



Mr. CooperGroup®

# 3Q'21 EARNINGS REVIEW

*October 28, 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 UPB, ROTCE, TNW/Assets and recapture rate targets, gain on sale margin estimates, 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.

# THIRD QUARTER HIGHLIGHTS



## FINANCIAL

Reported \$299 million in net income and \$3.29 per diluted share

TBV<sup>(1)</sup> grew to \$41.56 per share, up 73% year-over-year

Generated 25.2% Operating ROTCE<sup>(1)</sup>

Ended quarter with unrestricted cash of \$731 million



## OPERATIONAL

Originations pretax operating income<sup>(1)</sup> was \$273 million on funded volume of \$19.9 billion

Servicing pretax operating income<sup>(1)</sup> was \$44 million with \$131 million in EBO revenues

UPB grew 2% q/q to \$668 billion, with \$32 billion in acquisitions closing post quarter-end



## OTHER

Repurchased 11.1 million common shares and 1 million preferred shares for \$396 million

Closed sale of Xome Valuations

Subsequent to quarter-end, closed sale of Xome Field Services

# RECENT RECOGNITION



- Third year in a row, with near-90% response rate and nearly 90% stating that Mr. Cooper is a great place to work
- Listening to team members has resulted in programs like the Team Member Relief Fund, Student Debt Repayment Program, and Leadership Development opportunities



- Recognition for our proprietary document reading technology which provides significantly higher accuracy than conventional OCR, and which is now driving improved efficiency in bulk acquisition onboarding.

# RATIONALIZE AND SIMPLIFY



**Sold Xome Title365**



**Sold Xome Valuations**

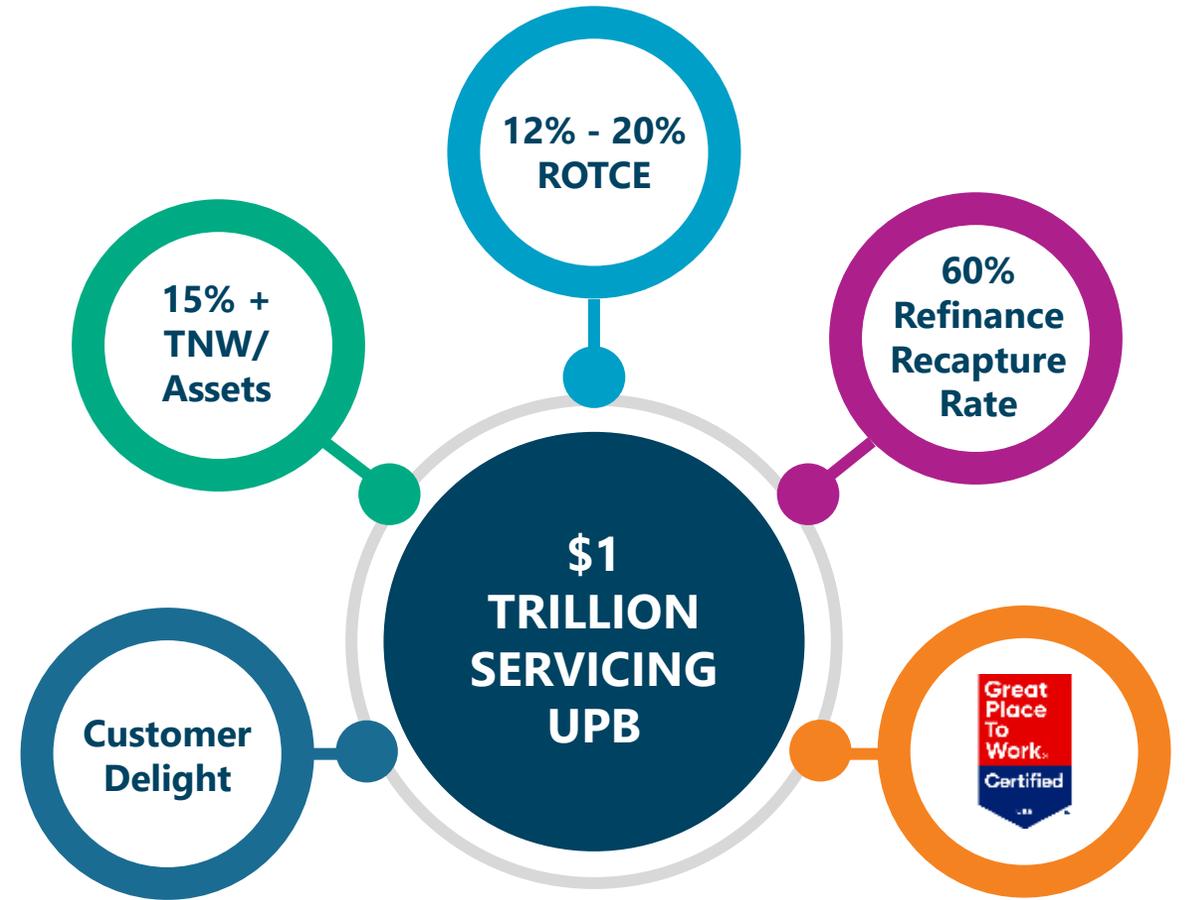


**Sold Xome Field Services**

Scheduled to close in December

**Sell Reverse Portfolio**

# FOCUS ON THE CORE



# SUMMARY 3Q'21 FINANCIAL RESULTS

| \$ mm's, except per share data  | 3Q'21        | 2Q'21        | 3Q'20        |
|---|--------------|--------------|--------------|
| Servicing   | \$44         | \$80         | (\$62)       |
| Originations  | 273          | 213          | 438          |
| Corporate debt interest expense   | (30)         | (30)         | (44)         |
| Corporate expense/other   | (24)         | (36)         | (19)         |
| <b>Pretax operating income from continuing operations<sup>(1)</sup></b> | <b>\$263</b> | <b>\$227</b> | <b>\$313</b> |
| Other mark-to-market  | 153          | (135)        | (4)          |
| Loss on redemption of unsecured senior notes                            | -            | -            | (53)         |
| Gain from Title365 sale   | -            | 485          | -            |
| Discontinued operations   | (15)         | 16           | 35           |
| Adjustments   | 1            | (7)          | (1)          |
| Intangible amortization   | (3)          | (3)          | (9)          |
| Pretax income   | \$399        | \$583        | \$281        |
| Income tax expense  | (100)        | (144)        | (67)         |
| <b>Net income</b>   | <b>\$299</b> | <b>\$439</b> | <b>\$214</b> |
| Weighted average diluted sharecount                                     | 82.1         | 89.6         | 95.0         |
| Diluted EPS <sup>(2)</sup>  | \$3.29       | \$4.85       | \$2.18       |
| GAAP ROTCE  | 37.8%        | 58.9%        | 41.2%        |
| <b>Operating ROTCE<sup>(1)(3)</sup></b>                                 | <b>25.2%</b> | <b>23.1%</b> | <b>45.7%</b> |

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

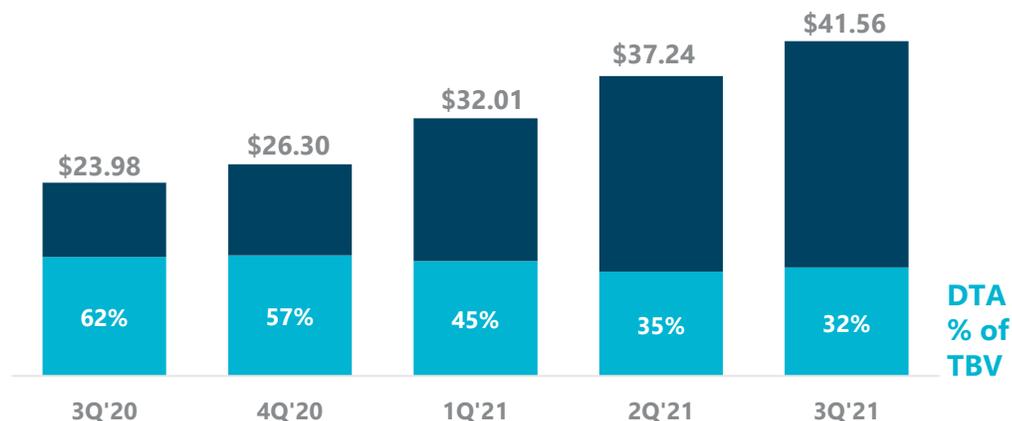
<sup>(2)</sup> Per share data calculated based on net income (loss) attributable to common shareholders

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

- \$273 million in Originations pretax operating income<sup>(1)</sup> included \$20 million impact of adverse fee removal
- Servicing pretax operating income<sup>(1)</sup> benefitted from \$131 million in EBOs
- We are no longer reporting Xome as a separate segment but instead including results in Corporate/other
- \$153 million other mark-to-market from higher interest rates at quarter-end
- Discontinued operations includes Reverse, which is on schedule to close in December
- Adjustments include \$7 million gain from the sale of Valuations, \$4 million in transaction-related costs associated with Title365 sale, and \$2 million in charges in Originations related to corporate actions

# SUMMARY 3Q'21 FINANCIAL RESULTS (CONT'D)

TBV/Share<sup>(1)</sup> +73% year-over-year

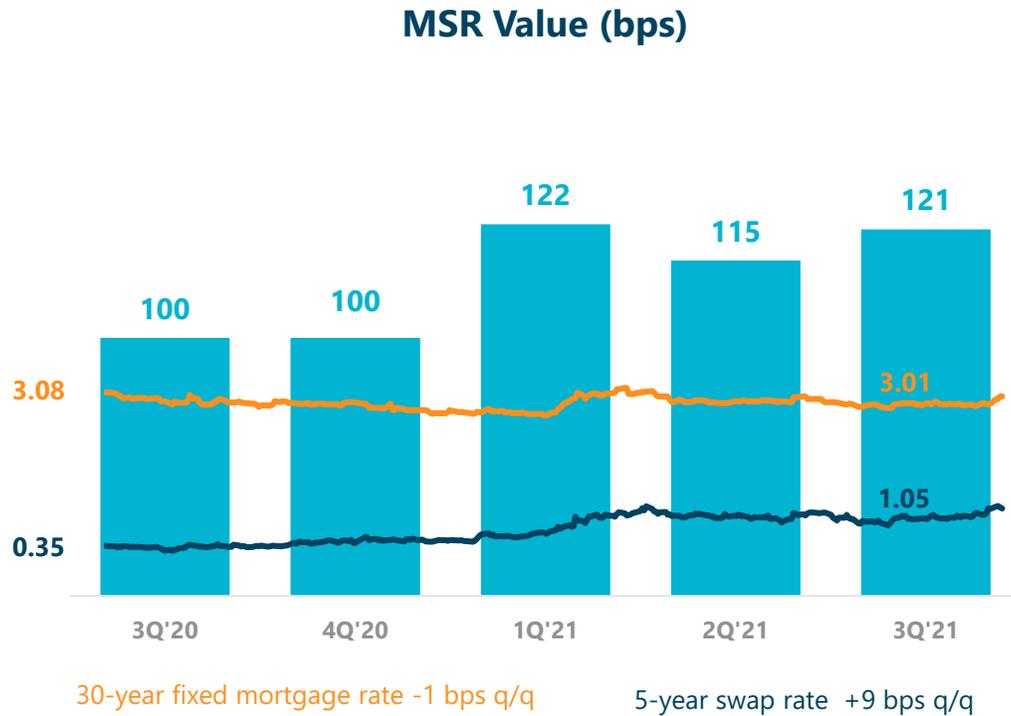


- We regard TBV per share as an important measure of shareholder value creation
- During 3Q'21, TBV per share benefitted from strong operating earnings, the positive MSR mark, and stock repurchase activity
- Future TBV drivers could include mark-up to the deferred tax asset if Congress passes legislation to raise the corporate tax rate and gains from further monetization of Xome business units

## TBV Rollforward

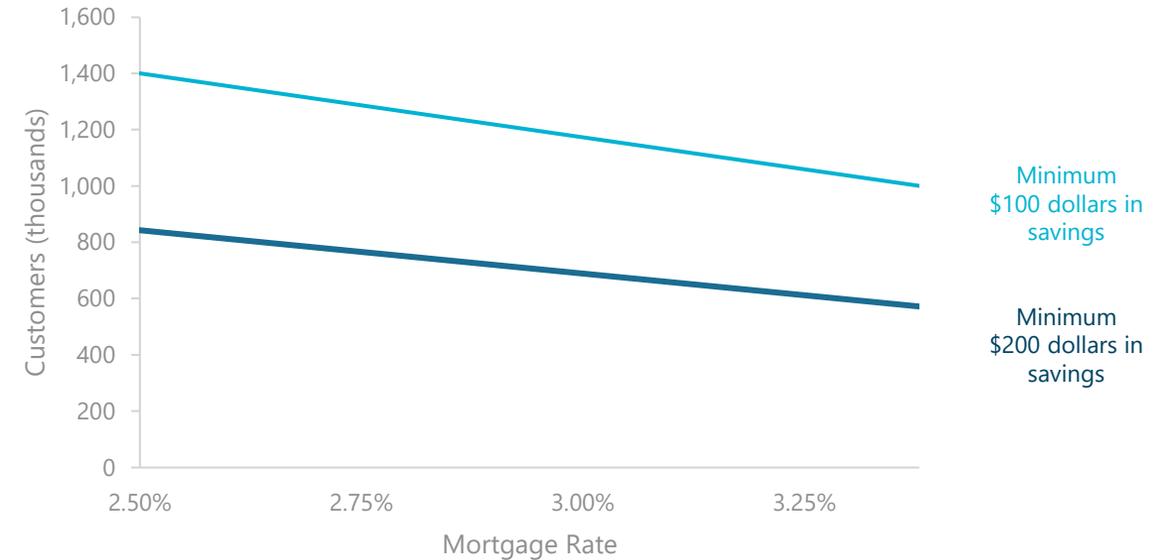
|   | \$ mm's        | Shares outstanding | Per share      |
|---|----------------|--------------------|----------------|
| <b>2Q'21</b>  | <b>\$3,208</b> | <b>86.1</b>        | <b>\$37.24</b> |
| 3Q'21 pretax operating income from continuing operations <sup>(1)</sup> | 263            |                    | 3.05           |
| Other mark-to-market  | 153            |                    | 1.78           |
| Income taxes / other  | (106)          |                    | (1.23)         |
| Stock repurchase <sup>(2)</sup>   | (396)          | (11.1)             | \$0.72         |
| <b>3Q'21</b>  | <b>\$3,122</b> | <b>75.1</b>        | <b>\$41.56</b> |

# MSR VALUE INCREASED TO 121 BPS



- The Company reported a positive other mark-to-market of \$153 million as interest rates rose at quarter-end

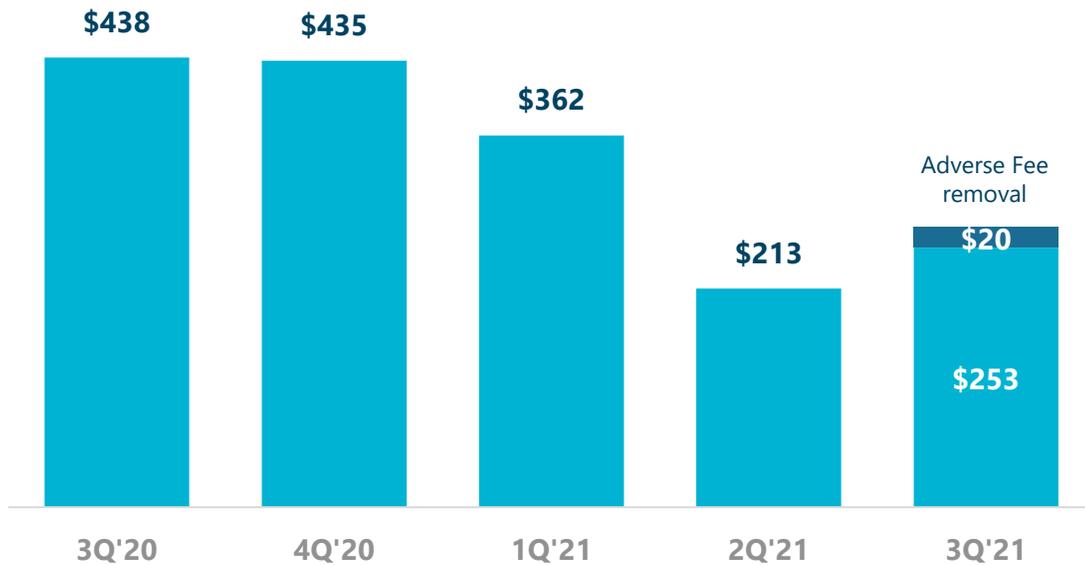
## Rate/term Refinance Opportunity



- The population of customers who could save \$200 per month was relatively stable quarter-over-quarter
- In addition to customers with a minimum savings of \$200 per month, there are 817,000 customers who could benefit from a cash-out refinance
- We estimate there is \$152 billion in equity available to our customers for cash-out opportunities, an average of \$186,000 per customer

# STRONG ORIGINATIONS PROFITS AS MARGINS COMPRESS TOWARDS NORMAL

Originations Pretax Operating Income<sup>(1)</sup> (\$ mm's)

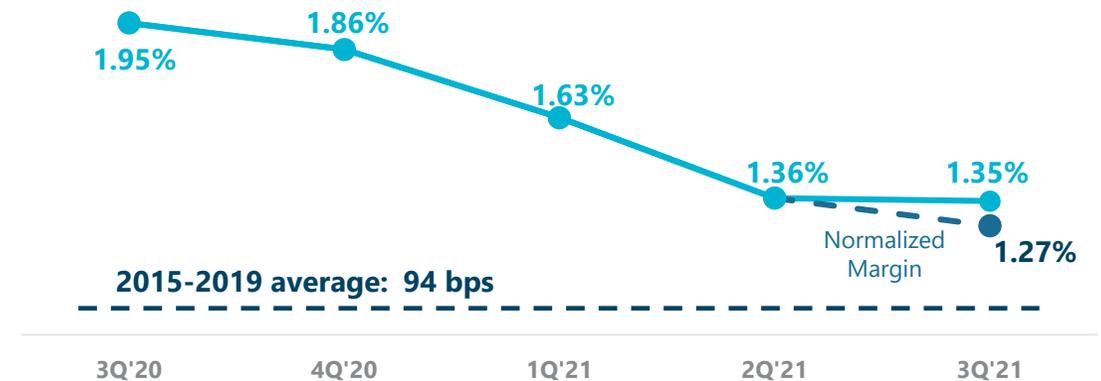


- Excluding the \$20 mm benefit from removal of adverse market fee, Originations generated \$253 million in pretax operating income<sup>(1)</sup>, equivalent to a normalized margin of 1.27%
- Funded volume was down 10% quarter-over-quarter but pull through adjusted lock volume was up 9% quarter-over-quarter to \$20.1 billion

Funded Volume By Channel (\$ bn's)

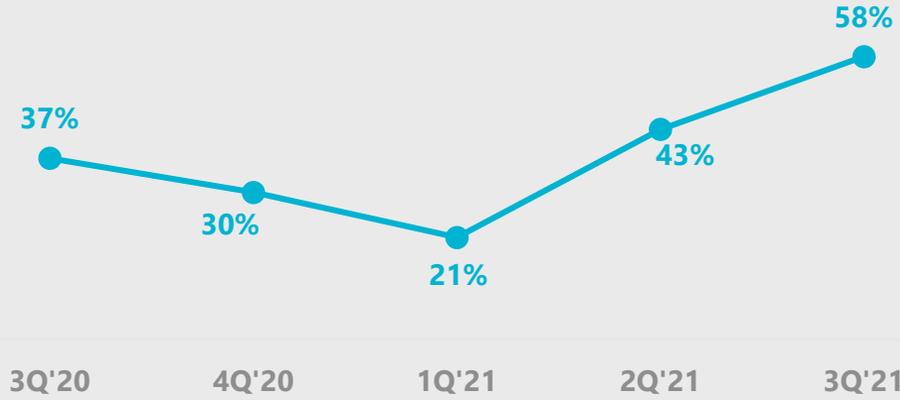


Pretax Operating Originations Margin<sup>(1)</sup>



# PURCHASE AND CASH-OUT CONTINUE TO RISE

### Correspondent Purchase Mix %



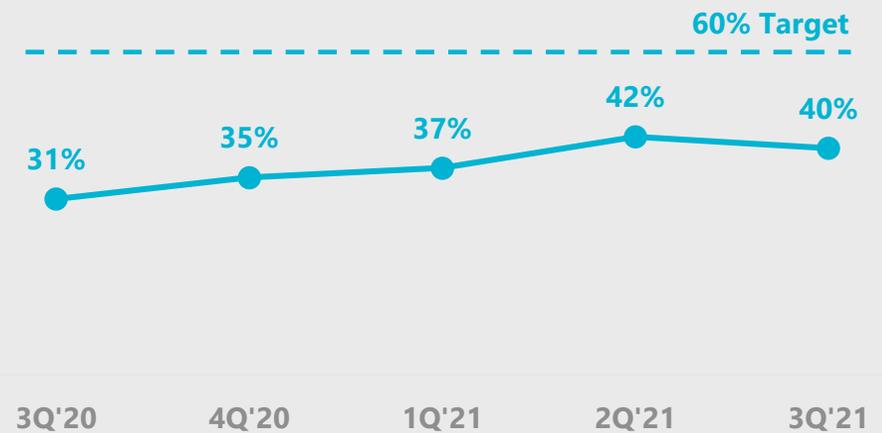
### Gain-on-Sale Margin



### DTC Cash-Out %

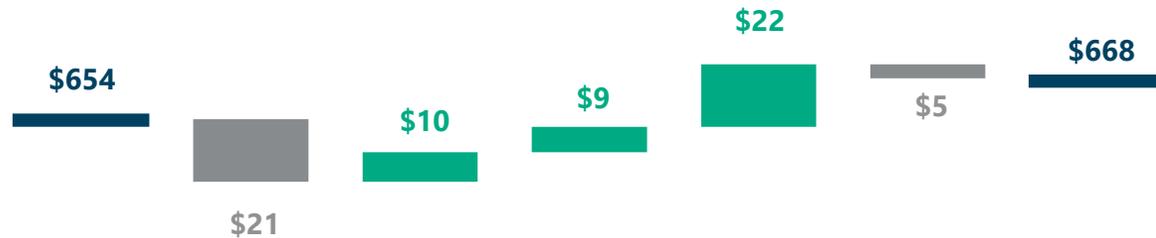


### Refinance Recapture Rate



# SERVICING PORTFOLIO GREW 2% Q/Q

**Unpaid Principal Balance (\$ bn's)**  
Excludes Reverse Portfolio



| 2Q'21 | MSR Runoff | Correspondent <sup>(1)</sup> | DTC <sup>(1)</sup> | Acquisitions | Net Subserving / other | 3Q'21 |
|-------|------------|------------------------------|--------------------|--------------|------------------------|-------|
|-------|------------|------------------------------|--------------------|--------------|------------------------|-------|

- Portfolio grew 2% quarter-over-quarter due to strong originations and acquisitions
- Acquisitions increased 31% quarter-over-quarter to \$21.6 billion, with an additional \$32.3 billion expected to close subsequent to quarter-end

**Acquisitions (\$ bn's)**

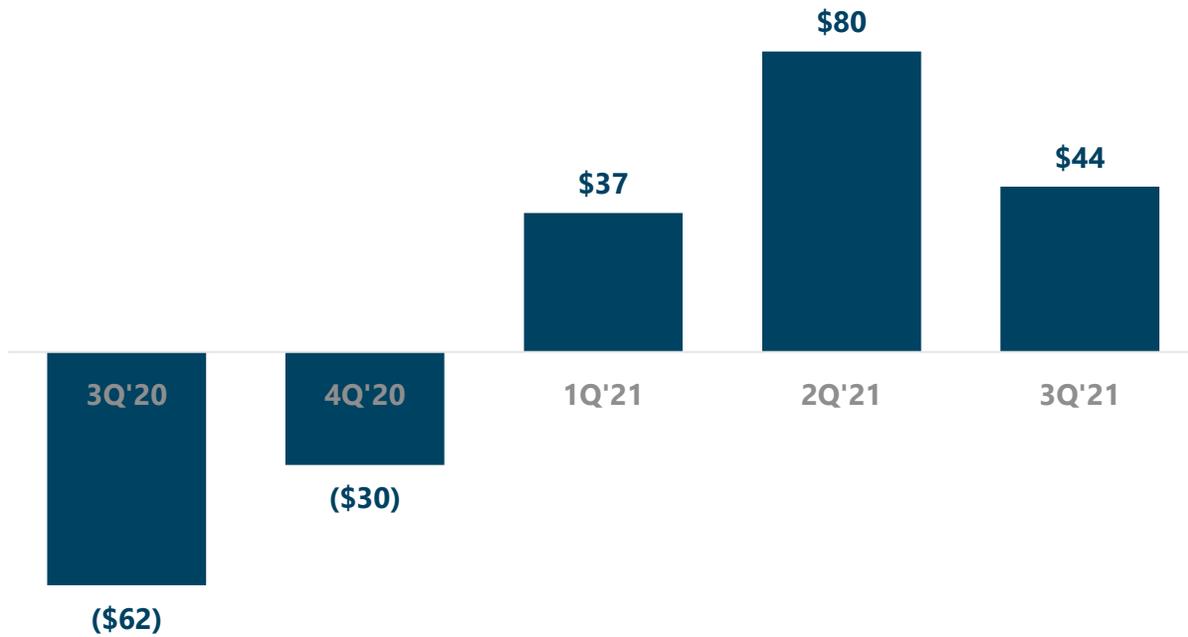


**MSR CPR**



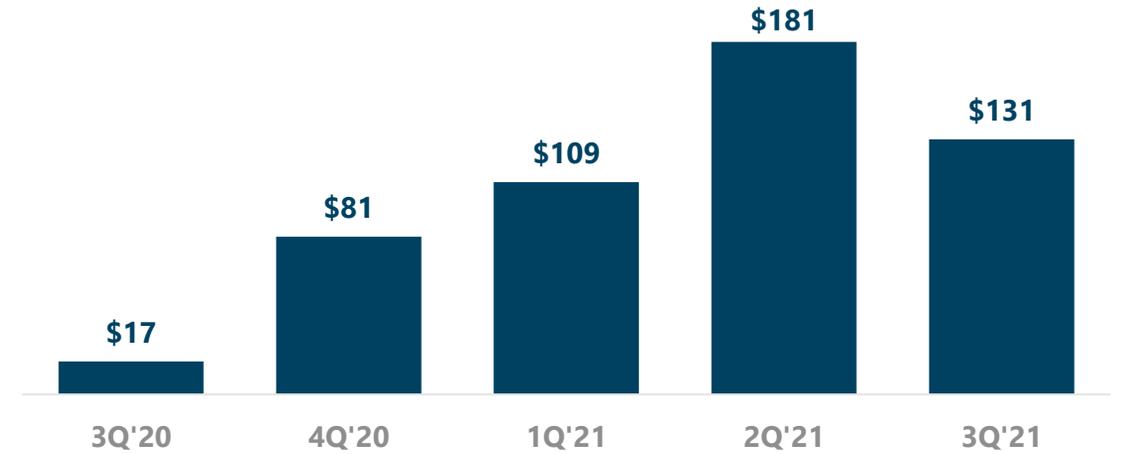
# SERVICING BENEFITTED FROM EBO'S

Servicing Pretax Operating Income<sup>(1)</sup> (\$ mm's)



- Servicing pretax operating income<sup>(1)</sup> benefitted from \$131 million in EBO revenues
- Amortization<sup>(2)</sup> remained elevated at \$204 million, with high CPR speeds continuing
- As of October 17th, 2.4% of customers were on forbearance, down from peak of 7.2%

EBO Revenue (\$ mm's)



Amortization<sup>(2)</sup> (\$ mm's)

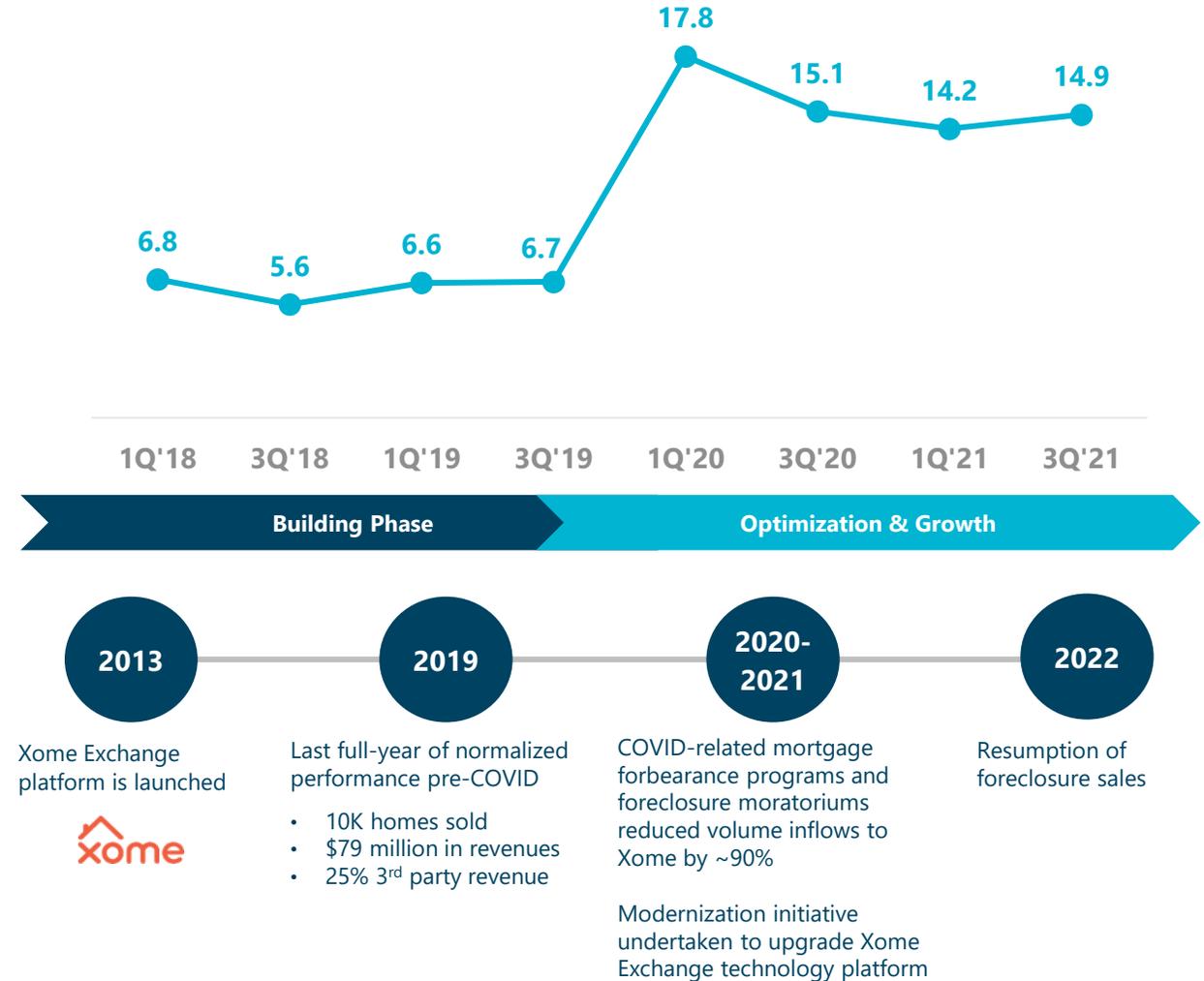


# PROPERTY LISTINGS NOW RISING AT XOME AUCTION EXCHANGE

## Next Generation Technology Platform Investments

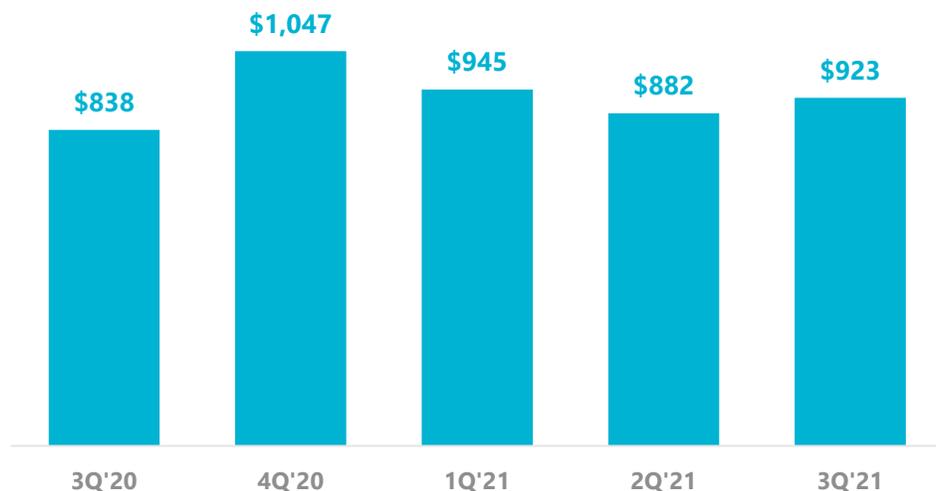
-  Strengthen platform capabilities
-  Improve user experience
-  Redesign website / Search engine optimization
-  Modernize workflow engine for faster speed
-  Enhance branding / messaging

Exchange Property Listings (thousands)



# LIQUIDITY REMAINS STRONG

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



## Advances by Investor as of September 30, 2021

| \$mm's                | P&I          | T&I <sup>(2)</sup> | Total        |
|-----------------------|--------------|--------------------|--------------|
| GNMA                  | \$2          | \$271              | \$273        |
| GSE                   | 14           | 113                | 127          |
| PLS                   | 143          | 224                | 367          |
| Other <sup>(3)</sup>  | (1)          | 157                | 156          |
| <b>Total advances</b> | <b>\$158</b> | <b>\$765</b>       | <b>\$923</b> |

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

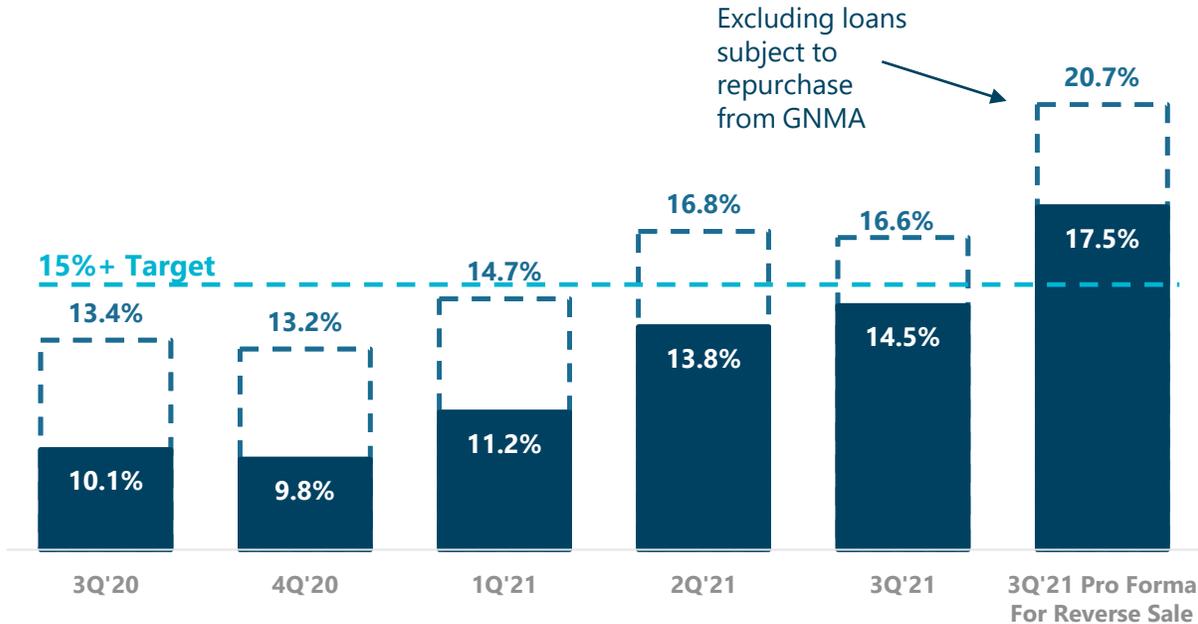


## Financing Capacity

| \$ mm's                           | Maturity      | Capacity        | Outstanding    | Utilization |
|-----------------------------------|---------------|-----------------|----------------|-------------|
| PLS                               | Oct'22        | \$350           | \$168          | 48%         |
| GSE                               | Jan'22        | 350             | 136            | 39%         |
| GNMA <sup>(4)</sup>               | Aug'23        | 940             | 170            | 18%         |
| Other                             | Jan'22        | 100             | 65             | 65%         |
| <b>Advance facilities</b>         |               | <b>\$1,740</b>  | <b>\$539</b>   | <b>31%</b>  |
| MSR                               | Aug'22-Sep'23 | 1,110           | 305            | 27%         |
| Originations <sup>(5)</sup>       | Oct'21-Sep'23 | 14,680          | 7,473          | 51%         |
| <b>Total warehouse facilities</b> |               | <b>\$15,790</b> | <b>\$7,778</b> | <b>49%</b>  |

# ABOVE 15% CAPITAL TARGET PRO FORMA FOR REVERSE SALE

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



- Loans subject to repurchase from GNMA decreased from \$4.1 billion to \$2.7 billion quarter-over-quarter
- 3Q'21 pro forma excludes \$3.7 billion in assets from discontinued operations related to sale of the Reverse portfolio

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

|  | TNW (\$ mm's) | TNW/Assets   |
|--|---------------|--------------|
| <b>2Q'21</b>                                 | \$3,208       | 13.8%        |
| Operating earnings                           | 263           | 1.1%         |
| Other mark-to-market                         | 153           | 0.7%         |
| Income tax / other                           | (106)         | (0.4%)       |
| Stock repurchase                             | (396)         | (1.7%)       |
| Reduction in assets                          |               | 1.0%         |
| <b>3Q'21</b>                                 |               | <b>14.5%</b> |
| Assets of discontinued operations            |               | 3.0%         |
| <b>3Q'21 pro forma excl. Reverse</b>         |               | <b>17.5%</b> |
| Loans subject to repurchase from GNMA        |               | 3.2%         |
| <b>3Q'21 pro forma excl. Reverse and EBO</b> |               | <b>20.7%</b> |

# *Appendix*

# SEGMENT OPERATING INCOME AND NON-GAAP RECONCILIATION

| \$ mm's  | Servicing   | Originations | Corporate / Other | Consolidated |
|--|-------------|--------------|-------------------|--------------|
| Servicing related excluding MTM                                  | \$58        | \$44         | \$35              | \$137        |
| Net gain on mortgage loans held for sale                         | 142         | 430          | -                 | 572          |
| Operating revenue excluding MTM                                  | 200         | 474          | 35                | 709          |
| Salaries, wages, and benefits                                    | 69          | 147          | 35                | 251          |
| General and administrative                                       | 59          | 61           | 31                | 151          |
| Total expenses   | 128         | 208          | 66                | 402          |
| Interest income / other  | 39          | 27           | 8                 | 74           |
| Interest expense   | (65)        | (22)         | (1)               | (88)         |
| Corporate debt interest expense                                  | -           | -            | (30)              | (30)         |
| Total other (expenses) income, net                               | (26)        | 5            | (23)              | (44)         |
| Pretax income (loss) before MTM                                  | 46          | 271          | (54)              | 263          |
| Fair value of excess spread accretion                            | (2)         | -            | -                 | (2)          |
| Other MTM  | 153         | -            | -                 | 153          |
| MTM  | 151         | -            | -                 | 151          |
| <b>Pretax (loss) income from continuing operations</b>           | <b>197</b>  | <b>271</b>   | <b>(54)</b>       | <b>414</b>   |
| Other MTM  | (153)       | -            | -                 | (153)        |
| Adjustments  | -           | 2            | (3)               | (1)          |
| Intangible amortization  | -           | -            | 3                 | 3            |
| <b>Pretax operating income (loss) from continuing operations</b> | <b>\$44</b> | <b>\$273</b> | <b>(\$54)</b>     | <b>263</b>   |

# TANGIBLE BOOK VALUE (TBV) AND TNW/ASSETS

| \$ mm's   | 3Q'20          | 4Q'20          | 1Q'21          | 2Q'21          | 3Q'21          |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Stockholders' equity</b>   | <b>\$2,341</b> | <b>\$2,504</b> | <b>\$2,904</b> | <b>\$3,350</b> | <b>\$3,260</b> |
| Goodwill  | (120)          | (120)          | (120)          | (120)          | (120)          |
| Intangible assets   | (42)           | (31)           | (27)           | (22)           | (18)           |
| <b>Tangible book value (TBV)</b>  | <b>\$2,179</b> | <b>\$2,353</b> | <b>\$2,757</b> | <b>\$3,208</b> | <b>\$3,122</b> |
| Ending outstanding sharecount (mm's)  | 90.9           | 89.5           | 86.1           | 86.1           | 75.1           |
| TBV/share   | \$23.98        | \$26.30        | \$32.01        | \$37.24        | \$41.56        |
| Assets  | \$21,755       | \$24,165       | \$24,713       | \$23,308       | \$21,661       |
| Loans subject to repurchase from GNMA   | \$5,395        | \$6,159        | \$5,816        | \$4,057        | \$2,703        |
| Assets from discontinued operations   | \$5,549        | \$5,347        | \$5,186        | \$4,935        | \$3,722        |
| Tangible assets <sup>(1)</sup>  | \$21,593       | \$24,014       | \$24,566       | \$23,166       | \$21,523       |
| TNW/Assets <sup>(2)</sup>   | 10.1%          | 9.8%           | 11.2%          | 13.8%          | 14.5%          |
| TNW/Assets <sup>(2)</sup> excluding loans subject to repurchase from GNMA   | 13.5%          | 13.2%          | 14.7%          | 16.8%          | 16.6%          |
| TNW/Assets <sup>(2)</sup> excluding assets from discontinued operations   |                |                |                |                | 17.5%          |
| TNW/Assets <sup>(2)</sup> excluding loans subject to repurchase from GNMA and assets from discontinued operations |                |                |                |                | 20.7%          |

# ROTCE RECONCILIATION

| \$ mm's                                  | 3Q'21          |
|--|----------------|
| Pretax income                            | \$399          |
| Income tax expense                       | (100)          |
| Net income                               | \$299          |
| <b>ROCE<sup>(1)</sup></b>                | <b>36.2%</b>   |
| <b>ROTCE</b>                             | <b>37.8%</b>   |
| Pretax income                            | \$399          |
| Other mark-to-market                     | (153)          |
| Pretax loss from discontinued operations | 15             |
| Accounting items                         | (1)            |
| Intangible amortization                  | 3              |
| Pretax operating income                  | \$263          |
| Income tax expense <sup>(2)</sup>        | (64)           |
| Fully-taxed operating income             | \$199          |
| <b>ROTCE</b>                             | <b>25.2%</b>   |
| <b>Average book value</b>                | <b>\$3,305</b> |
| <b>Average tangible book value</b>       | <b>\$3,165</b> |

ROTCE is a non-GAAP financial measure that is computed by dividing annualized earnings by average tangible common equity (tangible book value). 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   | 3Q'20          |              | 4Q'20          |               | 1Q'21          |               | 2Q'21          |               | 3Q'21          |               |
|---|----------------|--------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|
|   | \$             | Bps          | \$             | Bps           | \$             | Bps           | \$             | Bps           | \$             | Bps           |
| <b>Pretax (loss) income from continuing operations</b>            | <b>(\$67)</b>  | <b>(4.7)</b> | <b>(\$12)</b>  | <b>(0.8)</b>  | <b>\$410</b>   | <b>26.6</b>   | <b>(\$56)</b>  | <b>(3.5)</b>  | <b>\$197</b>   | <b>12.1</b>   |
| Mark-to-market (MTM)  | 16             | 1.1          | (9)            | (0.6)         | (365)          | (23.6)        | 140            | 8.7           | (151)          | (9.3)         |
| Fair value of excess spread accretion                             | (12)           | (0.8)        | (11)           | (0.7)         | (8)            | (0.5)         | (5)            | (0.4)         | (2)            | (0.1)         |
| Accounting item   | 1              | 0.1          | 2              | 0.1           | -              | -             | 1              | 0.1           | -              | -             |
| <b>Pretax (loss) income excluding MTM and other notable items</b> | <b>(\$62)</b>  | <b>(4.3)</b> | <b>(\$30)</b>  | <b>(2.0)</b>  | <b>\$37</b>    | <b>2.5</b>    | <b>\$80</b>    | <b>4.9</b>    | <b>\$44</b>    | <b>2.7</b>    |
| <b>Amortization Reconciliation</b>                                |                |              |                |               |                |               |                |               |                |               |
| Forward MSR amortization  | (225)          | (15.8)       | (243)          | (16.5)        | (243)          | (15.7)        | (268)          | (16.5)        | (261)          | (16.0)        |
| Excess spread accretion   | 96             | 6.7          | 95             | 6.5           | 76             | 4.9           | 70             | 4.3           | 59             | 3.6           |
| Total amortization  | (129)          | (9.1)        | (148)          | (10.0)        | (167)          | (10.8)        | (198)          | (12.2)        | (202)          | (12.4)        |
| Fair value of excess spread accretion                             | (12)           | (0.8)        | (11)           | (0.7)         | (8)            | (0.5)         | (5)            | (0.4)         | (2)            | (0.1)         |
| <b>Total amortization including fair value of excess spread</b>   | <b>(\$141)</b> | <b>(9.9)</b> | <b>(\$159)</b> | <b>(10.7)</b> | <b>(\$175)</b> | <b>(11.3)</b> | <b>(\$203)</b> | <b>(12.6)</b> | <b>(\$204)</b> | <b>(12.5)</b> |

# SERVICING PROFITABILITY

| \$ mm's  | 3Q'20        |            | 4Q'20        |             | 1Q'21        |             | 2Q'21        |            | 3Q'21        |             |
|--|--------------|------------|--------------|-------------|--------------|-------------|--------------|------------|--------------|-------------|
|  | \$           | Bps        | \$           | Bps         | \$           | Bps         | \$           | Bps        | \$           | Bps         |
| <b>Operational Revenue</b>                           |              |            |              |             |              |             |              |            |              |             |
| Base servicing fees                                  | \$231        | 16.2       | \$222        | 15.1        | \$223        | 14.5        | \$221        | 13.7       | \$230        | 14.1        |
| Modification fees                                    | 3            | 0.2        | 2            | 0.1         | 7            | 0.5         | 7            | 0.4        | 6            | 0.4         |
| Incentive fees                                       | -            | -          | -            | -           | 1            | -           | -            | -          | -            | -           |
| Late payment fees                                    | 15           | 1.1        | 15           | 1.0         | 14           | 0.9         | 14           | 0.9        | 15           | 0.9         |
| Other ancillary revenues                             | 52           | 3.6        | 113          | 7.7         | 140          | 9.1         | 208          | 12.8       | 155          | 9.5         |
| Total forward MSR operational revenue                | 301          | 21.1       | 352          | 23.9        | 385          | 25.0        | 450          | 27.8       | 406          | 24.9        |
| Base subservicing fee and other subservicing revenue | 71           | 5.0        | 71           | 4.8         | 68           | 4.4         | 69           | 4.3        | 61           | 3.7         |
| Total servicing fee revenue                          | 372          | 26.1       | 423          | 28.7        | 453          | 29.4        | 519          | 32.1       | 467          | 28.6        |
| MSR financing liability costs                        | (8)          | (0.6)      | (8)          | (0.5)       | (7)          | (0.5)       | (6)          | (0.4)      | (6)          | (0.4)       |
| Excess spread payments and portfolio runoff          | (96)         | (6.7)      | (95)         | (6.5)       | (76)         | (4.9)       | (70)         | (4.3)      | (59)         | (3.6)       |
| Total operational revenue                            | 268          | 18.8       | 320          | 21.7        | 370          | 24.0        | 443          | 27.4       | 402          | 24.6        |
| <b>Amortization</b>                                  |              |            |              |             |              |             |              |            |              |             |
| Forward MSR amortization                             | (225)        | (15.8)     | (243)        | (16.5)      | (243)        | (15.7)      | (268)        | (16.5)     | (261)        | (16.0)      |
| Excess spread accretion                              | 96           | 6.7        | 95           | 6.5         | 76           | 4.9         | 70           | 4.3        | 59           | 3.6         |
| Total amortization                                   | (129)        | (9.1)      | (148)        | (10.0)      | (167)        | (10.8)      | (198)        | (12.2)     | (202)        | (12.4)      |
| <b>Mark-to-Market Adjustments</b>                    |              |            |              |             |              |             |              |            |              |             |
| MSR Fair Value MTM                                   | (52)         | (3.6)      | (92)         | (6.3)       | 521          | 33.8        | (200)        | (12.4)     | 155          | 9.5         |
| MTM adjustment <sup>(1)</sup>                        | 2            | 0.1        | 25           | 1.7         | (125)        | (8.2)       | 31           | 1.9        | (13)         | (0.7)       |
| Excess spread / financing MTM                        | 34           | 2.4        | 76           | 5.2         | (31)         | (2.0)       | 29           | 1.8        | 9            | 0.6         |
| Total MTM adjustments                                | (16)         | (1.1)      | 9            | 0.6         | 365          | 23.6        | (140)        | (8.7)      | 151          | 9.3         |
| <b>Total revenues</b>                                | <b>\$123</b> | <b>8.6</b> | <b>\$181</b> | <b>12.3</b> | <b>\$568</b> | <b>36.8</b> | <b>\$105</b> | <b>6.5</b> | <b>\$351</b> | <b>21.5</b> |
| Average UPB (\$bn)                                   | \$571        |            | \$589        |             | \$617        |             | \$647        |            | \$653        |             |

# SERVICING PROFITABILITY [CONT.]

| \$ mm's   | 3Q'20         |              | 4Q'20         |              | 1Q'21         |              | 2Q'21         |              | 3Q'21        |              |
|---|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|--------------|--------------|
|   | \$            | Bps          | \$            | Bps          | \$            | Bps          | \$            | Bps          | \$           | Bps          |
| Salaries, wages and benefits                            | \$66          | 4.6          | \$67          | 4.5          | \$66          | 4.3          | \$70          | 4.3          | \$69         | 4.2          |
| Servicing support fees                                  | 26            | 1.8          | 26            | 1.8          | 21            | 1.4          | 22            | 1.4          | 19           | 1.2          |
| Corporate and other general and administrative expenses | 31            | 2.2          | 27            | 1.8          | 30            | 1.9          | 30            | 1.9          | 28           | 1.6          |
| Foreclosure and other liquidation related expenses      | (6)           | (0.4)        | 11            | 0.8          | (12)          | (0.8)        | (8)           | (0.5)        | 1            | 0.1          |
| Depreciation and amortization                           | 6             | 0.4          | 6             | 0.4          | 5             | 0.3          | 7             | 0.4          | 11           | 0.7          |
| Total general and administrative expenses               | 57            | 4.0          | 70            | 4.8          | 44            | 2.8          | 51            | 3.2          | 59           | 3.6          |
| <b>Total expenses</b>                                   | <b>\$123</b>  | <b>8.6</b>   | <b>\$137</b>  | <b>9.3</b>   | <b>\$110</b>  | <b>7.1</b>   | <b>\$121</b>  | <b>7.5</b>   | <b>\$128</b> | <b>7.8</b>   |
| Other interest income                                   | 1             | 0.1          | 17            | 1.2          | 23            | 1.5          | 25            | 1.5          | 39           | 2.4          |
| Interest income   | 1             | 0.1          | 17            | 1.2          | 23            | 1.5          | 25            | 1.5          | 39           | 2.4          |
| Advance interest expense                                | (7)           | (0.5)        | (6)           | (0.4)        | (6)           | (0.4)        | (4)           | (0.2)        | (4)          | (0.3)        |
| Other interest expense                                  | (61)          | (4.3)        | (67)          | (4.6)        | (65)          | (4.2)        | (61)          | (3.8)        | (61)         | (3.7)        |
| Interest expense  | (68)          | (4.8)        | (73)          | (5.0)        | (71)          | (4.6)        | (65)          | (4.0)        | (65)         | (4.0)        |
| <b>Total other expense, net</b>                         | <b>(\$67)</b> | <b>(4.7)</b> | <b>(\$56)</b> | <b>(3.8)</b> | <b>(\$48)</b> | <b>(3.1)</b> | <b>(40)</b>   | <b>(2.5)</b> | <b>(26)</b>  | <b>(1.6)</b> |
| <b>Pretax (loss) income from continuing operations</b>  | <b>(\$67)</b> | <b>(4.7)</b> | <b>(\$12)</b> | <b>(0.8)</b> | <b>\$410</b>  | <b>26.6</b>  | <b>(\$56)</b> | <b>(3.5)</b> | <b>\$197</b> | <b>12.1</b>  |
| Average UPB (\$bn)                                      | \$571         |              | \$589         |              | \$617         |              | \$647         |              | \$653        |              |

# SERVICING PORTFOLIO

| \$ mm's   | 3Q'20            | 4Q'20            | 1Q'21            | 2Q'21            | 3Q'21            |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>Unpaid Principal Balance (UPB) Rollforward</b> |                  |                  |                  |                  |                  |
| Originations                                      | \$14,517         | \$23,104         | \$23,623         | \$20,907         | \$18,821         |
| Acquisitions                                      | 562              | 11,275           | 7,548            | 16,516           | 21,567           |
| Dispositions                                      | (23)             | (16)             | (50)             | (18)             | (14)             |
| Transfers to/from Subservicing                    | (3,222)          | (4,802)          | (2,901)          | (4,102)          | (3,259)          |
| Runoff  | (23,142)         | (25,039)         | (23,381)         | (21,876)         | (21,478)         |
| <b>Forward owned<sup>(1)</sup></b>                | <b>\$266,667</b> | <b>\$271,189</b> | <b>\$276,028</b> | <b>\$287,455</b> | <b>\$303,091</b> |
| Subservicing                                      | 300,855          | 336,513          | 352,481          | 366,862          | 365,285          |
| <b>Total Servicing</b>                            | <b>\$567,522</b> | <b>\$607,702</b> | <b>\$628,509</b> | <b>\$654,317</b> | <b>\$668,376</b> |
| <b>Valuation Data</b>                             |                  |                  |                  |                  |                  |
| MSR carrying value                                | 100 bps          | 100 bps          | 122 bps          | 115 bps          | 121 bps          |
| <b>Runoff Rates</b>                               |                  |                  |                  |                  |                  |
| CPR   | 25.9%            | 28.6%            | 26.1%            | 23.7%            | 22.3%            |
| Principal payments                                | 2.8%             | 4.1%             | 4.2%             | 4.7%             | 5.4%             |
| Forward owned runoff rate                         | 28.7%            | 32.7%            | 30.3%            | 28.4%            | 27.7%            |
| <b>Total Servicing CPR</b>                        | <b>30.1%</b>     | <b>33.1%</b>     | <b>30.8%</b>     | <b>26.0%</b>     | <b>24.6%</b>     |
| <b>Portfolio Composition</b>                      |                  |                  |                  |                  |                  |
| GSE   | 22%              | 22%              | 23%              | 25%              | 27%              |
| GNMA  | 17%              | 15%              | 14%              | 13%              | 13%              |
| PLS   | 8%               | 7%               | 7%               | 6%               | 5%               |
| Forward owned                                     | 47%              | 44%              | 44%              | 44%              | 45%              |
| Subservicing                                      | 53%              | 56%              | 56%              | 56%              | 55%              |
| Total   | 100%             | 100%             | 100%             | 100%             | 100%             |

# ORIGINATIONS NON-GAAP RECONCILIATION

| \$ mm's   | 3Q'20        |              | 4Q'20        |              | 1Q'21        |              | 2Q'21        |              | 3Q'21        |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | \$           | Margin       |
| <b>Pretax income</b>                            | <b>\$438</b> | <b>1.95%</b> | <b>\$435</b> | <b>1.86%</b> | <b>\$362</b> | <b>1.63%</b> | <b>\$207</b> | <b>1.33%</b> | <b>\$271</b> | <b>1.34%</b> |
| Accounting items                                | -            | -            | -            | -            | -            | -            | 6            | 0.03%        | 2            | 0.01%        |
| <b>Pretax income excluding accounting items</b> | <b>\$438</b> | <b>1.95%</b> | <b>\$435</b> | <b>1.86%</b> | <b>\$362</b> | <b>1.63%</b> | <b>\$213</b> | <b>1.36%</b> | <b>\$273</b> | <b>1.35%</b> |
| Pull through adjusted lock volume (\$bn)        | \$19.8       |              | \$23.7       |              | \$23.3       |              | \$18.4       |              | \$20.1       |              |
| Funded volume (\$bn)                            | \$15.6       |              | \$24.5       |              | \$25.1       |              | \$22.2       |              | \$19.9       |              |

# ORIGINATIONS PROFITABILITY

| \$ mm's   | 3Q'20        | 4Q'20        | 1Q'21        | 2Q'21        | 3Q'21        |
|---|--------------|--------------|--------------|--------------|--------------|
| Service related, net - Originations               | \$27         | \$37         | \$43         | \$45         | \$44         |
| <b>Net gain on mortgage loans held for sale</b>   |              |              |              |              |              |
| Net gain on loans originated and sold             | 449          | 352          | 286          | 143          | 213          |
| Capitalized servicing rights                      | 162          | 270          | 274          | 246          | 221          |
| Provision for repurchase reserves, net of release | (6)          | (9)          | (8)          | (4)          | (4)          |
| Total net gain on mortgage loans held for sale    | 605          | 613          | 552          | 385          | 430          |
| <b>Total revenues</b>                             | <b>\$632</b> | <b>\$650</b> | <b>\$595</b> | <b>\$430</b> | <b>\$474</b> |

## Supplemental Data

|   |          |          |          |          |          |
|---|----------|----------|----------|----------|----------|
| Pull through adjusted lock volume       | \$19,794 | \$23,706 | \$23,267 | \$18,358 | \$20,073 |
| Funded volume                           | \$15,598 | \$24,526 | \$25,133 | \$22,227 | \$19,938 |
| Loans sold, servicing retained          | \$12,123 | \$20,203 | \$21,314 | \$19,344 | \$15,989 |
| GOS margin <sup>(1)</sup>               | 3.06%    | 2.59%    | 2.37%    | 2.10%    | 2.14%    |
| Revenue margin <sup>(1)</sup>           | 3.19%    | 2.74%    | 2.56%    | 2.34%    | 2.36%    |
| Value of capitalized servicing retained | 133 bps  | 134 bps  | 128 bps  | 128 bps  | 138 bps  |

## ORIGINATIONS PROFITABILITY [CONT.]

| \$ mm's   | 3Q'20        | 4Q'20        | 1Q'21        | 2Q'21        | 3Q'21        |
|---|--------------|--------------|--------------|--------------|--------------|
| Salaries, wages and benefits                            | \$140        | \$163        | \$167        | \$164        | \$147        |
| Loan originations expenses                              | 20           | 25           | 27           | 26           | 25           |
| Corporate and other general and administrative expenses | 16           | 14           | 20           | 17           | 15           |
| Marketing and professional service fee                  | 14           | 10           | 13           | 13           | 13           |
| Depreciation and amortization                           | 5            | 6            | 4            | 6            | 8            |
| <b>Total expenses</b>                                   | <b>\$195</b> | <b>\$218</b> | <b>\$231</b> | <b>\$226</b> | <b>\$208</b> |
| Funded volume   | \$15,598     | \$24,526     | \$25,133     | \$22,227     | \$19,938     |
| Expenses margin <sup>(1)</sup>                          | 1.25%        | 0.89%        | 0.92%        | 1.01%        | 1.04%        |
| Interest income   | \$16         | \$26         | \$23         | \$26         | \$27         |
| Interest expense  | (15)         | (23)         | (25)         | (23)         | (22)         |
| <b>Total other income (expense), net</b>                | <b>\$1</b>   | <b>\$3</b>   | <b>(\$2)</b> | <b>\$3</b>   | <b>\$5</b>   |
| Funded volume   | \$15,598     | \$24,526     | \$25,133     | \$22,227     | \$19,938     |
| Other income (expense), net margin <sup>(1)</sup>       | 0.01%        | 0.01%        | -0.01%       | 0.01%        | 0.02%        |
| <b>Pretax income from continuing operations</b>         | <b>\$438</b> | <b>\$435</b> | <b>\$362</b> | <b>\$207</b> | <b>\$271</b> |
| Pretax income margin <sup>(2)</sup>                     | 1.95%        | 1.86%        | 1.63%        | 1.34%        | 1.34%        |

# ADJUSTED EBITDA

| \$ mm's                              | 3Q'20        | 4Q'20        | 1Q'21        | 2Q'21        | 3Q'21        |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Consolidated GAAP pretax income      | \$281        | \$247        | \$728        | \$583        | \$399        |
| Other mark-to-market                 | 4            | (20)         | (373)        | 135          | (153)        |
| Adjustments <sup>(1)</sup>           | 54           | 95           | 4            | (494)        | 14           |
| MSR amortization, net <sup>(2)</sup> | 141          | 159          | 175          | 203          | 204          |
| Capitalized servicing rights         | (163)        | (275)        | (288)        | (266)        | (236)        |
| Depreciation and amortization        | 19           | 18           | 16           | 16           | 14           |
| Corporate debt interest expense      | 44           | 38           | 30           | 30           | 30           |
| Other                                | 2            | 3            | 3            | 8            | 7            |
| <b>Adjusted EBITDA</b>               | <b>\$382</b> | <b>\$265</b> | <b>\$295</b> | <b>\$215</b> | <b>\$279</b> |

# 3Q'21 SOURCES AND USES CASH FLOW

| \$mm's  | Servicing    | Originations | Corporate / Other | Consolidated | Illustrative Steady State Discretionary Cashflow |
|---|--------------|--------------|-------------------|--------------|--|
| GAAP pretax income (loss) from continuing operations  | \$197        | \$271        | (\$54)            | \$414        |  |
| Depreciation and amortization                         | 11           | 8            | (5)               | 14           |  |
| Share-based compensation                              | -            | 1            | 6                 | 7            |  |
| Amortization of deferred financing costs              | 1            | -            | 2                 | 3            |  |
| Settlement of excess spread financing                 | (37)         | -            | -                 | (37)         |  |
| MSR amortization                                      | 261          | -            | -                 | 261          |  |
| Total MTM adjustments                                 | (151)        | -            | -                 | (151)        |  |
| Xome valuation gain                                   | -            | -            | (7)               | (7)          |  |
| <b>Business segment cash flow from operations</b>     | <b>\$282</b> | <b>\$280</b> | <b>(\$58)</b>     | <b>\$504</b> | <b>\$504</b>                                     |
| State/local taxes <sup>(1)</sup>                      |              |              |                   | -            | (13)   |
| Total working capital change <sup>(2)</sup>           |              |              |                   | 357          | -  |
| <b>Total sources, net</b>                             |              |              |                   | <b>\$861</b> | <b>\$491</b>                                     |
| Capex   |              |              |                   | (7)          | (7)  |
| Capitalized servicing rights - Originations/EBO       |              |              |                   | (236)        | (236)  |
| MSR purchases, MSR sales, and excess spread financing |              |              |                   | (214)        | 32   |
| Net investment in MSR                                 |              |              |                   | (450)        | (204) <sup>(3)</sup>                             |
| Repurchase of common and preferred stock              |              |              |                   | (396)        | -  |
| <b>Total uses, net</b>                                |              |              |                   | <b>(853)</b> | <b>(211)</b>                                     |
| <b>Change in cash</b>                                 |              |              |                   | <b>\$8</b>   | <b>\$280</b>                                     |
| <b>Change in unrestricted cash</b>                    |              |              |                   | <b>\$15</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, activities from discontinued operations, 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 (\$261) mm forward MSR amortization, \$59 mm excess spread accretion, and (\$2) mm in fair value of excess spread accretion