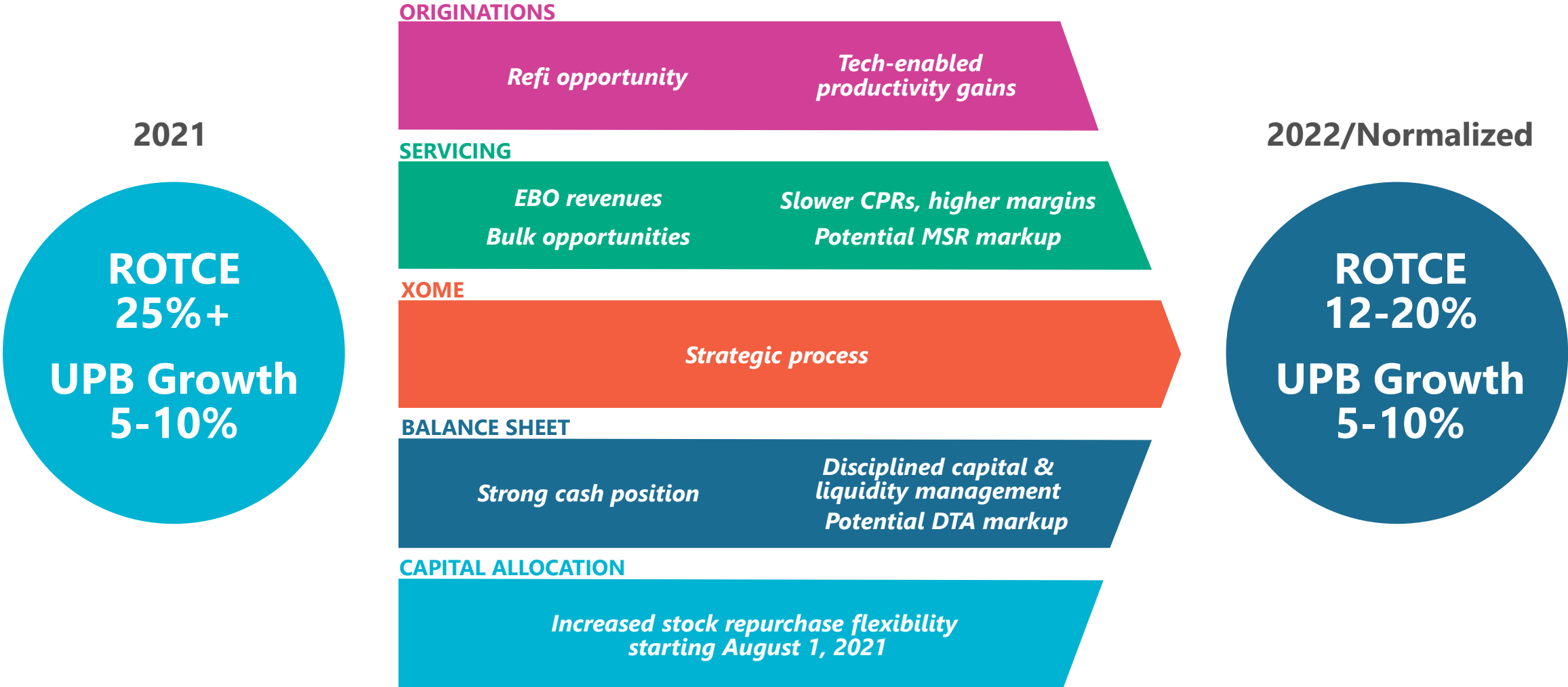
## Growth Pause

- Focused on:
- Deleveraging
  - Integration
  - Efficiency

## Sustainable, Responsible Growth

- Customer acquisition through Correspondent and bulk
- Customer retention through DTC
- Subservicing

# OUTLOOK AND KEY THEMES - CURRENT AND FUTURE STATE



# SUMMARY 4Q'20 FINANCIAL RESULTS

\$ mm's, except per share data	4Q'20	3Q'20	4Q'19
Servicing	(\$47)	(\$27)	\$56
Originations	435	438	138
Xome	18	18	14
Corporate debt interest expense	(38)	(44)	(50)
Corporate expense/other	(39)	(37)	(33)
<b>Pretax operating income<sup>(1)</sup></b>	<b>\$329</b>	<b>\$348</b>	<b>\$125</b>
Other mark-to-market <sup>(2)</sup>	20	(4)	133
Loss on redemption of unsecured senior notes	(85)	(53)	-
Adjustments	(10)	(1)	(6)
Intangible amortization	(7)	(9)	(12)
Pretax income	\$247	\$281	\$240
Valuation allowance release	-	-	\$285
Income tax expense	(56)	(67)	(64)
<b>Net income</b>	<b>\$191</b>	<b>\$214</b>	<b>\$461</b>
Weighted average diluted sharecount	94.7	95.0	92.6
Diluted EPS <sup>(4)</sup>	\$2.00	\$2.18	\$4.95

<b>TBV Rollforward<sup>(1)</sup></b>	<b>\$ mm's</b>	<b>Per share</b>
<b>3Q'20</b>	<b>\$2,176</b>	<b>\$23.95</b>
4Q'20 net income <sup>(4)</sup>	191	2.00
Intangible amortization	7	0.08
Other	(24)	(0.27)
<b>4Q'20</b>	<b>\$2,350</b>	<b>\$26.27</b>

<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

	<b>\$ mm's</b>	<b>ROTCE</b>
GAAP net income	\$191	33.8%
Fully-taxed operating income <sup>(1)(3)</sup>	\$249	44.1%
Discretionary steady state cash flow	\$370	n/a

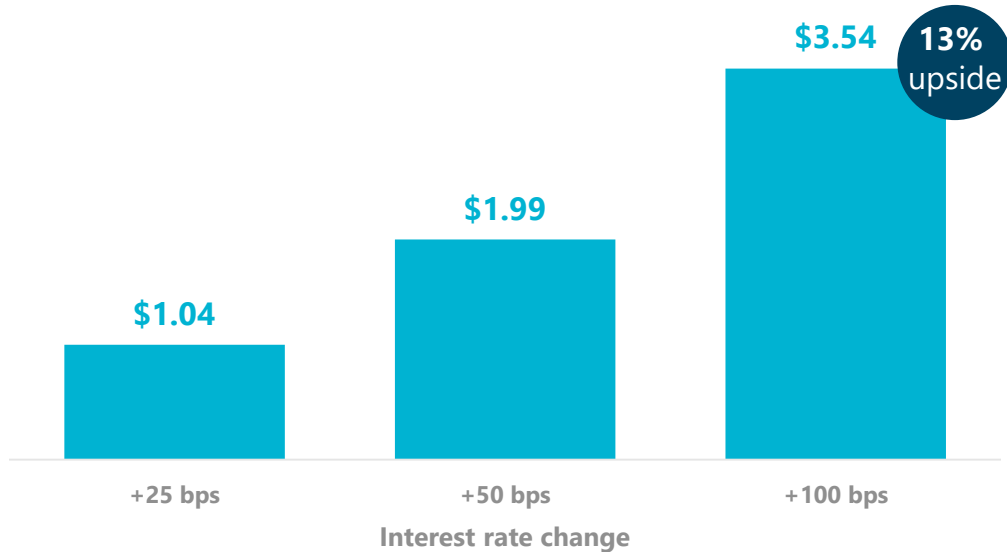
- Adjustments includes \$5 million in severance related to corporate actions in Servicing, Xome, and Corporate, and \$5 million business shutdown costs in Xome
- Other notable items include \$81 million EBO gains in servicing
- Debt breakage costs of \$85 million associated with refinancing \$650 million of senior notes

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

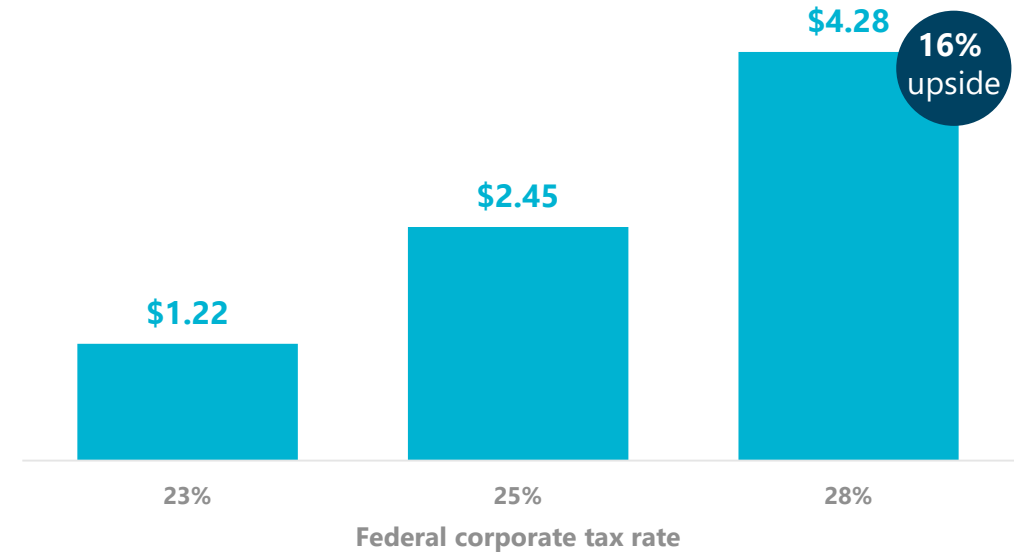
# BOOK VALUE UPSIDE FROM INTEREST RATES AND TAX RATES

## Incremental TBV/share from MSR Interest Rate Sensitivity<sup>(1)</sup>



- Based on our valuation models, we would expect to write-up the MSR asset in higher rate environments

## Incremental TBV/share from Higher Tax Rates



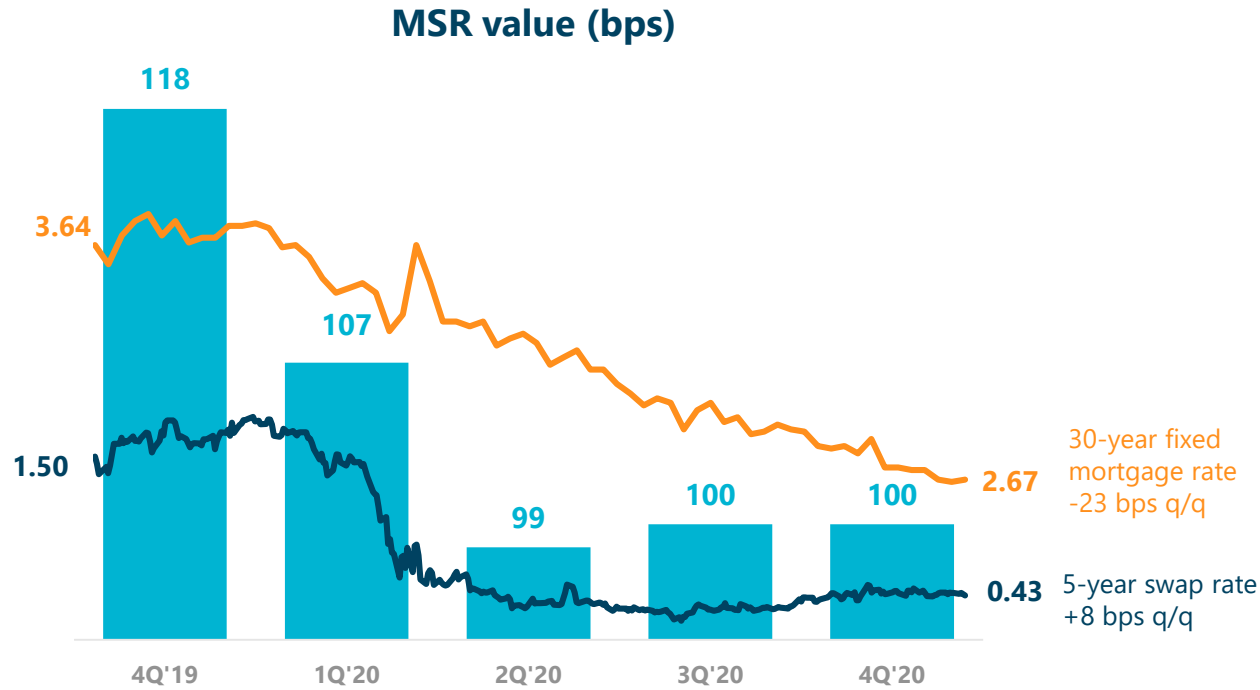
- Our Deferred Tax Asset (DTA) reflects the value of net operating losses which shield us from paying federal taxes. In a higher tax rate environment, we would expect to write-up the DTA

<sup>(1)</sup> Impact of MSR mark net of excess spread and other related liabilities and hedging. Fully tax-effected at 24.2% tax rate.

<sup>(2)</sup> Incremental value based on DTA value as of December 31, 2020 of \$1,340 mm. Note: Share count as of December 31, 2020



# MSR VALUE STABLE AT 100 BPS



- The Company reported a negative mark-to-market of \$6 mm

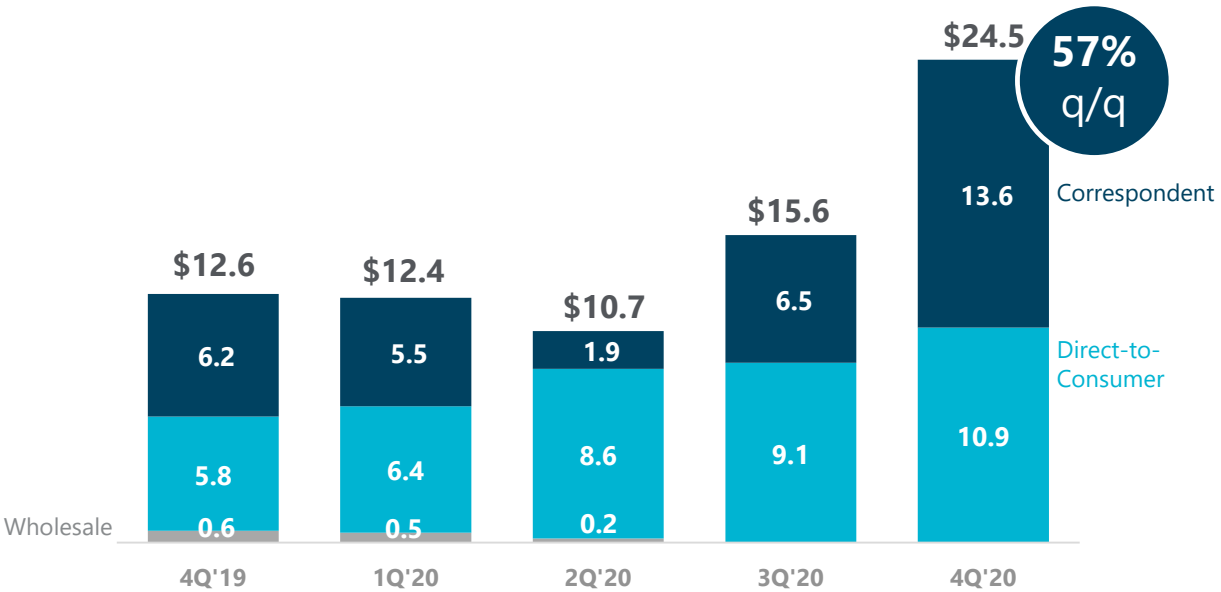
## Rate/term Refinance Opportunity

Mortgage Rate	Minimum \$200 Savings		Minimum \$100 Savings	
	Customers in Thousands	Eligible Portfolio %	Customers in Thousands	Eligible Portfolio %
+50 bps	635.8	38%	1,126.0	68%
+25 bps	713.9	43%	1,221.8	73%
<b>Current rate</b>	<b>796.8</b>	<b>48%</b>	<b>1,308.1</b>	<b>78%</b>
-25 bps	881.1	53%	1,380.7	83%
-50 bps	963.3	58%	1,435.5	86%

- At current rates, we expect the refinance opportunity to continue throughout 2021

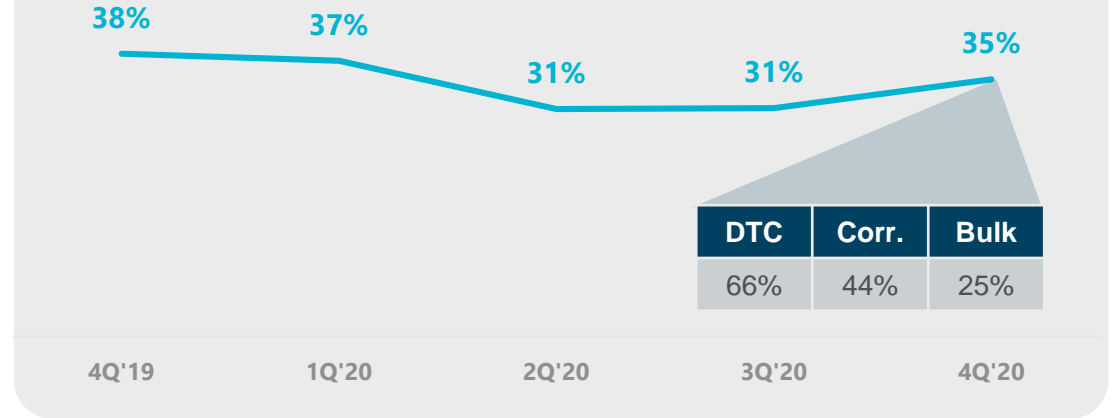
# RECORD FUNDED VOLUME ON CORRESPONDENT GROWTH, HIGHER DTC RECAPTURE

Funded Volume By Channel (\$ bn's)

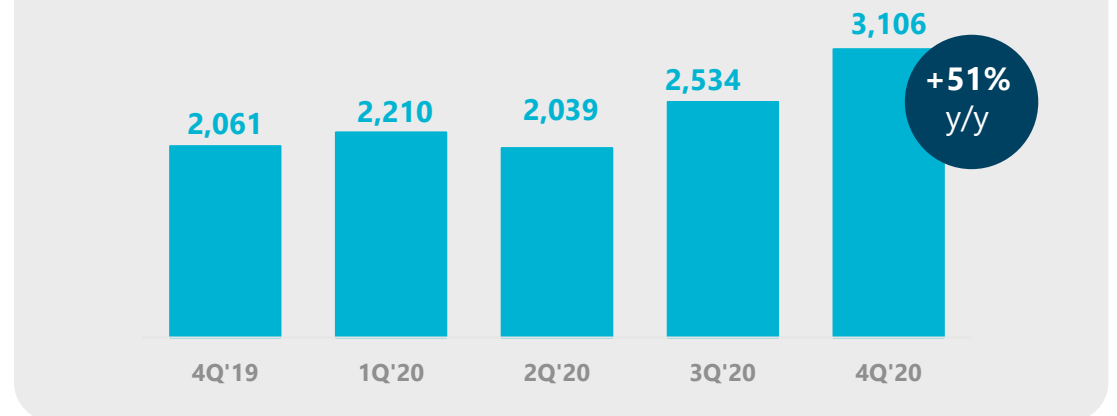


- Originations produced record funded volume of \$24.5 billion up 57% quarter-over-quarter and record net locked<sup>(1)</sup> volume of \$23.7 billion up 20% quarter-over-quarter
- DTC is benefiting from mix-shift in the portfolio, additional capacity, and technology investments

Refinance Recapture Rate +4% q/q

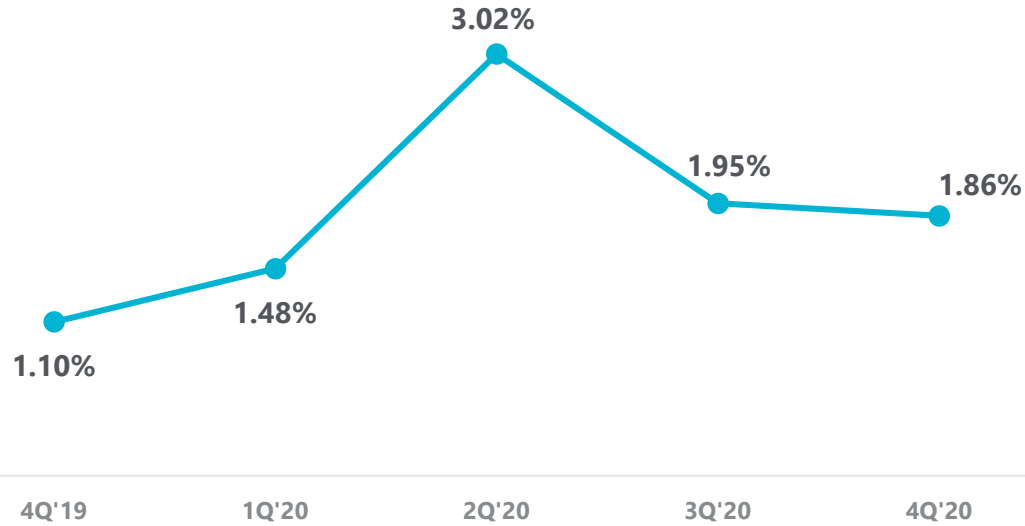


Originations FTE



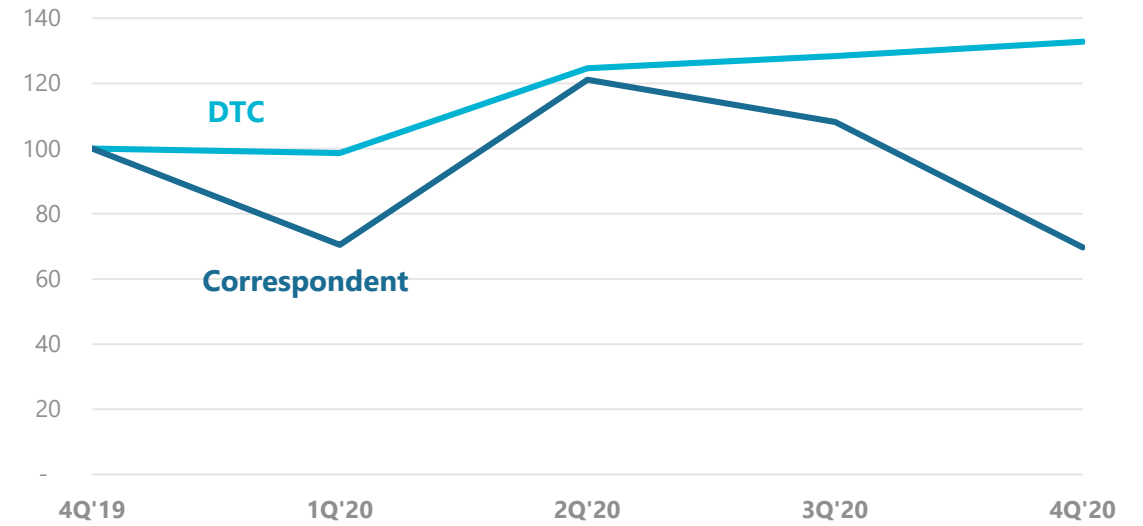
# ORIGINATIONS MARGIN TRENDS

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



- Origination pretax margins reverted to 1.86% from 1.95% quarter-over-quarter, as correspondent ramped up to 55% of volumes, compared to 41% in the third quarter

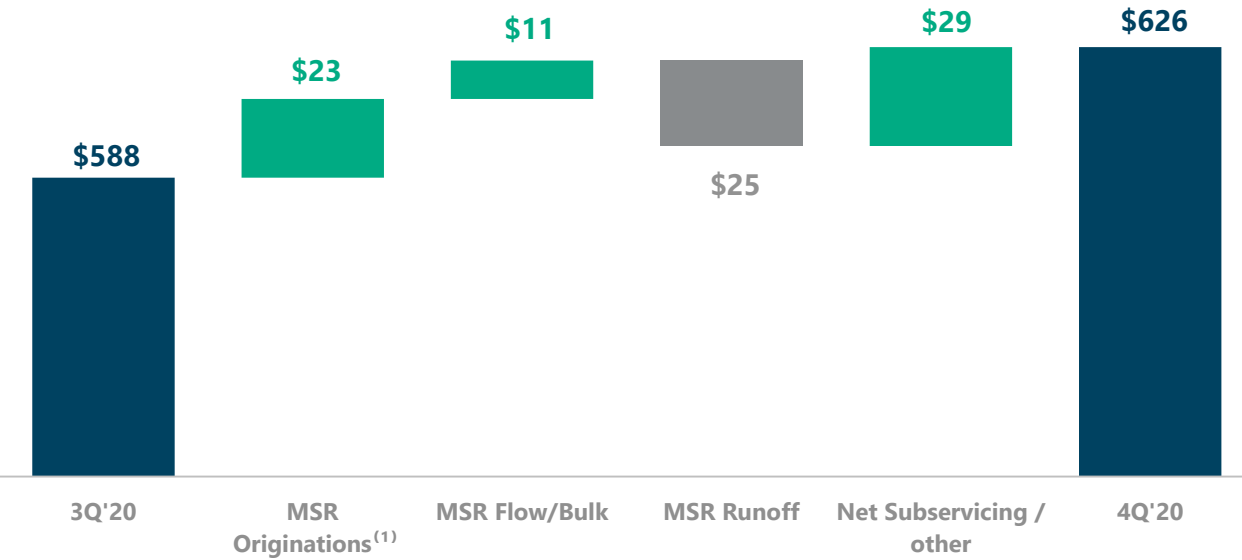
Relative Channel Gain-on-Sale Margin<sup>(2)</sup>



- DTC revenue margins increased quarter-over-quarter, reflecting favorable secondary market conditions
- Correspondent revenue margins decreased in line with expectations as the Company brought pricing in line with market to more aggressively grow volumes

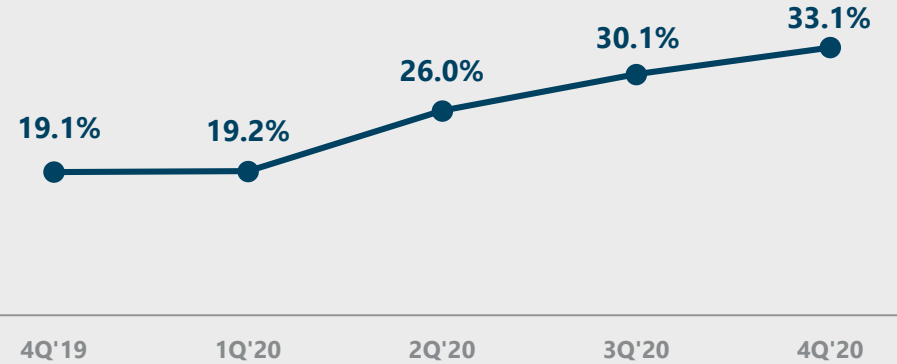
# SERVICING PORTFOLIO GROWS 7% Q/Q

Servicing Portfolio Unpaid Principal Balance (\$ bn's)

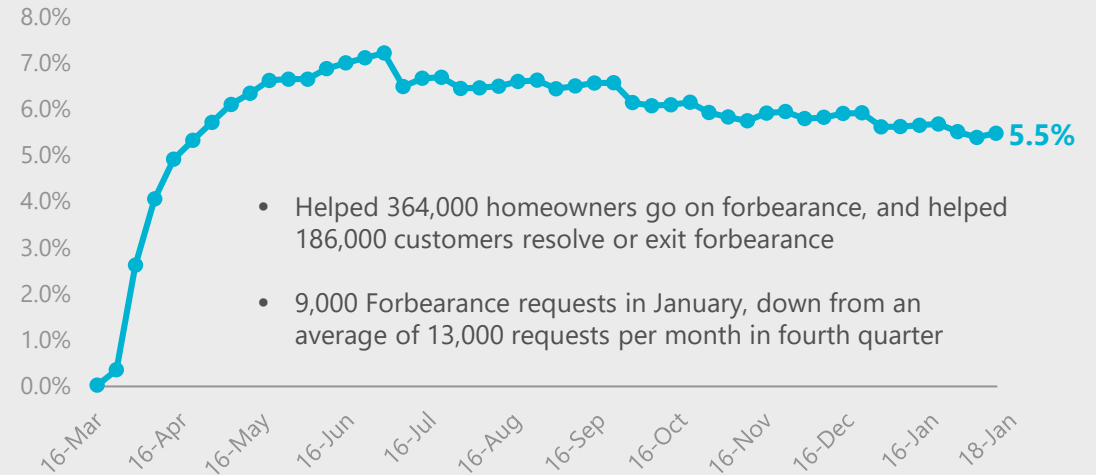


- Portfolio grew 7% quarter-over-quarter, primarily due to new subservicing relationship and further ramp in correspondent volumes
- Subservicing percent of total portfolio grew to 54% from 51%
- Net of excess spread, owned MSR grew 9% q/q consistent with a net replenishment rate of 130%
- As of February 18, 2021, 5.5% of customers were on forbearance, down from peak of 7.2%

Total CPR



Customers on Forbearance



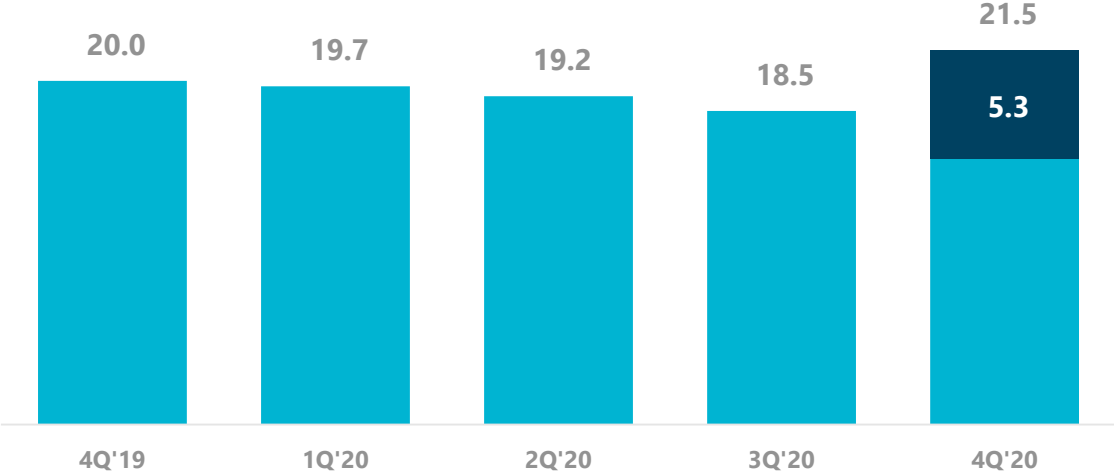
- Helped 364,000 homeowners go on forbearance, and helped 186,000 customers resolve or exit forbearance
- 9,000 Forbearance requests in January, down from an average of 13,000 requests per month in fourth quarter

<sup>(1)</sup> MSR Originations reflects settlements of newly originated loans added to the Servicing portfolio

12 | Note: Net replenishment is calculated as originations funded volume excluding subservicing, divided by net run-off. During the quarter, originations of \$24.5 bn included \$3.4 bn associated with subservicing contracts. Net run-off is calculated as \$25 bn in run-off associated with the forward owned MSR, less 35% 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

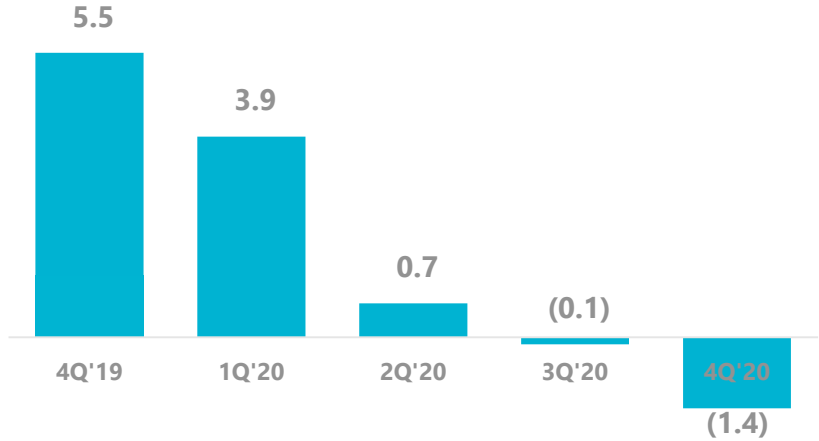
# SERVICING MARGIN BENEFITS FROM EBO ACTIVITY

Operational Revenue (bps)

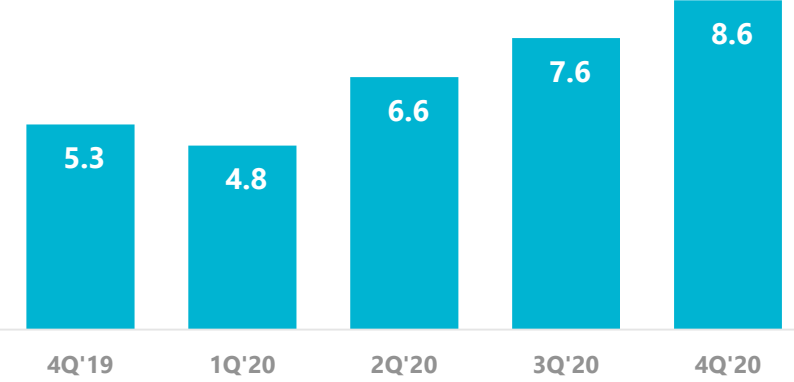


- Early buyouts of \$1.3 billion in the fourth quarter generated \$81 million in revenue or 5.3 bps
- Buyout volumes expected to gradually increase throughout 2021

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

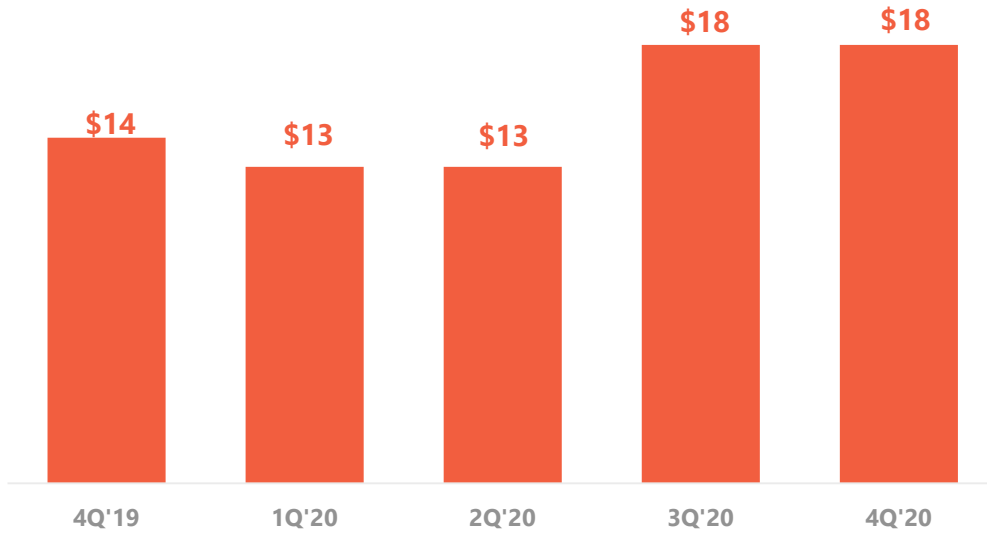


Amortization (bps)



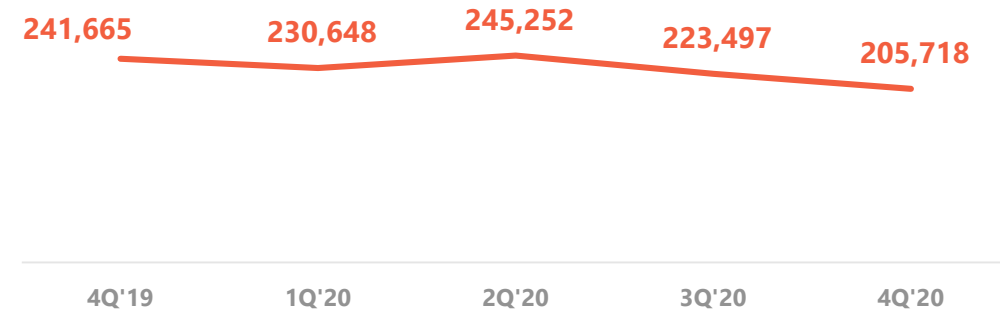
# XOME CONTINUES TO BENEFIT FROM STRONG TITLE RESULTS

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



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

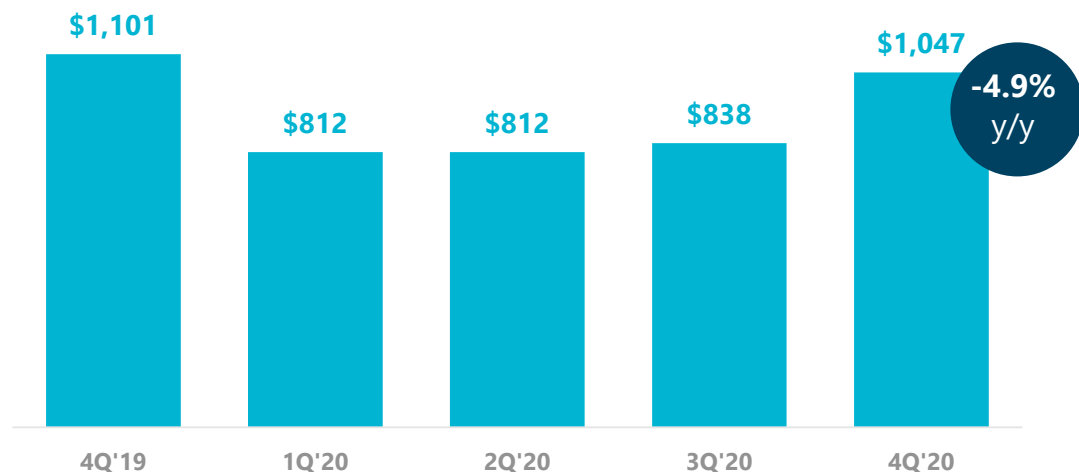
Title Orders



- Third-party revenue percentage decreased from 50% to 47% quarter-over-quarter

# ADVANCE FUNDING CAPACITY REMAINS STRONG

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



## Advances by Investor as of December 31, 2020

\$ mm's	P&I	T&I <sup>(2)</sup>	Total
GNMA	\$2	\$374	\$376
GSE	7	182	189
PLS	134	232	366
Other <sup>(3)</sup>	11	105	116
<b>Total advances</b>	<b>\$154</b>	<b>\$893</b>	<b>\$1,047</b>

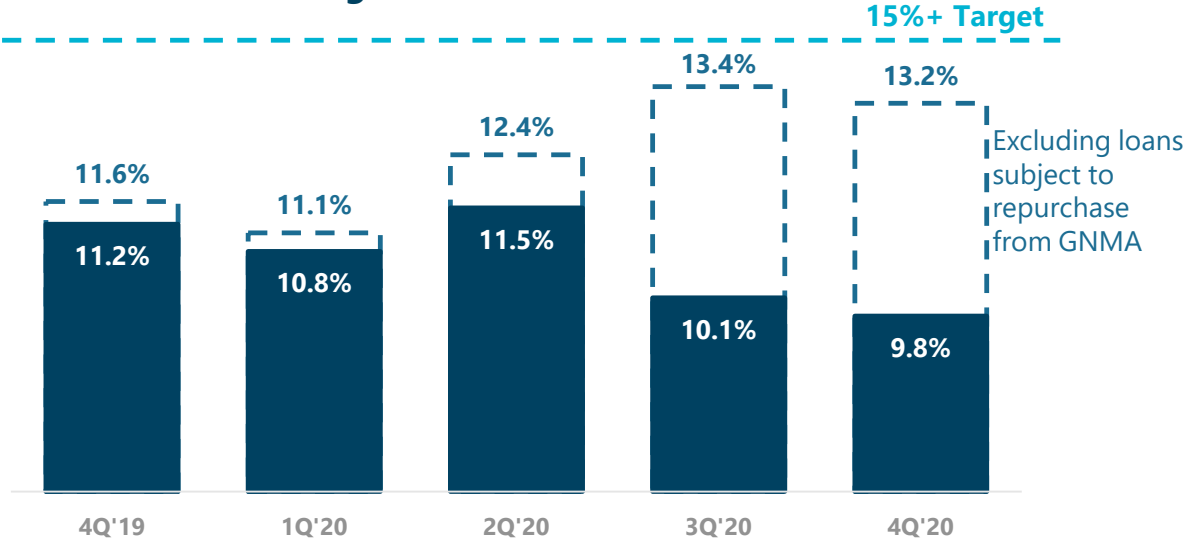
## Financing Capacity

\$ mm's	Maturity	Capacity	Outstanding	Utilization
PLS	Oct'21	\$425	\$192	45%
GSE	Jan'22	875	168	19%
GNMA <sup>(4)</sup>	Aug'22	640	235	37%
Other	Jan'22	100	74	74%
<b>Advance facilities</b>		<b>\$2,040</b>	<b>\$669</b>	<b>33%</b>
MSR	Aug'21-Nov'22	660	270	41%
Originations	Mar'21-Sep'22	10,990	5,835	53%
<b>Total warehouse facilities</b>		<b>11,650</b>	<b>6,105</b>	<b>52%</b>

- Strong cash flow allowed us to redeem \$100 million in senior notes, repurchase \$34 million in shares of common stock, and still end the quarter with \$695 million in unrestricted cash
- Advances rose sequentially on seasonal tax payments and were down 4.9% year-over-year

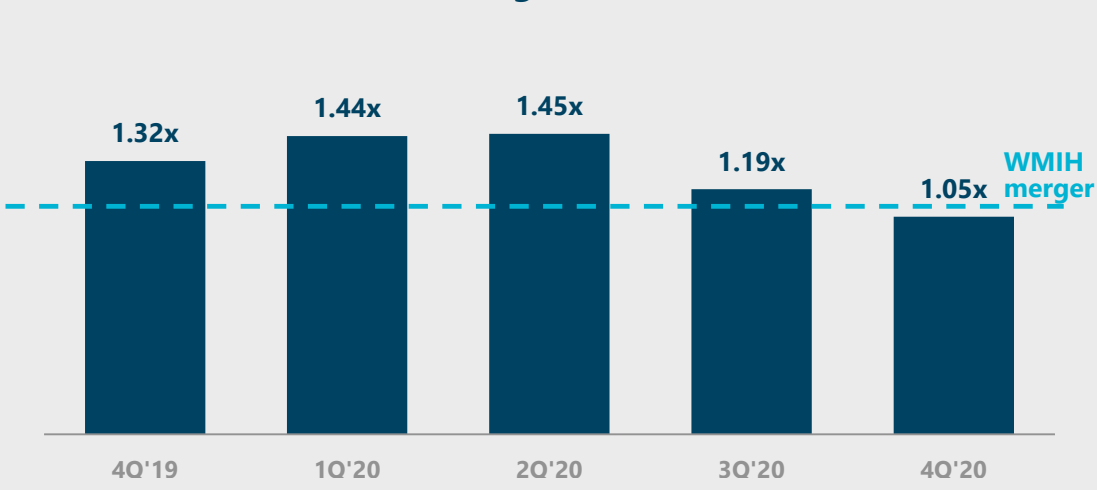
# STEADY PROGRESS IN DELEVERAGING

Tangible Net Worth/Assets<sup>(1)</sup>

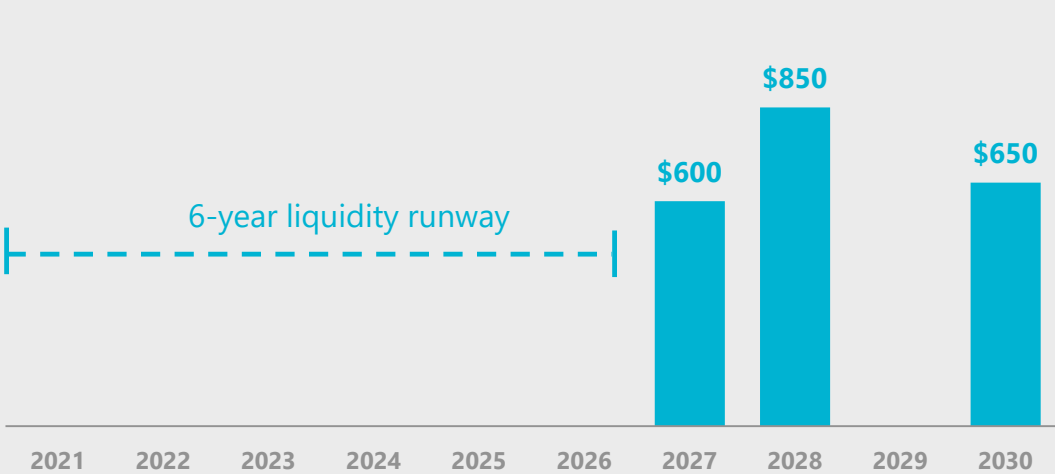


- Loans subject to repurchase from GNMA increased from \$5.4 bn to \$6.2 bn quarter-over-quarter primarily due to forbearance plans
- On the basis of the debt:tangible net worth ratio, the Company is back to where it operated prior to the WMIH merger in 2018
- Since the WMIH merger, we've retired approximately \$400 mm in senior notes, and reduced the annual interest expense run-rate by \$81 million or 41%

Debt/Tangible Net Worth<sup>(1)</sup>



Senior Note Maturities (\$ mm's)





# *Appendix*

# SEGMENT OPERATING INCOME AND NON-GAAP RECONCILIATION

\$ mm's	Servicing	Originations	Xome	Corporate / Other	Consolidated
Servicing related excluding MTM	\$93	\$37	\$113	\$ -	\$243
Net gain on mortgage loans held for sale	103	613	-	-	716
Operating revenue excluding MTM	196	650	113	-	959
Salaries, wages, and benefits	75	163	34	27	299
General and administrative	94	55	70	19	238
Total expenses	169	218	104	46	537
Interest income / other	57	26	-	1	84
Interest expense	(107)	(23)	-	-	(130)
Corporate debt interest expense	-	-	-	(38)	(38)
Other income, net	-	-	1	(86)	(85)
Total other (expenses) income, net	(50)	3	1	(123)	(169)
Pretax (loss) income before MTM	(23)	435	10	(169)	253
Fair value amortization <sup>(1)</sup>	(26)	-	-	-	(26)
Other MTM	20	-	-	-	20
MTM	(6)	-	-	-	(6)
<b>Pretax (loss) income</b>	<b>(29)</b>	<b>435</b>	<b>10</b>	<b>(169)</b>	<b>247</b>
Other MTM	(20)	-	-	-	(20)
Adjustments	2	-	6	87	95
Intangible amortization	-	-	2	5	7
<b>Pretax operating (loss) income</b>	<b>(\$47)</b>	<b>\$435</b>	<b>\$18</b>	<b>(\$77)</b>	<b>\$329</b>

# TANGIBLE BOOK VALUE (TBV), TNW/ASSETS, AND DEBT/TNW RECONCILIATION

\$ mm's	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20
<b>Stockholders' equity</b>	<b>\$2,231</b>	<b>\$2,066</b>	<b>\$2,145</b>	<b>\$2,341</b>	<b>\$2,504</b>
Goodwill	(120)	(120)	(120)	(120)	(120)
Intangible assets	(74)	(61)	(54)	(45)	(34)
<b>Tangible book value (TBV)</b>	<b>\$2,037</b>	<b>\$1,885</b>	<b>\$1,971</b>	<b>\$2,176</b>	<b>\$2,350</b>
Ending outstanding sharecount (mm's)	91.1	92.0	92.0	90.9	89.5
TBV/share	\$22.36	\$20.50	\$21.42	\$23.95	\$26.27
Assets	\$18,305	\$17,613	\$17,300	\$21,755	\$24,165
Loans subject to repurchase from GNMA	\$560	\$468	\$1,171	\$5,395	\$6,159
Tangible assets <sup>(1)</sup>	\$18,111	\$17,432	\$17,126	\$21,590	\$24,011
TNW/Assets <sup>(2)</sup>	11.2%	10.8%	11.5%	10.1%	9.8%
TNW/Assets <sup>(2)</sup> excluding loans subject to repurchase from GNMA	11.6%	11.1%	12.4%	13.4%	13.2%
Operating lease liabilities	\$135	\$125	\$121	\$114	\$108
MSR line draws	160	295	445	266	270
Unsecured senior note principal	2,398	2,300	2,300	2,200	2,100
Debt	\$2,693	\$2,720	\$2,866	\$2,580	\$2,478
Debt/TNW	1.32x	1.44x	1.45x	1.19x	1.05x

# ROTCE RECONCILIATION

\$ mm's	4Q'20
Pretax income	\$247
Income tax expense	(56)
Net income	\$191
<b>ROTCE</b>	<b>33.8%</b>
Pretax income	\$247
Mark-to-market	6
Fair value amortization	(26)
Accounting items	95
Intangible amortization	7
Pretax operating income	\$329
Income tax expense <sup>(1)</sup>	(80)
Fully-taxed operating income	\$249
<b>ROTCE</b>	<b>44.1%</b>
<b>Average TBV</b>	<b>\$2,263</b>

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.

# ROTCE RECONCILIATION [CONT.]

\$ mm's	1Q'18	2Q'18	3Q'18	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20
Pretax income (loss)	\$206	\$79	\$81	(\$178)	(\$233)	(\$117)	\$107	\$240	(\$239)	\$110	\$281	\$247
Mark-to-market	(152)	(19)	(49)	188	293	231	83	(102)	383	261	29	6
Fair value amortization	(31)	(47)	(38)	(35)	(25)	(26)	(32)	(31)	(30)	(29)	(25)	(26)
Accounting items	(5)	1	1	9	-	17	1	6	4	1	54	95
Intangible amortization	-	-	9	14	13	13	12	12	9	7	9	7
Pretax operating income (loss)	\$18	\$14	\$4	(\$2)	\$48	\$118	\$171	\$125	\$127	\$350	\$348	\$329
Income tax expense <sup>(1)</sup>	(4)	(3)	(1)	-	(12)	(29)	(41)	(30)	(31)	(85)	(84)	(80)
Fully-taxed operating income (loss)	\$14	\$11	\$3	(\$2)	\$36	\$89	\$130	\$95	\$96	\$265	\$264	\$249
<b>Operating ROTCE</b>	<b>3%</b>	<b>2%</b>	<b>1%</b>	<b>-%</b>	<b>9%</b>	<b>24%</b>	<b>35%</b>	<b>21%</b>	<b>20%</b>	<b>55%</b>	<b>51%</b>	<b>44%</b>
<b>Average TBV</b>	<b>\$1,714</b>	<b>\$1,826</b>	<b>\$1,907</b>	<b>\$1,882</b>	<b>\$1,671</b>	<b>\$1,494</b>	<b>\$1,503</b>	<b>\$1,796</b>	<b>\$1,961</b>	<b>\$1,928</b>	<b>\$2,074</b>	<b>\$2,263</b>

*Basis of Presentation: For purpose of Mr. Cooper's financial statement presentation, Mr. Cooper Group Inc. was determined to be the accounting acquirer in the WMIH Corp. merger. "Predecessor" financial information relates to Nationstar and "Successor" financial information relates to Mr. Cooper. The financial results for the three months ended December 31, 2018 through December 31, 2020 reflect the results of the Successor. With respect to the three months ended September 30, 2018, the Company has presented the results on a "combined" basis by combining the financial results of the Predecessor for the period from July 1, 2018 through July 31, 2018 and the financial results of the Successor for the period from August 1, 2018 through September 30, 2018. Although the separate financial results of the Predecessor for the period from July 1, 2018 through July 31, 2018 and the Successor for the period from August 1, 2018 through September 30, 2018 are each separately presented under generally accepted accounting principles ("GAAP") in the United States, the combined results reported reflect non-GAAP financial measures, because a different basis of accounting was used with respect to the financial results for the Predecessor as compared to the financial results of the Successor. The financial results for the three months ended June 30, 2018, and March 31, 2018 reflect the results of the Predecessor.*

# SERVICING NON-GAAP RECONCILIATION

\$ mm's	4Q'19		1Q'20		2Q'20		3Q'20		4Q'20	
	\$	Bps	\$	Bps	\$	Bps	\$	Bps	\$	Bps
<b>Pretax income (loss)</b>	<b>\$189</b>	<b>12.0</b>	<b>(\$325)</b>	<b>(20.4)</b>	<b>(\$251)</b>	<b>(16.4)</b>	<b>(\$32)</b>	<b>(2.2)</b>	<b>(\$29)</b>	<b>(1.9)</b>
Mark-to-market (MTM)	(102)	(6.5)	383	24.1	261	17.1	29	2.0	6	0.4
Accounting item	-	-	4	0.2	-	-	1	0.1	2	0.1
<b>Pretax income (loss) excluding MTM and other notable items</b>	<b>\$87</b>	<b>5.5</b>	<b>\$62</b>	<b>3.9</b>	<b>\$10</b>	<b>0.7</b>	<b>(\$2)</b>	<b>(0.1)</b>	<b>(\$21)</b>	<b>(1.4)</b>
Average UPB (\$bn)	\$630		\$636		\$612		\$591		\$608	

# SERVICING PROFITABILITY

\$ mm's	4Q'19		1Q'20		2Q'20		3Q'20		4Q'20	
	\$	Bps	\$	Bps	\$	Bps	\$	Bps	\$	Bps
<b>Operational Revenue</b>										
Base servicing fees	\$250	15.9	\$250	15.7	\$239	15.6	\$231	15.6	\$222	14.6
Modification fees	4	0.3	3	0.2	2	0.1	3	0.2	2	0.1
Incentive fees	7	0.4	4	0.3	5	0.3	-	-	-	-
Late payment fees	22	1.4	23	1.4	16	1.1	15	1.0	15	1.0
Other ancillary revenues	46	2.9	38	2.4	44	2.9	51	3.5	114	7.5
Total forward MSR operational revenue	329	20.9	318	20.0	306	20.0	300	20.3	353	23.2
Base subservicing fee and other subservicing revenue	60	3.8	65	4.1	69	4.5	71	4.8	71	4.7
Reverse servicing fees	7	0.4	6	0.4	7	0.5	6	0.4	5	0.3
Total servicing fee revenue	396	25.1	389	24.5	382	25.0	377	25.5	429	28.2
MSR financing liability costs	(9)	(0.6)	(8)	(0.5)	(9)	(0.6)	(8)	(0.5)	(8)	(0.5)
Excess spread payments - principal	(71)	(4.5)	(68)	(4.3)	(79)	(5.2)	(96)	(6.5)	(95)	(6.3)
Total operational revenue	316	20.0	313	19.7	294	19.2	273	18.5	326	21.5
<b>Amortization</b>										
Forward MSR amortization	(161)	(10.2)	(152)	(9.6)	(186)	(12.1)	(212)	(14.4)	(228)	(15.1)
Excess spread accretion	71	4.5	68	4.3	79	5.2	96	6.5	95	6.3
Reverse MSL accretion	8	0.5	8	0.5	5	0.3	4	0.3	3	0.2
Reverse MSR amortization	(2)	(0.1)	-	-	-	-	-	-	-	-
Total amortization	(84)	(5.3)	(76)	(4.8)	(102)	(6.6)	(112)	(7.6)	(130)	(8.6)
<b>Mark-to-Market Adjustments</b>										
MSR MTM	113	7.2	(412)	(25.9)	(321)	(21.0)	(63)	(4.3)	(82)	(5.4)
Excess spread / financing MTM	(11)	(0.7)	29	1.8	60	3.9	34	2.3	76	5.0
Total MTM adjustments	102	6.5	(383)	(24.1)	(261)	(17.1)	(29)	(2.0)	(6)	(0.4)
<b>Total revenues</b>	<b>\$334</b>	<b>21.2</b>	<b>(\$146)</b>	<b>(9.2)</b>	<b>(\$69)</b>	<b>(4.5)</b>	<b>\$132</b>	<b>8.9</b>	<b>\$190</b>	<b>12.5</b>
Average UPB (\$bn)	\$630		\$636		\$612		\$591		\$608	

# SERVICING PROFITABILITY [CONT.]

\$ mm's	4Q'19		1Q'20		2Q'20		3Q'20		4Q'20	
	\$	Bps	\$	Bps	\$	Bps	\$	Bps	\$	Bps
Salaries, wages and benefits	\$85	5.4	\$86	5.4	\$75	4.9	\$77	5.2	\$75	4.9
Servicing support fees	28	1.8	25	1.5	27	1.8	28	1.9	29	1.9
Corporate and other general and administrative expenses	44	2.8	35	2.2	32	2.1	33	2.2	30	2.0
Foreclosure and other liquidation related expenses	(28)	(1.8)	-	-	(17)	(1.1)	(45)	(3.0)	29	1.9
Depreciation and amortization	6	0.4	3	0.2	5	0.3	6	0.4	6	0.4
Total general and administrative expenses	50	3.2	63	3.9	47	3.1	22	1.5	94	6.2
<b>Total expenses</b>	<b>\$135</b>	<b>8.6</b>	<b>\$149</b>	<b>9.3</b>	<b>\$122</b>	<b>8.0</b>	<b>\$99</b>	<b>6.7</b>	<b>\$169</b>	<b>11.1</b>
Reverse mortgage interest income	64	4.1	43	2.7	54	3.5	40	2.7	39	2.5
Other interest income	48	3.0	40	2.5	3	0.2	-	-	18	1.2
Interest income	112	7.1	83	5.2	57	3.7	40	2.7	57	3.7
Reverse mortgage interest expense	(61)	(3.9)	(52)	(3.3)	(51)	(3.3)	(37)	(2.5)	(34)	(2.2)
Advance interest expense	(6)	(0.4)	(5)	(0.3)	(8)	(0.5)	(7)	(0.5)	(6)	(0.4)
Other interest expense	(59)	(3.7)	(56)	(3.5)	(58)	(3.8)	(61)	(4.1)	(67)	(4.4)
Interest expense	(126)	(8.0)	(113)	(7.1)	(117)	(7.6)	(105)	(7.1)	(107)	(7.0)
Other income, net	4	0.3	-	-	-	-	-	-	-	-
<b>Total other (expense) income, net</b>	<b>(\$10)</b>	<b>(0.6)</b>	<b>(\$30)</b>	<b>(1.9)</b>	<b>(\$60)</b>	<b>(3.9)</b>	<b>(\$65)</b>	<b>(4.4)</b>	<b>(\$50)</b>	<b>(3.3)</b>
<b>Pretax income (loss)</b>	<b>\$189</b>	<b>12.0</b>	<b>(\$325)</b>	<b>(20.4)</b>	<b>(\$251)</b>	<b>(16.4)</b>	<b>(\$32)</b>	<b>(2.2)</b>	<b>(\$29)</b>	<b>(1.9)</b>
Average UPB (\$bn)	\$630		\$636		\$612		\$591		\$608	



# SERVICING PORTFOLIO

\$ mm's	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20
<b><u>Unpaid Principal Balance (UPB) Rollforward</u></b>					
Originations	\$12,160	\$11,635	\$9,478	\$14,517	\$23,104
Flow acquisitions	1,917	2,532	126	541	4,135
Bulk acquisitions	6,964	178	36	21	7,140
Dispositions	(3,352)	(40)	(31)	(23)	(16)
Transfers to/from Subservicing	(9,460)	(3,383)	(1,796)	(3,222)	(4,802)
Runoff	(18,128)	(17,070)	(20,472)	(23,142)	(25,039)
<b>Forward owned<sup>(1)</sup></b>	<b>\$296,782</b>	<b>\$290,634</b>	<b>\$277,975</b>	<b>\$266,667</b>	<b>\$271,189</b>
Subservicing	323,983	316,933	296,792	300,855	336,513
Reverse	22,725	21,590	20,758	20,006	18,091
<b>Total Servicing</b>	<b>\$643,490</b>	<b>\$629,157</b>	<b>\$595,525</b>	<b>\$587,528</b>	<b>\$625,793</b>
<b><u>Valuation Data</u></b>					
MSR original cost	86 bps	86 bps	86 bps	86 bps	86 bps
MSR carrying value	118 bps	107 bps	99 bps	100 bps	100 bps
<b><u>Runoff Rates</u></b>					
CPR	18.6%	17.5%	22.0%	25.9%	28.6%
Principal payments	3.7%	3.7%	3.7%	2.8%	4.1%
Forward owned runoff rate	22.3%	21.2%	25.7%	28.7%	32.7%
<b>Total Servicing CPR</b>	<b>19.1%</b>	<b>19.2%</b>	<b>26.0%</b>	<b>30.1%</b>	<b>33.1%</b>
<b><u>Portfolio Composition</u></b>					
GSE	21%	21%	22%	21%	21%
GNMA	17%	17%	17%	17%	15%
PLS	8%	8%	8%	8%	7%
Forward owned	46%	46%	47%	46%	43%
Subservicing	50%	50%	50%	51%	54%
Reverse	4%	4%	3%	3%	3%
Total	100%	100%	100%	100%	100%

# ORIGINATIONS PROFITABILITY

\$ mm's	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20
Service related, net - Originations	\$23	\$20	\$21	\$27	\$37
<b>Net gain on mortgage loans held for sale</b>					
Net gain on loans originated and sold	147	183	453	449	352
Capitalized servicing rights	133	119	123	162	270
Provision for repurchase reserves, net of release	(4)	(5)	(3)	(6)	(9)
Total net gain on mortgage loans held for sale	276	297	573	605	613
<b>Total revenues</b>	<b>\$299</b>	<b>\$317</b>	<b>\$594</b>	<b>\$632</b>	<b>\$650</b>

## Supplemental Data

Pull through adjusted lock volume	\$12,537	\$12,677	\$12,394	\$19,794	\$23,706
Funded volume	\$12,559	\$12,359	\$10,729	\$15,598	\$24,526
Loans sold, servicing retained	\$9,347	\$8,696	\$9,250	\$12,123	\$20,203
GOS margin <sup>(1)</sup>	2.20%	2.34%	4.62%	3.06%	2.59%
Revenue margin <sup>(1)</sup>	2.38%	2.50%	4.79%	3.19%	2.74%
Value of capitalized servicing retained	143 bps	137 bps	133 bps	133 bps	134 bps

# ORIGINATIONS PROFITABILITY [CONT.]

\$ mm's	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20
Salaries, wages and benefits	\$114	\$117	\$120	\$140	\$163
Loan originations expenses	15	16	16	20	25
Corporate and other general and administrative expenses	18	18	16	16	14
Marketing and professional service fee	12	12	11	14	10
Depreciation and amortization	5	3	4	5	6
Loss on impairment of assets	-	-	-	-	-
<b>Total expenses</b>	<b>\$164</b>	<b>\$166</b>	<b>\$167</b>	<b>\$195</b>	<b>\$218</b>
Funded volume	\$12,559	\$12,359	\$10,729	\$15,598	\$24,526
Expenses margin <sup>(1)</sup>	1.31%	1.34%	1.56%	1.25%	0.89%
Interest income	\$34	\$34	\$19	\$16	\$26
Interest expense	(31)	(27)	(13)	(15)	(23)
<b>Total other income (expense), net</b>	<b>\$3</b>	<b>\$7</b>	<b>\$6</b>	<b>\$1</b>	<b>\$3</b>
Funded volume	\$12,559	\$12,359	\$10,729	\$15,598	\$24,526
Other income (expense), net margin <sup>(1)</sup>	0.02%	0.06%	0.06%	0.01%	0.01%
<b>Pretax income</b>	<b>\$138</b>	<b>\$158</b>	<b>\$433</b>	<b>\$438</b>	<b>\$435</b>
Pretax income margin <sup>(2)</sup>	1.10%	1.22%	3.29%	1.95%	1.86%

# XOME NON-GAAP RECONCILIATION

\$ mm's	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20
<b>Pretax income</b>	<b>\$9</b>	<b>\$11</b>	<b>\$12</b>	<b>\$15</b>	<b>\$10</b>
Accounting item	3	-	-	-	6
Intangible amortization	2	2	1	3	2
<b>Pretax income excluding notable items</b>	<b>\$14</b>	<b>\$13</b>	<b>\$13</b>	<b>\$18</b>	<b>\$18</b>

# XOME PROFITABILITY

\$ mm's	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20
Exchange	\$20	\$16	\$9	\$6	\$7
Title	40	43	52	57	60
Solutions	46	47	45	45	46
<b>Total revenues</b>	<b>\$106</b>	<b>\$106</b>	<b>\$106</b>	<b>\$108</b>	<b>\$113</b>
Salaries, wages and benefits	\$37	\$35	\$33	\$32	\$34
Operational expenses	57	58	59	57	66
Depreciation and amortization	3	3	3	5	4
<b>Total expenses</b>	<b>\$97</b>	<b>\$96</b>	<b>\$95</b>	<b>\$94</b>	<b>\$104</b>
<b>Total other income, net</b>	<b>\$-</b>	<b>\$1</b>	<b>\$1</b>	<b>\$1</b>	<b>\$1</b>
<b>Pretax income</b>	<b>\$9</b>	<b>\$11</b>	<b>\$12</b>	<b>\$15</b>	<b>\$10</b>
Margin	8.4%	10.4%	11.3%	13.9%	8.8%
Exchange properties sold	2,332	2,114	1,191	860	777
Average Exchange properties under management	11,917	17,777	17,438	15,067	15,132
Title completed orders	241,665	230,648	245,252	223,497	205,718
Solutions completed orders	450,667	430,726	521,169	635,059	709,121
Percentage of revenue earned from third-party customers	51%	55%	53%	50%	47%

# ADJUSTED EBITDA

\$ mm's	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20
Consolidated GAAP pretax income (loss)	\$240	(\$239)	\$110	\$281	\$247
Mark-to-market	(102)	383	261	29	6
Adjustments <sup>(1)</sup>	15	4	1	54	95
MSR amortization, net	84	76	102	112	130
Capitalized servicing rights	(136)	(123)	(126)	(163)	(275)
Depreciation and amortization	24	19	18	19	18
Corporate debt interest expense	50	51	47	44	38
Other	4	7	5	6	6
<b>Adjusted EBITDA</b>	<b>\$179</b>	<b>\$178</b>	<b>\$418</b>	<b>\$382</b>	<b>\$265</b>

# 4Q'20 SOURCES AND USES CASH FLOW

	Servicing	Originations	Xome	Corporate / Other	Consolidated	Illustrative Steady State Discretionary Cashflow
\$mm's						
GAAP pretax (loss) income	(\$29)	\$435	\$10	(\$169)	\$247	
Depreciation and amortization	6	6	4	2	18	
Share-based compensation	-	1	1	4	6	
Amortization of premiums, net of discount accretion	5	-	-	7	12	
Settlement of excess spread financing	(48)	-	-	-	(48)	
MSR/MSL amortization/accretion	225	-	-	-	225	
Total MTM adjustments	6	-	-	-	6	
Loss on redemption of unsecured senior notes	-	-	-	85	85	
<b>Business segment cash flow from operations</b>	<b>\$165</b>	<b>\$442</b>	<b>\$15</b>	<b>(\$71)</b>	<b>\$551</b>	<b>\$551</b>
State/local taxes <sup>(1)</sup>					-	(8)
Total working capital change <sup>(2)</sup>					(308)	-
<b>Total sources, net</b>					<b>\$243</b>	<b>\$543</b>
Capex					(14)	(14)
Capitalized servicing rights - Originations/EBO					(275)	(275)
MSR purchases, MSR sales and excess spread financing					(82)	116
Net investment in MSR					(357)	(159) <sup>(3)</sup>
Redemption of unsecured senior notes					(100)	-
Repurchase of common stock					(34)	-
<b>Total uses, net</b>					<b>(505)</b>	<b>(173)</b>
<b>Change in cash</b>					<b>(\$262)</b>	<b>\$370</b>
<b>Change in unrestricted cash</b>					<b>(\$251)</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, 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 (\$228) mm forward MSR amortization, \$95 mm excess spread accretion, and (\$26) mm fair value amortization