



Mr. CooperGroup®

# 1Q'23 EARNINGS REVIEW

*April 26, 2023*

# 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 our strategic vision and 2023 EBT guidance. 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. 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.

# FIRST QUARTER HIGHLIGHTS

## Financial

- Reported \$37 million net income, including \$110 million pretax operating income<sup>(1)</sup> and (\$63) million mark-to-market
- Generated ROTCE of 3.8% and operating ROTCE<sup>(1)</sup> of 8.6%
- TBV<sup>(1)</sup> was \$56.72 per share, up 9% y/y
- TNW/assets<sup>(1)</sup> was 31% with record liquidity of \$2.4 billion, up \$640 million since year-end

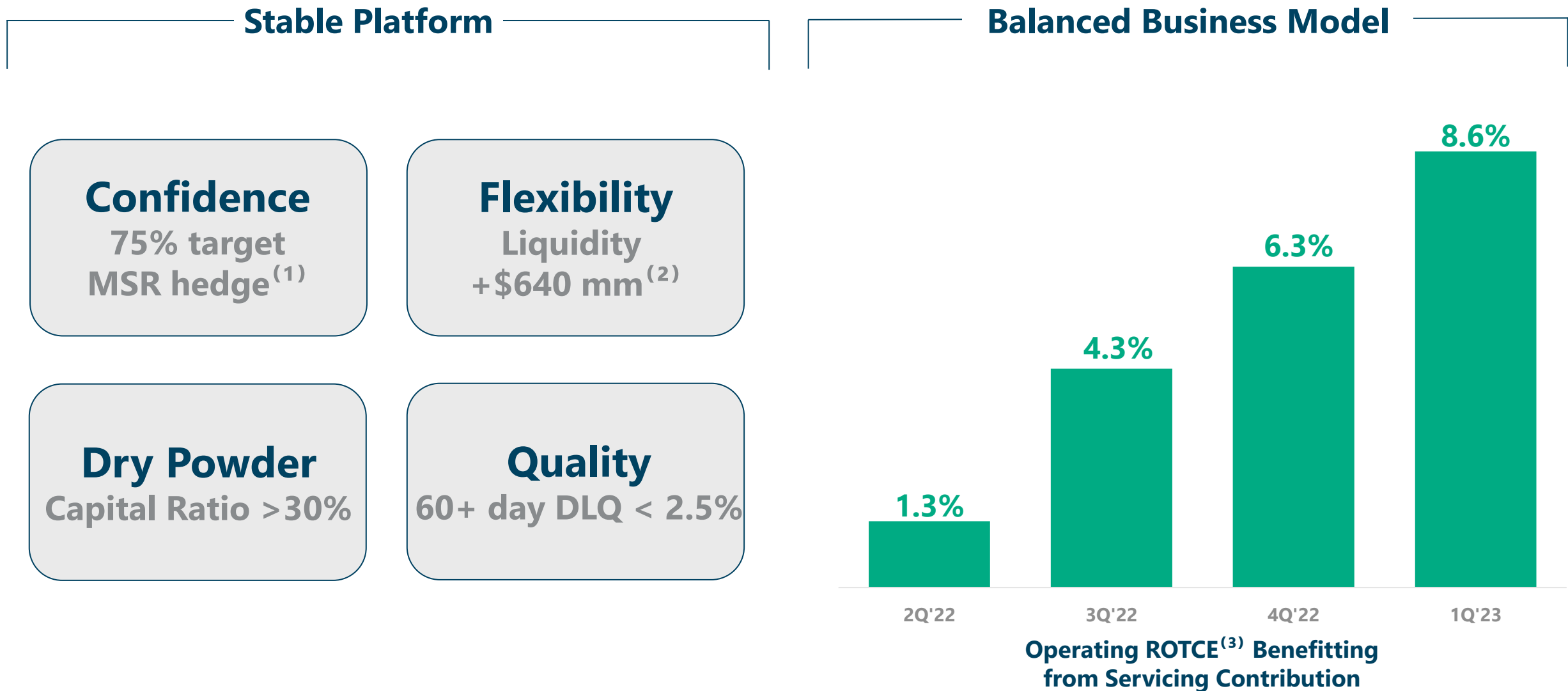
## Operational

- Servicing generated \$157 million pretax operating income<sup>(1)</sup>
- Grew Servicing portfolio to \$853 billion, with \$57 billion acquisitions pending
- Originations generated \$23 million pretax operating income<sup>(1)</sup> on funded volume of \$2.7 billion

## Other

- Repurchased 2.1 million shares of common stock for \$89 million
- Agreed to acquire Rushmore special servicing platform with \$37 billion in contracts
- Achieved CIO 100 Award for technology innovation

# BALANCED BUSINESS MODEL PROVIDES STABILITY DURING VOLATILE MARKETS



# MR. COOPER STRATEGIC VISION

## Perfect the Platform

Through technology, process discipline, and AI

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## Be the Solution

Delight customers with personalized, friction-free service

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## Serve as Source of Strength

Support mortgage and housing market by keeping people in their homes

## The Platform of Choice

Owned MSRs | Subservicing Clients | MSR Investors

**\$1+ Trillion  
Servicing Portfolio**

**12-20%  
ROTCE**

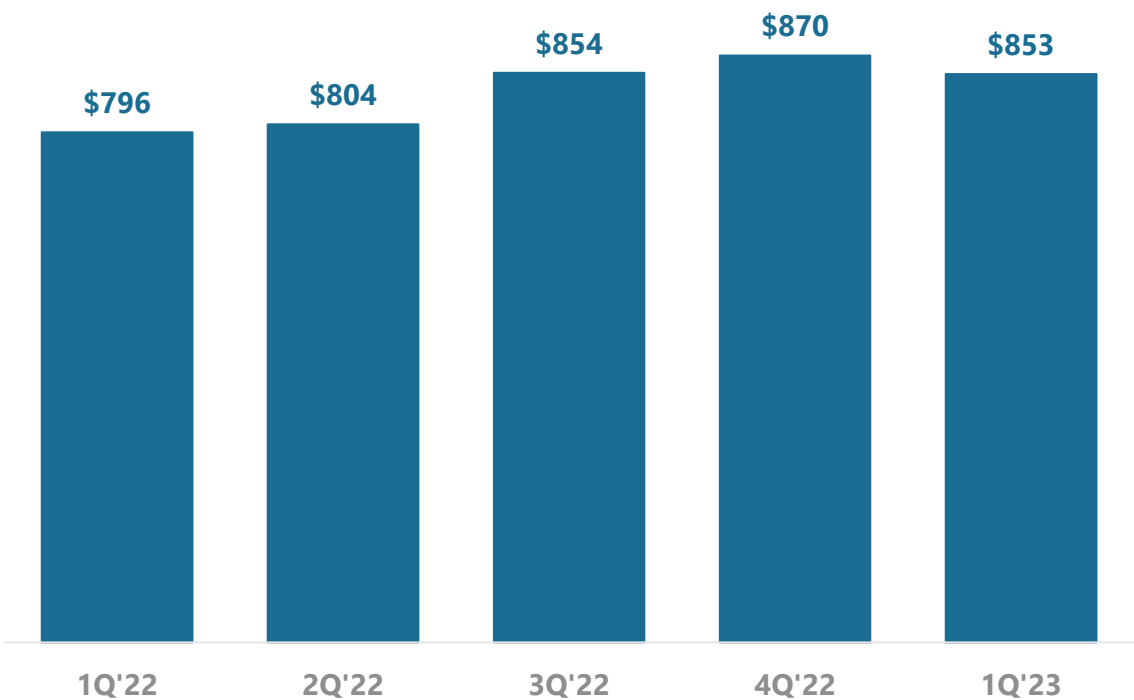
**Lowest  
Cost-to-Serve**

**Customers for Life**

Focus area: investing in DTC to exit this part of the cycle with enhanced capabilities

# PORTFOLIO +7% Y/Y, WITH LARGE ACQUISITIONS PENDING

Servicing Portfolio (UPB in \$ bn's)



**Favorable growth opportunities reflected in large deal pipeline and continued cycle-wide yields for bulk MSR deals**

Boarding Subsequent to Quarter End

**\$57 Billion**

MSR Acquisitions

**\$37 Billion**

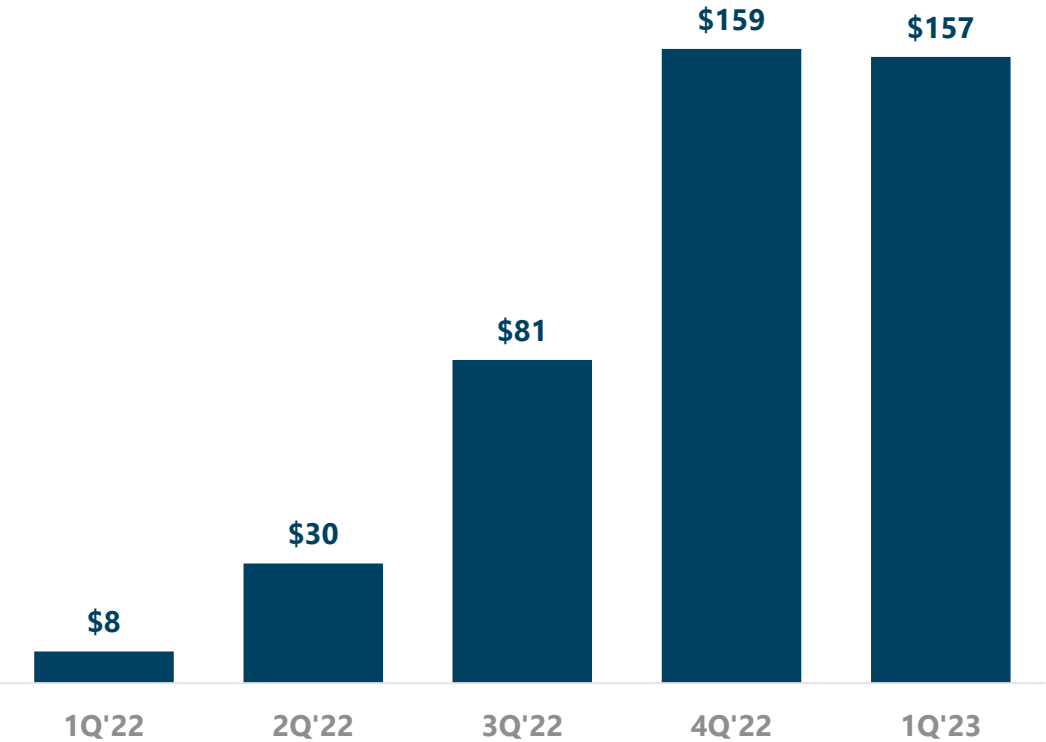
Subservicing Contracts



- Highly rated special servicer with 244,500 loans
- To be combined with RightPath to position Mr. Cooper as a leading special servicer

# CONSISTENT, RECURRING, PREDICTABLE EARNINGS FROM SERVICING

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

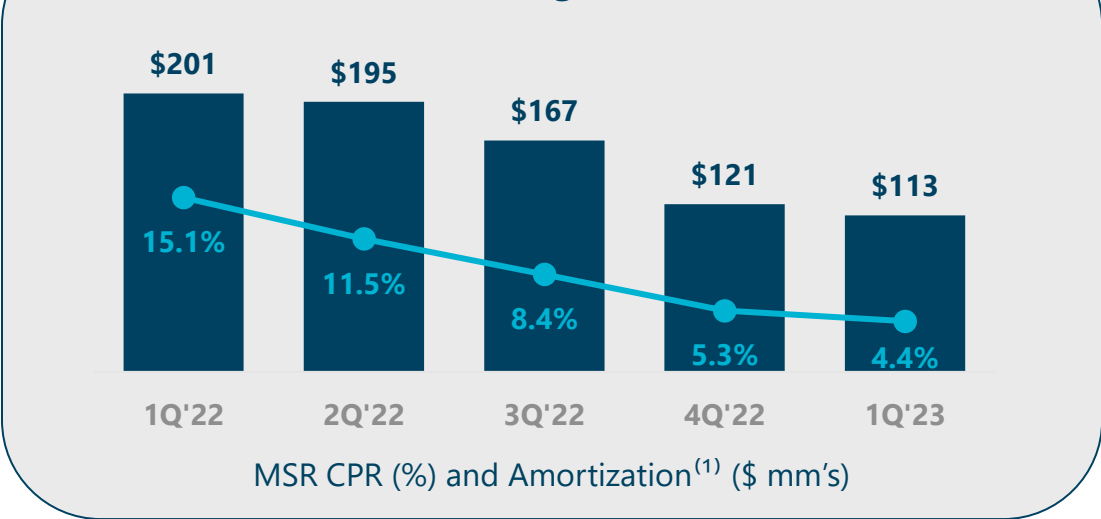


**2023 EBT guidance remains \$600+ mm based on the current forward curve**

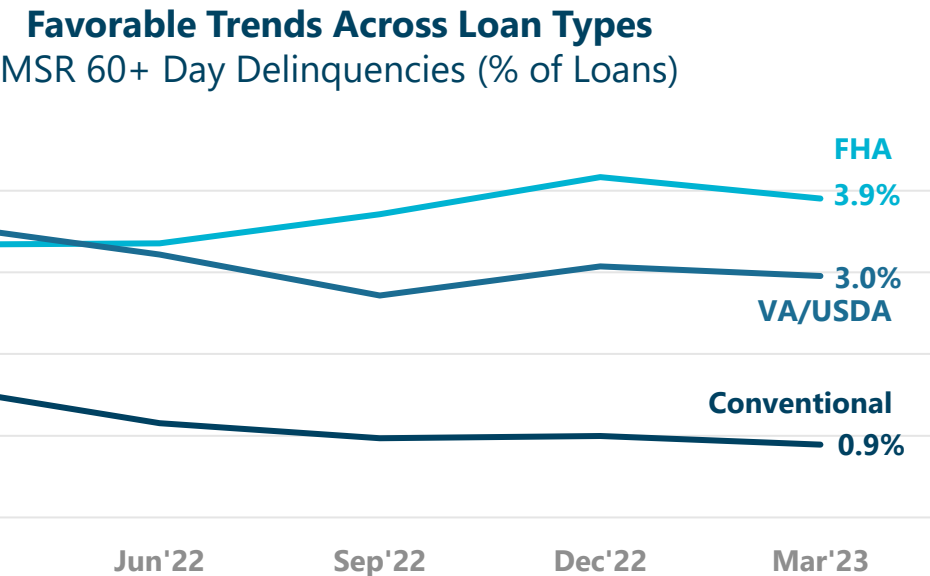
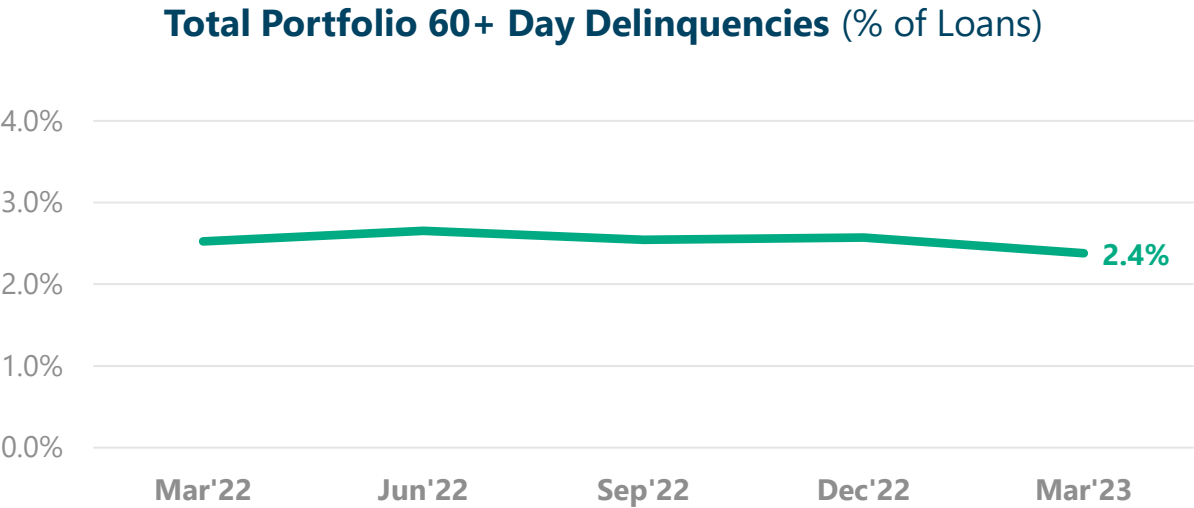
Key Drivers

- Portfolio Growth
- Expense Management
- Custodial Deposits
- Amortization

Amortization Benefitting from Record Low CPR



# PORTFOLIO QUALITY DRIVING 19 BPS DECLINE IN TOTAL DELINQUENCIES Q/Q



**Diversified portfolio with limited concentration risk**

- 52% subservicing, with margins protected by incentive fees
- FHA and VA/USDA MSR rates comprise 9% and 6% of total portfolio, respectively
- FHA/VA borrowers average 38% equity cushion with low note rates averaging 3.6%
- 30% of total portfolio consists of owned conventional loans
- Remaining 3% are PLS loans

**Strong year-over-year quality trends**

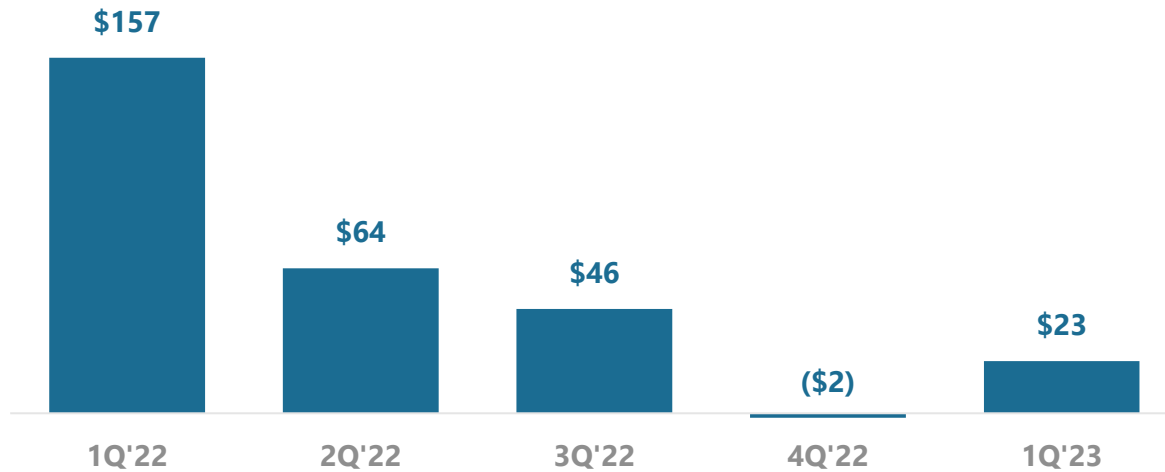
- Weighted-average FICO score remained flat at 725
- Weighted average CLTV decreased from 55.7% to 53.5%

**Well-positioned for adverse environment with high-quality portfolio, loss mitigation capacity, and special servicing**

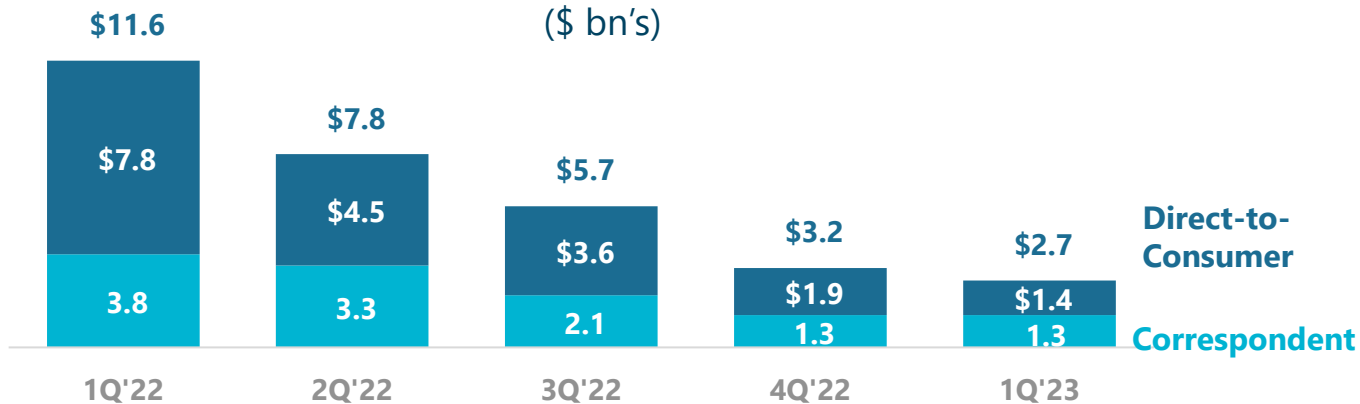


# ORIGINATIONS BENEFITED FROM STRONG DTC EXECUTION

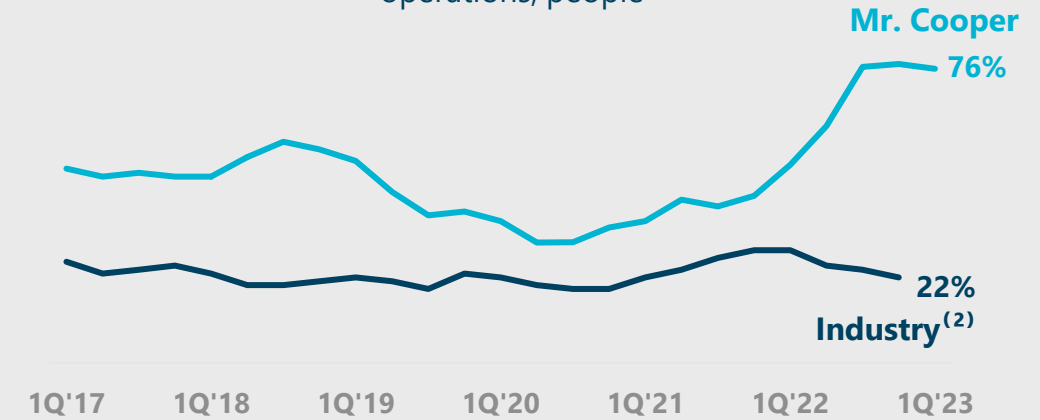
## Origination Pretax Operating Income<sup>(1)</sup> Rebounds (\$ mm's)



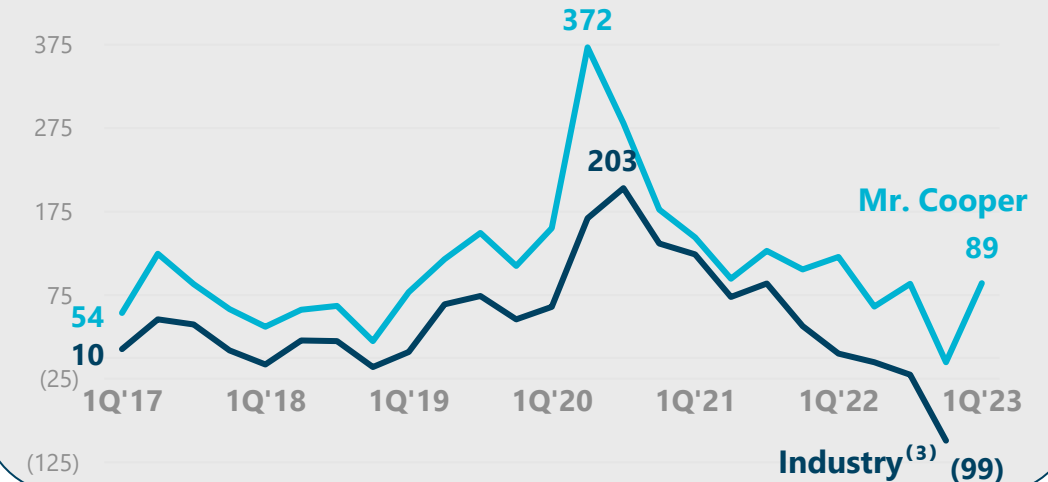
## Funded Volume Stabilized in 1Q'23 (\$ bn's)



## Continued Strong DTC Refi Recapture Industry-leading performance reflects strong technology, operations, people

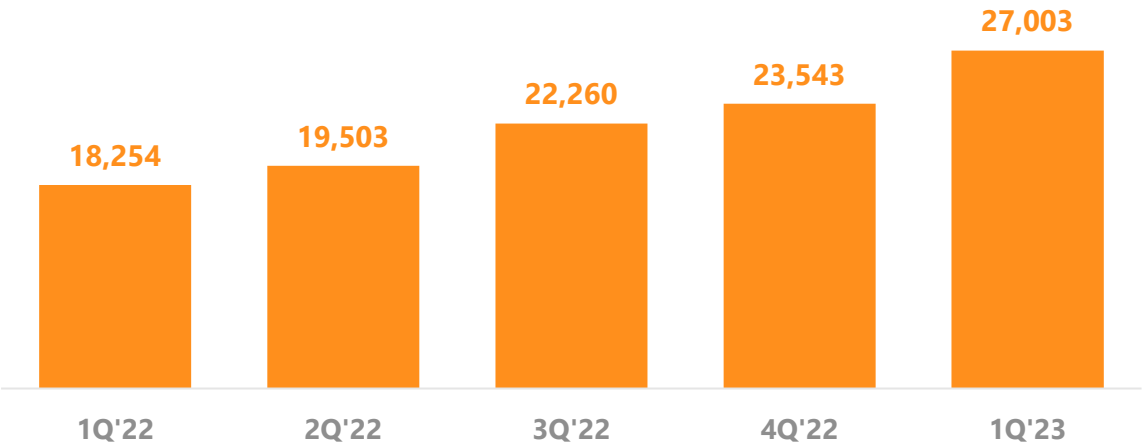


## Consistent Outperformance in Originations Margins (bps)

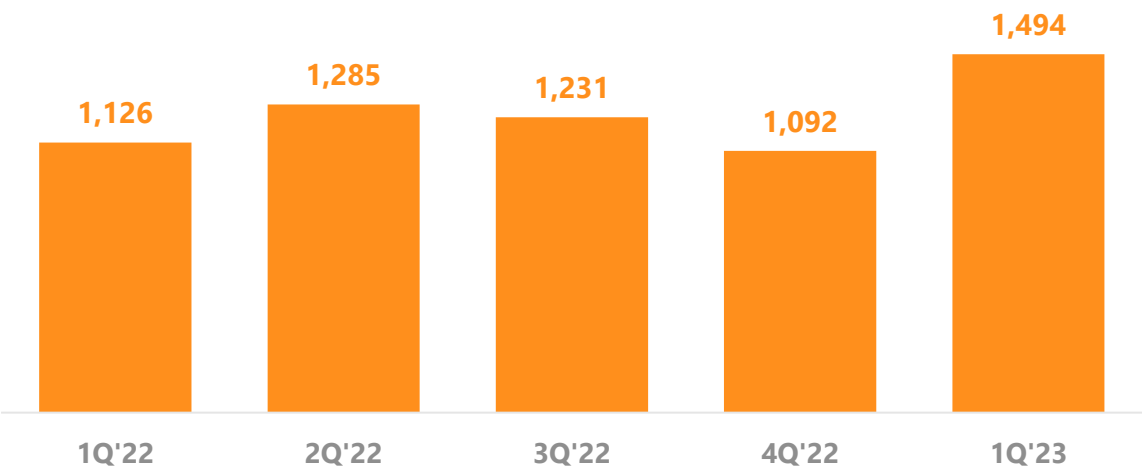


# XOME EXCHANGE PROPERTY SALES +37% Q/Q

Inventory Gains from Rising Market Share and Record Client Inflows...



...Leading to Growing Sales Momentum



Stronger Activity Q/Q

+53% Average Daily Auction Traffic

+39% Bids per Asset

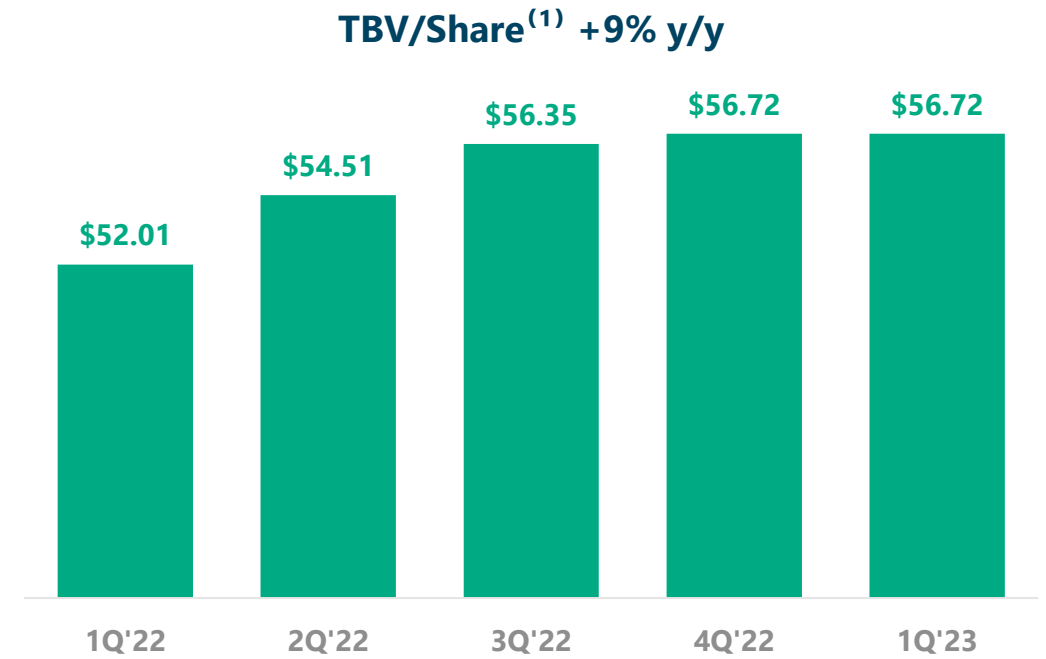
+2% New Users

Higher Pull-Through Rates

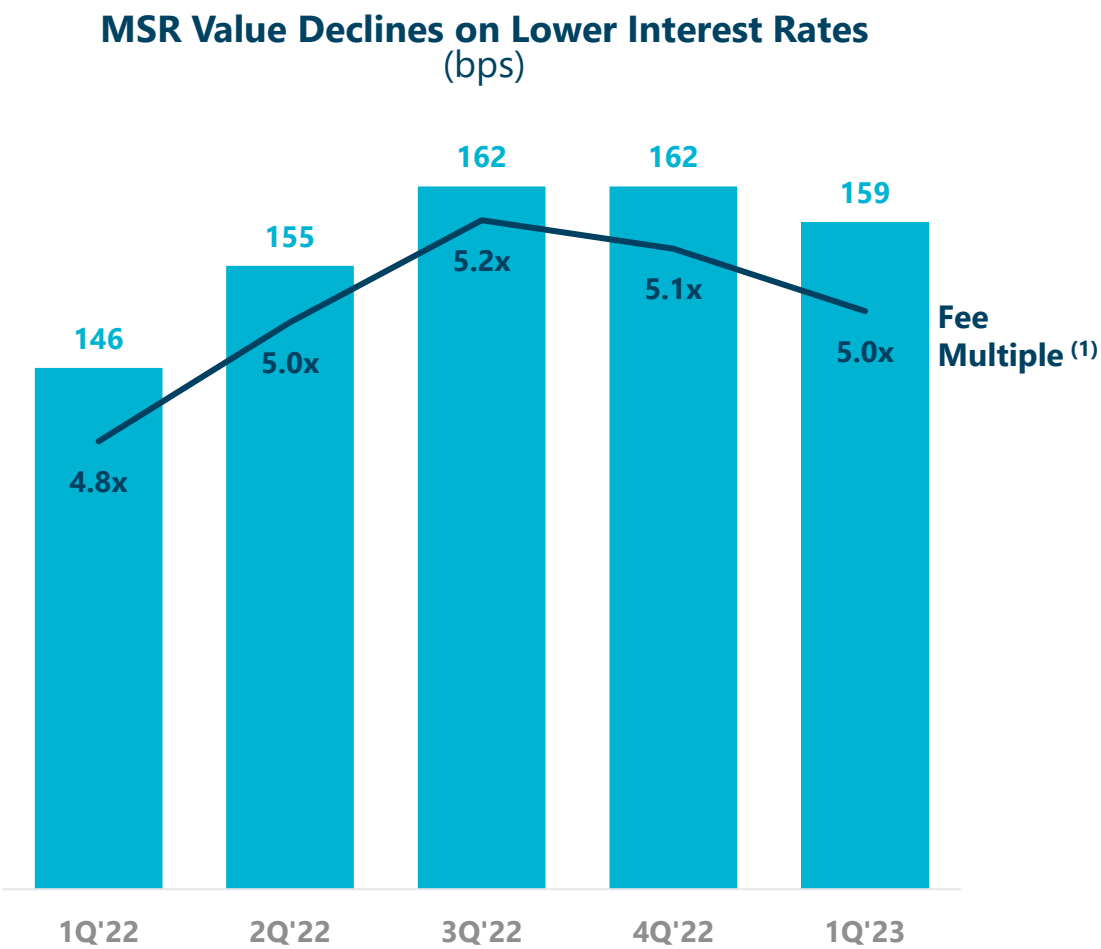
# SUMMARY 1Q'23 FINANCIAL RESULTS

| \$ mm's, except per share data               | 1Q'23        | 4Q'22       |
|--|--------------|-------------|
| Servicing                                    | \$157        | \$159       |
| Originations                                 | 23           | (2)         |
| Corporate debt interest expense              | (39)         | (39)        |
| Corporate expense/other                      | (31)         | (36)        |
| <b>Pretax operating income<sup>(1)</sup></b> | <b>\$110</b> | <b>\$82</b> |
| Other mark-to-market                         | (63)         | (58)        |
| Adjustments                                  | (11)         | (33)        |
| Intangible amortization                      | (1)          | (1)         |
| Pretax income (loss)                         | \$35         | (\$10)      |
| Income tax benefit                           | 2            | 11          |
| <b>Net income</b>                            | <b>\$37</b>  | <b>\$1</b>  |
| Weighted average diluted sharecount          | 70.5         | 71.6        |
| Diluted EPS <sup>(2)</sup>                   | \$0.52       | \$0.01      |
| ROTCE <sup>(1)</sup>                         | 3.8%         | 0.1%        |
| <b>Operating ROTCE<sup>(1)(3)</sup></b>      | <b>8.6%</b>  | <b>6.3%</b> |

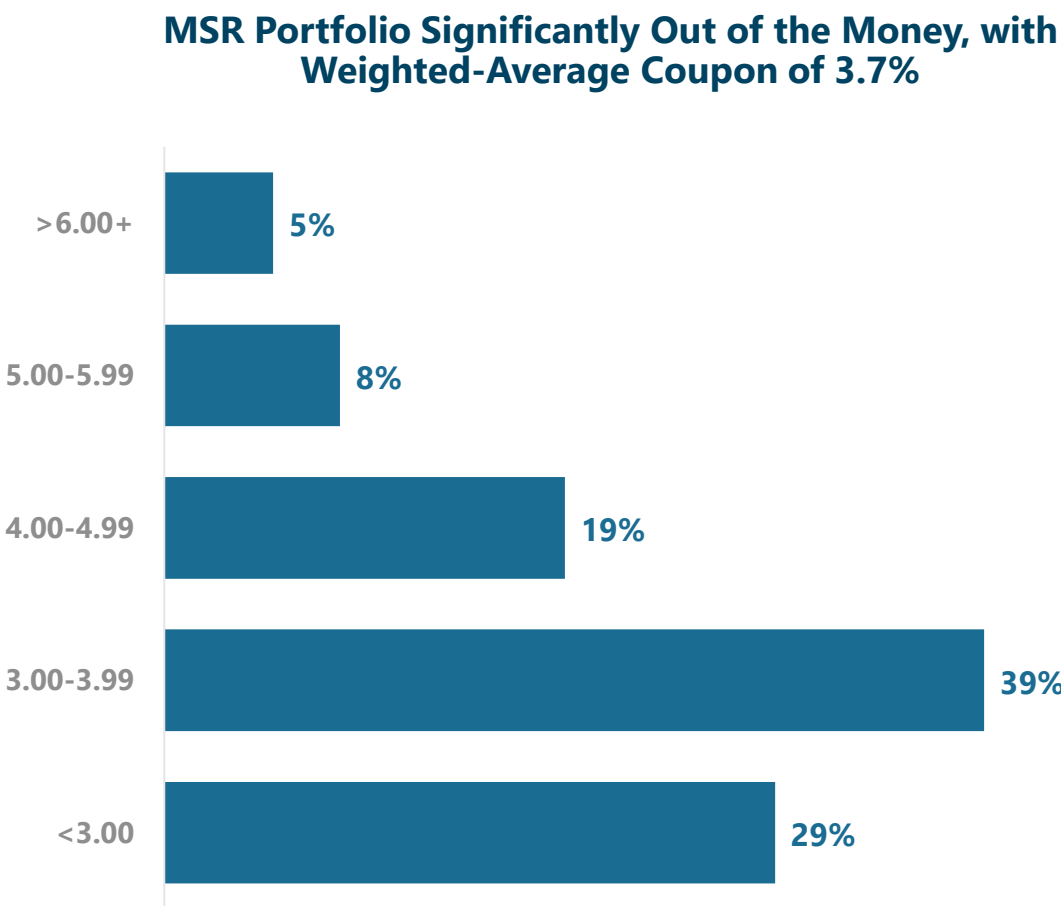
- Adjustments consisted of \$10 million loss associated with equity investments and \$1 million severance charge



# MSR VALUE DOWN ON LOWER INTEREST RATES

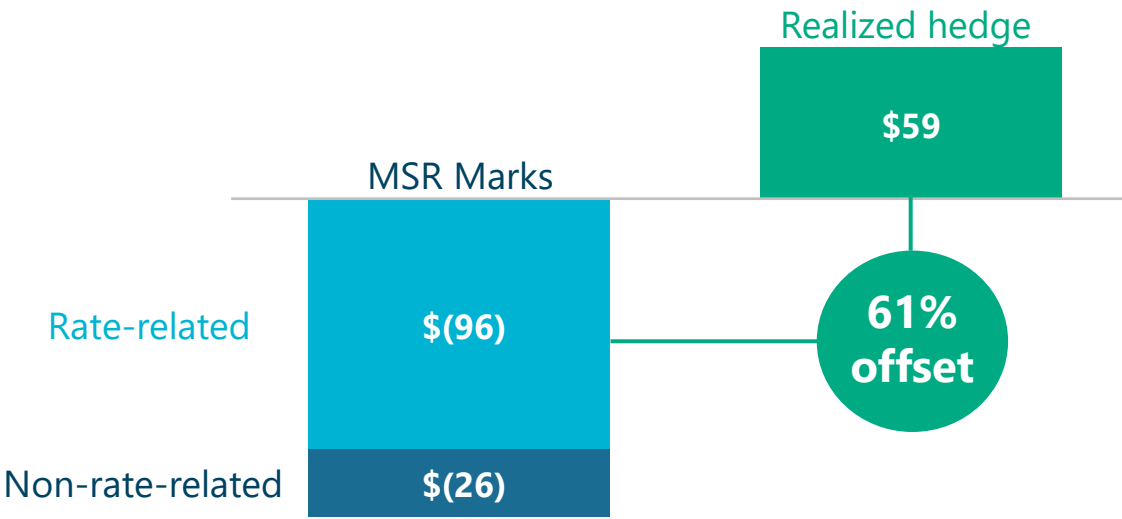


- 30-year fixed mortgage rate decreased 17 bps and 2-year swap rates decreased 35 bps q/q



# MSR HEDGE INTENDED TO LIMIT RISK TO CAPITAL AND TBV

## 1Q'23 MSR Results (\$ mm)



## Hypothetical P&L Effect from Instantaneous Parallel Rate Shock with 75% Target Hedge

| Rate Shock (bps) | (200)   | (150)   | (100)   | (50)    |
|------------------|---------|---------|---------|---------|
| (\$ mm's)        |         |         |         |         |
| Unhedged MSR P&L | (\$678) | (\$489) | (\$299) | (\$149) |
| Hedged MSR P&L   | (\$224) | (\$150) | (\$76)  | (\$39)  |

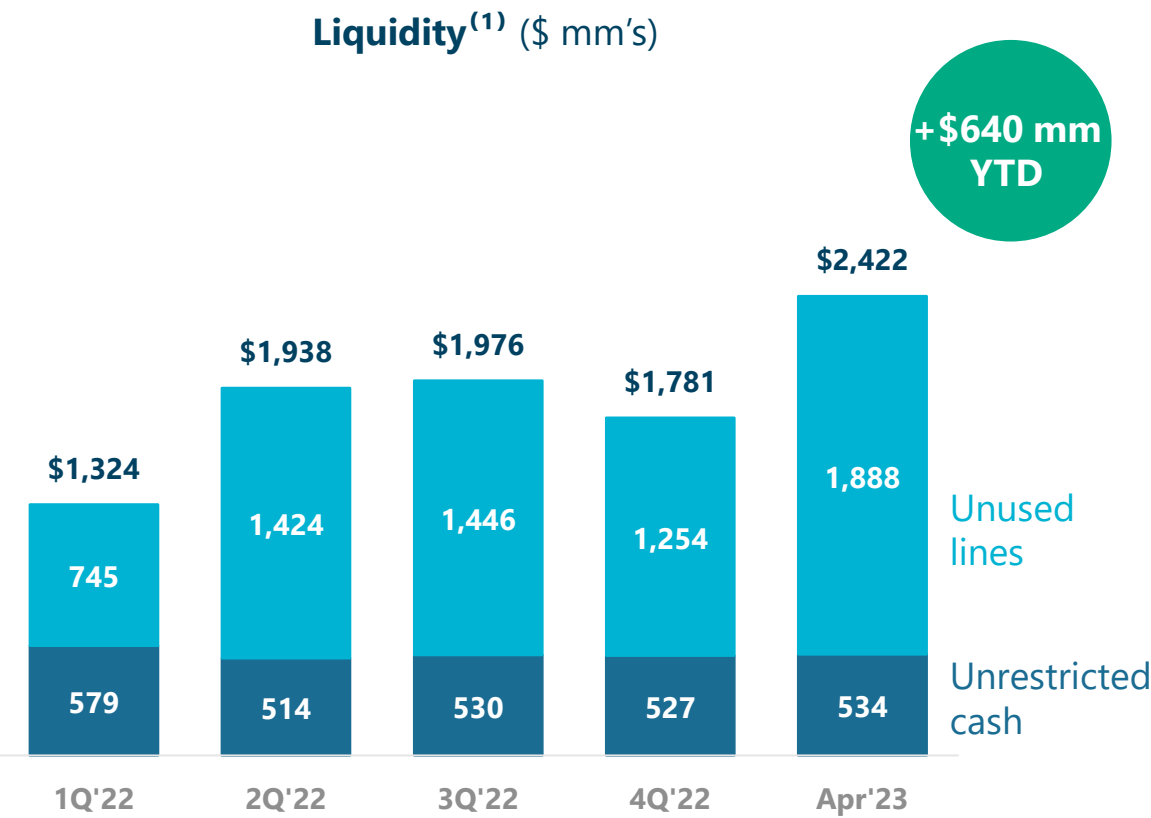
Hedging strategy designed to protect against unexpected rate moves

Current target hedge of 75% up from 25% in early February

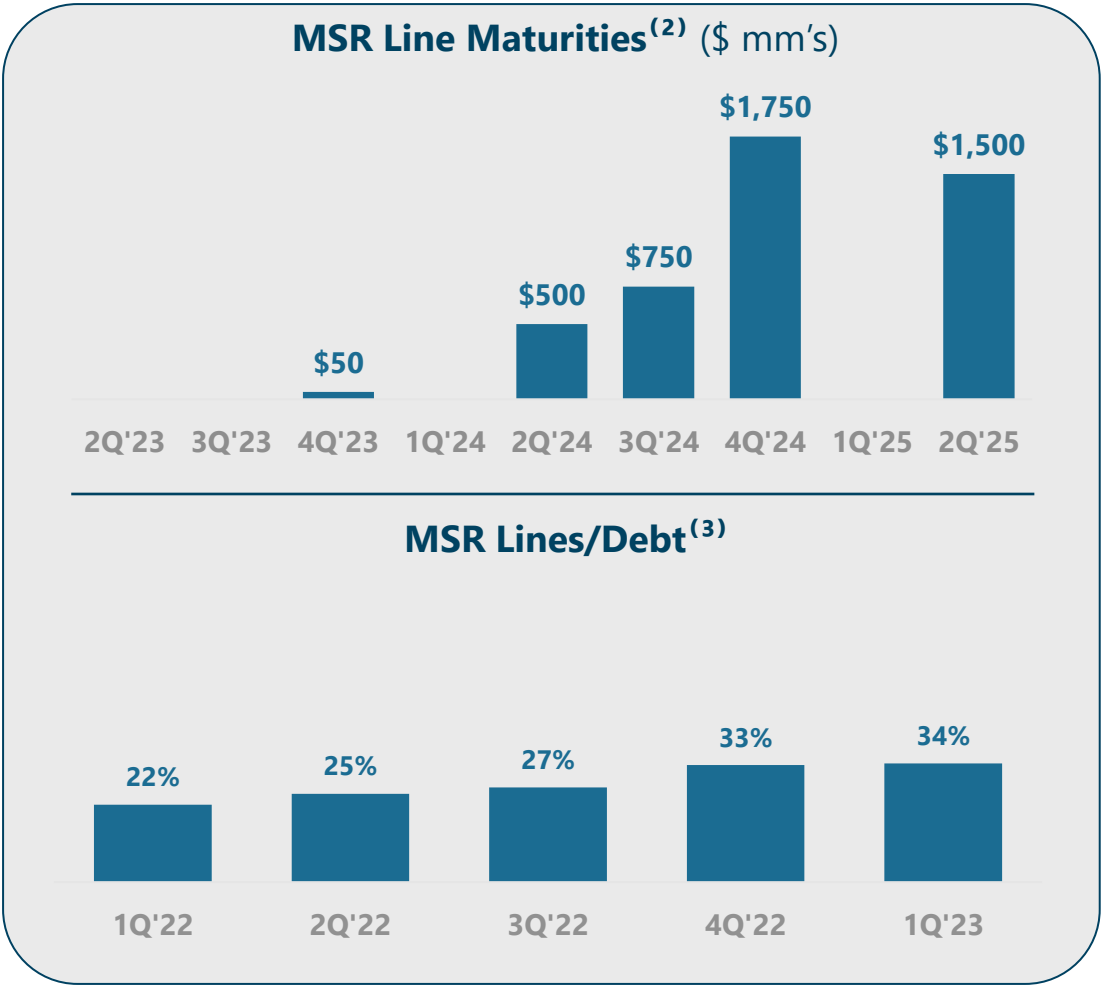
Hedge position was 69% at 3/31/23, in line with policy limit of +/- 10%

Hedge consists of mix of TBAs, treasury futures, and swap futures designed to minimize basis risk

# RECORD LIQUIDITY FOLLOWING FACILITY UPSIZE



- Liquidity increased \$641 mm after \$1.5 billion of new MSR financing capacity increases

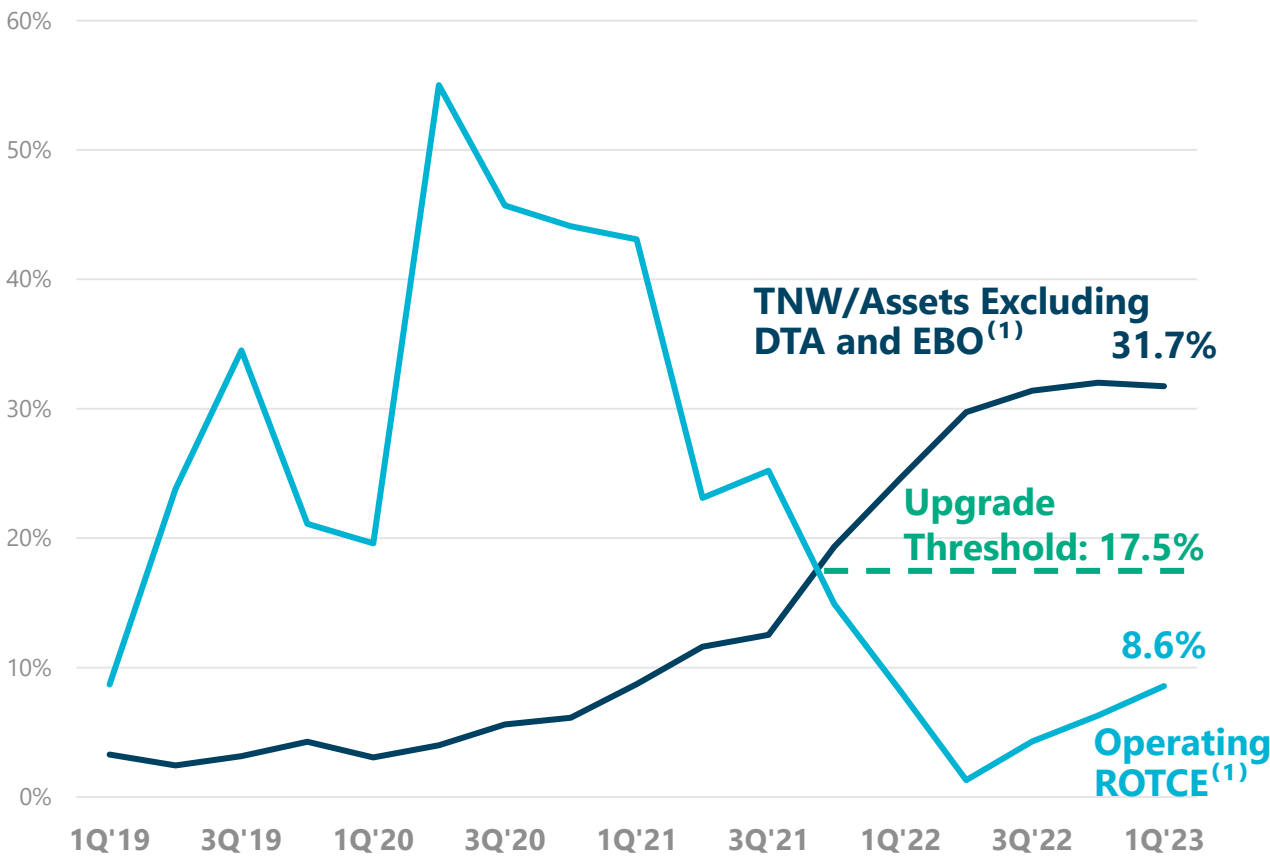


<sup>(1)</sup> Liquidity includes unrestricted cash and collateralized, but undrawn, availability on MSR, advance and warehouse lines. Apr'23 includes \$302 mm in unused line increases subsequent to quarter end.

<sup>(2)</sup> Subsequent to quarter-end, 3Q'24 increased from \$500 mm to \$750 mm, 2Q'25 increased from \$600 mm to \$1 bn and a new \$500 mm line was added.

<sup>(3)</sup> Please see appendix for reconciliations of non-GAAP items

# STRONG CAPITAL POSITIONS US FOR ACCRETIVE INVESTMENTS



## Leverage Options

MSR Lines

Excess Spread

High Yield

Xome

## Capital Deployment

MSR Acquisitions

Stock Repurchase

# *Appendix*



# BALANCE SHEET

| \$ mm's   | 1Q'22    | 2Q'22    | 3Q'22    | 4Q'22    | 1Q'23    |
|---|----------|----------|----------|----------|----------|
| Cash and cash equivalents                           | \$579    | \$514    | \$530    | \$527    | \$534    |
| Restricted cash                                     | 130      | 115      | 148      | 175      | 133      |
| Mortgage servicing rights at fair value             | 6,006    | 6,151    | 6,408    | 6,654    | 6,566    |
| Advances and other receivables, net of reserves     | 1,044    | 892      | 831      | 1,019    | 933      |
| Mortgage loans held for sale at fair value          | 3,593    | 2,072    | 1,581    | 893      | 937      |
| Property and equipment, net                         | 75       | 72       | 69       | 65       | 64       |
| Deferred tax asset, net                             | 794      | 750      | 711      | 703      | 707      |
| Other assets  | 2,269    | 2,329    | 2,537    | 2,740    | 2,783    |
| Total assets  | \$14,490 | \$12,895 | \$12,815 | \$12,776 | \$12,657 |
| Unsecured senior notes, net                         | \$2,670  | \$2,672  | \$2,673  | \$2,673  | \$2,675  |
| Advance facilities and warehouse facilities, net    | 4,795    | 3,407    | 3,070    | 2,885    | 2,934    |
| Payables and other liabilities                      | 2,203    | 2,223    | 2,428    | 2,633    | 2,550    |
| MSR related liabilities - nonrecourse at fair value | 845      | 556      | 539      | 528      | 512      |
| Total liabilities                                   | 10,513   | 8,858    | 8,710    | 8,719    | 8,671    |
| Total stockholders' equity                          | 3,977    | 4,037    | 4,105    | 4,057    | 3,986    |
| Total liabilities and stockholders' equity          | \$14,490 | \$12,895 | \$12,815 | \$12,776 | \$12,657 |

## SEGMENT OPERATING INCOME AND NON-GAAP RECONCILIATION

| \$ mm's   | Servicing    | Originations | Corporate / Other | Consolidated |
|---|--------------|--------------|-------------------|--------------|
| Service related, net, excluding MTM                   | \$292        | \$11         | \$19              | \$322        |
| Net gain on mortgage loans held for sale              | -            | 69           | -                 | 69           |
| Operating revenue excluding MTM                       | 292          | 80           | 19                | 391          |
| Salaries, wages, and benefits                         | 82           | 34           | 32                | 148          |
| General and administrative                            | 71           | 22           | 20                | 113          |
| Total expenses  | 153          | 56           | 52                | 261          |
| Interest income / other                               | 79           | 6            | -                 | 85           |
| Interest expense                                      | (63)         | (7)          | (40)              | (110)        |
| Other expense, net                                    | -            | -            | (9)               | (9)          |
| Total other income (expenses), net                    | 16           | (1)          | (49)              | (34)         |
| Pretax income (loss) before MTM                       | 155          | 23           | (82)              | 96           |
| Fair value of excess spread accretion                 | 2            | -            | -                 | 2            |
| Other MTM   | (63)         | -            | -                 | (63)         |
| MTM   | (61)         | -            | -                 | (61)         |
| <b>Pretax income (loss) from operations</b>           | <b>94</b>    | <b>23</b>    | <b>(82)</b>       | <b>35</b>    |
| Other MTM   | 63           | -            | -                 | 63           |
| Adjustments   | -            | -            | 11                | 11           |
| Intangible amortization                               | -            | -            | 1                 | 1            |
| <b>Pretax operating income (loss) from operations</b> | <b>\$157</b> | <b>\$23</b>  | <b>(\$70)</b>     | <b>\$110</b> |

# TANGIBLE BOOK VALUE (TBV) AND TNW/ASSETS

| \$ mm's except for per share data   | 1Q'22          | 2Q'22          | 3Q'22          | 4Q'22          | 1Q'23          |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Stockholders' equity</b>   | <b>\$3,977</b> | <b>\$4,037</b> | <b>\$4,105</b> | <b>\$4,057</b> | <b>\$3,986</b> |
| Goodwill  | (120)          | (120)          | (120)          | (120)          | (120)          |
| Intangible assets   | (13)           | (11)           | (9)            | (8)            | (6)            |
| <b>Tangible book value (TBV)</b>  | <b>\$3,844</b> | <b>\$3,906</b> | <b>\$3,976</b> | <b>\$3,929</b> | <b>\$3,860</b> |
| Ending outstanding sharecount (mm's)  | 73.9           | 71.7           | 70.6           | 69.3           | 68.1           |
| TBV/share   | \$52.01        | \$54.51        | \$56.35        | \$56.72        | \$56.72        |
| Assets  | \$14,490       | \$12,895       | \$12,815       | \$12,776       | \$12,657       |
| Loans subject to repurchase from GNMA   | \$1,175        | \$1,400        | \$1,575        | \$1,865        | \$1,889        |
| Tangible assets <sup>(1)</sup>  | \$14,357       | \$12,764       | \$12,686       | \$12,648       | \$12,531       |
| Deferred tax assets, net  | \$794          | \$750          | \$711          | \$703          | \$707          |
| TNW/Assets <sup>(2)</sup>   | 26.8%          | 30.6%          | 31.3%          | 31.1%          | 30.8%          |
| TNW/Assets <sup>(2)</sup> excluding DTA and loans subject to repurchase from GNMA | 24.6%          | 29.7%          | 31.4%          | 32.0%          | 31.7%          |
| Operating lease liabilities   | \$115          | \$119          | \$107          | \$111          | \$106          |
| MSR line draws  | 800            | 950            | 1,040          | 1,410          | 1,440          |
| Unsecured senior notes principal  | 2,700          | 2,700          | 2,700          | 2,700          | 2,700          |
| Debt  | \$3,615        | \$3,769        | \$3,847        | \$4,221        | \$4,246        |
| MSR line draws/Debt   | 22%            | 25%            | 27%            | 33%            | 34%            |

# ROTCE RECONCILIATION

| \$ mm's                            | 2Q'22          | 3Q'22          | 4Q'22          | 1Q'23          |
|------------------------------------|----------------|----------------|----------------|----------------|
| Pretax income                      | \$205          | \$153          | (\$10)         | \$35           |
| Income tax benefit                 | (54)           | (40)           | 11             | 2              |
| Net income                         | \$151          | \$113          | \$1            | \$37           |
| <b>ROCE<sup>(1)</sup></b>          | <b>15.1%</b>   | <b>11.1%</b>   | <b>0.1%</b>    | <b>3.7%</b>    |
| <b>ROTCE</b>                       | <b>15.6%</b>   | <b>11.5%</b>   | <b>0.1%</b>    | <b>3.8%</b>    |
| Pretax income                      | \$205          | \$153          | (\$10)         | \$35           |
| Other mark-to-market               | (196)          | (122)          | 58             | 63             |
| Adjustments                        | 7              | 23             | 33             | 11             |
| Intangible amortization            | 1              | 2              | 1              | 1              |
| Pretax operating income            | \$17           | \$56           | \$82           | \$110          |
| Income tax expense <sup>(2)</sup>  | (4)            | (14)           | (20)           | (27)           |
| Fully-taxed operating income       | \$13           | \$42           | \$62           | \$83           |
| <b>Operating ROTCE</b>             | <b>1.3%</b>    | <b>4.3%</b>    | <b>6.3%</b>    | <b>8.6%</b>    |
| <b>Average book value</b>          | <b>\$4,007</b> | <b>\$4,071</b> | <b>\$4,081</b> | <b>\$4,022</b> |
| <b>Average tangible book value</b> | <b>\$3,875</b> | <b>\$3,941</b> | <b>\$3,953</b> | <b>\$3,895</b> |

ROTCE is a non-GAAP financial measure that is computed by dividing annualized earnings by average tangible common equity (tangible book value). Operating ROTCE is a non-GAAP financial measure that is computed by dividing annualized fully-taxed operating 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 and operational ROTCE are useful financial measures because they measure the performance of a business consistently and enables investors and others to assess the Company's use of equity.

# SERVICING NON-GAAP RECONCILIATION

| \$ mm's   | 1Q'22          |               | 2Q'22          |              | 3Q'22          |              | 4Q'22          |              | 1Q'23          |              |
|---|----------------|---------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|
|   | \$             | Bps           | \$             | Bps          | \$             | Bps          | \$             | Bps          | \$             | Bps          |
| <b>Pretax income from operations</b>                                      | <b>\$559</b>   | <b>29.8</b>   | <b>\$226</b>   | <b>11.4</b>  | <b>\$203</b>   | <b>9.9</b>   | <b>\$98</b>    | <b>4.5</b>   | <b>\$94</b>    | <b>4.4</b>   |
| Mark-to-market (MTM)  | (553)          | (29.5)        | (200)          | (10.1)       | (124)          | (6.0)        | 56             | 2.6          | 61             | 2.9          |
| Fair value of excess spread accretion                                     | 1              | 0.1           | 4              | 0.2          | 2              | 0.1          | 2              | 0.1          | 2              | 0.1          |
| Accounting items  | 1              | 0.1           | -              | -            | -              | -            | 3              | 0.1          | -              | -            |
| <b>Pretax income excluding MTM and other notable items</b>                | <b>\$8</b>     | <b>0.5</b>    | <b>\$30</b>    | <b>1.5</b>   | <b>\$81</b>    | <b>4.0</b>   | <b>\$159</b>   | <b>7.3</b>   | <b>\$157</b>   | <b>7.4</b>   |
| Average UPB (\$bn)  | \$749          |               | \$796          |              | \$823          |              | \$868          |              | \$861          |              |
| <b>Amortization Reconciliation</b>  |                |               |                |              |                |              |                |              |                |              |
| MSR amortization  | (\$235)        | (12.5)        | (\$226)        | (11.4)       | (\$183)        | (8.9)        | (\$135)        | (6.2)        | (\$125)        | (5.8)        |
| Excess spread accretion   | 33             | 1.8           | 27             | 1.4          | 14             | 0.7          | 12             | 0.5          | 10             | 0.5          |
| Total amortization  | (202)          | (10.7)        | (199)          | (10.0)       | (169)          | (8.2)        | (123)          | (5.7)        | (115)          | (5.3)        |
| Fair value of excess spread accretion                                     | 1              | 0.1           | 4              | 0.2          | 2              | 0.1          | 2              | 0.1          | 2              | 0.1          |
| <b>Total amortization including fair value of excess spread accretion</b> | <b>(\$201)</b> | <b>(10.6)</b> | <b>(\$195)</b> | <b>(9.8)</b> | <b>(\$167)</b> | <b>(8.1)</b> | <b>(\$121)</b> | <b>(5.6)</b> | <b>(\$113)</b> | <b>(5.2)</b> |

# SERVICING PROFITABILITY

| \$ mm's  | 1Q'22        |             | 2Q'22        |             | 3Q'22        |             | 4Q'22        |            | 1Q'23        |             |
|--|--------------|-------------|--------------|-------------|--------------|-------------|--------------|------------|--------------|-------------|
|  | \$           | Bps         | \$           | Bps         | \$           | Bps         | \$           | Bps        | \$           | Bps         |
| <b>Operational Revenue</b>                           |              |             |              |             |              |             |              |            |              |             |
| Base servicing fees                                  | \$272        | 14.5        | \$324        | 16.3        | \$311        | 15.1        | \$320        | 14.8       | \$327        | 15.2        |
| Modification fees                                    | 5            | 0.3         | 4            | 0.2         | 2            | 0.1         | 2            | 0.1        | 3            | 0.1         |
| Late payment fees                                    | 15           | 0.8         | 15           | 0.8         | 15           | 0.7         | 14           | 0.6        | 16           | 0.7         |
| Other ancillary revenues                             | 42           | 2.2         | 15           | 0.8         | (4)          | (0.2)       | -            | -          | 10           | 0.5         |
| Total MSR operational revenue                        | 334          | 17.8        | 358          | 18.1        | 324          | 15.7        | 336          | 15.5       | 356          | 16.5        |
| Base subservicing fee and other subservicing revenue | 69           | 3.7         | 68           | 3.4         | 71           | 3.5         | 75           | 3.4        | 69           | 3.3         |
| Total servicing fee revenue                          | 403          | 21.5        | 426          | 21.5        | 395          | 19.2        | 411          | 18.9       | 425          | 19.8        |
| MSR financing liability costs                        | (5)          | (0.3)       | (5)          | (0.3)       | (4)          | (0.2)       | (5)          | (0.2)      | (8)          | (0.4)       |
| Excess spread payments and portfolio runoff          | (33)         | (1.8)       | (27)         | (1.4)       | (14)         | (0.7)       | (12)         | (0.5)      | (10)         | (0.5)       |
| Total operational revenue                            | 365          | 19.4        | 394          | 19.8        | 377          | 18.3        | 394          | 18.2       | 407          | 18.9        |
| <b>Amortization</b>                                  |              |             |              |             |              |             |              |            |              |             |
| MSR amortization                                     | (235)        | (12.5)      | (226)        | (11.4)      | (183)        | (8.9)       | (135)        | (6.2)      | (125)        | (5.8)       |
| Excess spread accretion                              | 33           | 1.8         | 27           | 1.4         | 14           | 0.7         | 12           | 0.5        | 10           | 0.5         |
| Total amortization                                   | (202)        | (10.7)      | (199)        | (10.0)      | (169)        | (8.2)       | (123)        | (5.7)      | (115)        | (5.3)       |
| <b>Mark-to-Market Adjustments</b>                    |              |             |              |             |              |             |              |            |              |             |
| MSR fair value MTM                                   | 798          | 42.6        | 326          | 16.4        | 239          | 11.6        | (35)         | (1.6)      | (105)        | (4.9)       |
| MTM adjustment <sup>(1)</sup>                        | (146)        | (7.8)       | (94)         | (4.7)       | (112)        | (5.5)       | (13)         | (0.6)      | 50           | 2.3         |
| Excess spread / financing MTM                        | (99)         | (5.3)       | (32)         | (1.6)       | (3)          | (0.1)       | (8)          | (0.4)      | (6)          | (0.3)       |
| Total MTM adjustments                                | 553          | 29.5        | 200          | 10.1        | 124          | 6.0         | (56)         | (2.6)      | (61)         | (2.9)       |
| <b>Total revenues</b>                                | <b>\$716</b> | <b>38.2</b> | <b>\$395</b> | <b>19.9</b> | <b>\$332</b> | <b>16.1</b> | <b>\$215</b> | <b>9.9</b> | <b>\$231</b> | <b>10.7</b> |
| Average UPB (\$bn)                                   | \$749        |             | \$796        |             | \$823        |             | \$868        |            | \$861        |             |

## SERVICING PROFITABILITY [CONT.]

| \$ mm's   | 1Q'22         |              | 2Q'22         |              | 3Q'22        |            | 4Q'22        |            | 1Q'23        |            |
|---|---------------|--------------|---------------|--------------|--------------|------------|--------------|------------|--------------|------------|
|   | \$            | Bps          | \$            | Bps          | \$           | Bps        | \$           | Bps        | \$           | Bps        |
| Salaries, wages and benefits                            | \$75          | 4.0          | \$84          | 4.2          | \$82         | 4.0        | \$83         | 3.8        | \$82         | 3.8        |
| Servicing support fees                                  | 11            | 0.6          | 24            | 1.2          | 21           | 1.0        | 20           | 1.0        | 16           | 0.7        |
| Corporate and other general and administrative expenses | 25            | 1.3          | 32            | 1.6          | 29           | 1.4        | 39           | 1.8        | 42           | 2.0        |
| Foreclosure and other liquidation related expenses      | 6             | 0.3          | (2)           | (0.1)        | 9            | 0.4        | 3            | 0.1        | 11           | 0.5        |
| Depreciation and amortization                           | 5             | 0.3          | 5             | 0.3          | 6            | 0.3        | 2            | 0.1        | 2            | 0.1        |
| Total general and administrative expenses               | 47            | 2.5          | 59            | 3.0          | 65           | 3.1        | 64           | 3.0        | 71           | 3.3        |
| <b>Total expenses</b>                                   | <b>\$122</b>  | <b>6.5</b>   | <b>\$143</b>  | <b>7.2</b>   | <b>\$147</b> | <b>7.1</b> | <b>\$147</b> | <b>6.8</b> | <b>\$153</b> | <b>7.1</b> |
| Interest income   | \$19          | 1.0          | \$35          | 1.8          | \$71         | 3.5        | \$83         | 3.8        | \$79         | 3.7        |
| Advance interest expense                                | (6)           | (0.3)        | (8)           | (0.4)        | (8)          | (0.4)      | (9)          | (0.4)      | (14)         | (0.6)      |
| Other interest expense                                  | (48)          | (2.6)        | (53)          | (2.7)        | (45)         | (2.2)      | (44)         | (2.0)      | (49)         | (2.3)      |
| Interest expense  | (54)          | (2.9)        | (61)          | (3.1)        | (53)         | (2.6)      | (53)         | (2.4)      | (63)         | (2.9)      |
| <b>Total other (expenses) income, net</b>               | <b>(\$35)</b> | <b>(1.9)</b> | <b>(\$26)</b> | <b>(1.3)</b> | <b>\$18</b>  | <b>0.9</b> | <b>\$30</b>  | <b>1.4</b> | <b>\$16</b>  | <b>0.8</b> |
| <b>Pretax income from continuing operations</b>         | <b>\$559</b>  | <b>29.8</b>  | <b>\$226</b>  | <b>11.4</b>  | <b>\$203</b> | <b>9.9</b> | <b>\$98</b>  | <b>4.5</b> | <b>\$94</b>  | <b>4.4</b> |
| Average UPB (\$bn)                                      | \$749         |              | \$796         |              | \$823        |            | \$868        |            | \$861        |            |

# SERVICING PORTFOLIO

| \$ mm's  | 1Q'22            | 2Q'22            | 3Q'22            | 4Q'22            | 1Q'23            |
|--|------------------|------------------|------------------|------------------|------------------|
| <b><u>Unpaid Principal Balance (UPB) Rollforward</u></b> |                  |                  |                  |                  |                  |
| Originations   | \$10,610         | \$7,794          | \$5,727          | \$3,250          | \$2,731          |
| Acquisitions   | 36,171           | 8,105            | 5,936            | 22,692           | 6,985            |
| Dispositions   | (19)             | (666)            | (346)            | (54)             | (985)            |
| Transfers to/from Subservicing                           | 43,215           | (14,542)         | (163)            | 240              | 1,060            |
| Runoff   | (17,345)         | (15,144)         | (13,135)         | (10,152)         | (8,735)          |
| <b>Total MSR<sup>(1)</sup></b>                           | <b>\$411,840</b> | <b>\$397,387</b> | <b>\$395,406</b> | <b>\$411,382</b> | <b>\$412,438</b> |
| Subservicing   | 383,959          | 406,231          | 458,280          | 459,053          | 440,111          |
| <b>Total Servicing</b>                                   | <b>\$795,799</b> | <b>\$803,618</b> | <b>\$853,686</b> | <b>\$870,435</b> | <b>\$852,549</b> |
| <b><u>Valuation Data</u></b>                             |                  |                  |                  |                  |                  |
| MSR carrying value                                       | 146 bps          | 155 bps          | 162 bps          | 162 bps          | 159 bps          |
| <b><u>Runoff Rates</u></b>                               |                  |                  |                  |                  |                  |
| CPR  | 15.1%            | 11.5%            | 8.4%             | 5.3%             | 4.4%             |
| Principal payments                                       | 4.2%             | 4.0%             | 4.0%             | 3.9%             | 4.0%             |
| MSR runoff rate  | 19.3%            | 15.5%            | 12.4%            | 9.2%             | 8.4%             |
| <b>Total Servicing CPR</b>                               | <b>14.8%</b>     | <b>11.0%</b>     | <b>8.3%</b>      | <b>4.9%</b>      | <b>4.1%</b>      |
| <b><u>Portfolio Composition</u></b>                      |                  |                  |                  |                  |                  |
| GSE  | 32%              | 31%              | 29%              | 29%              | 30%              |
| GNMA   | 16%              | 14%              | 13%              | 15%              | 15%              |
| PLS  | 4%               | 4%               | 4%               | 3%               | 3%               |
| Total MSRs   | 52%              | 49%              | 46%              | 47%              | 48%              |
| Subservicing   | 48%              | 51%              | 54%              | 53%              | 52%              |
| Total  | 100%             | 100%             | 100%             | 100%             | 100%             |



# ORIGINATIONS NON-GAAP RECONCILIATION

| \$ mm's  | 1Q'22        |              | 2Q'22       |              | 3Q'22       |              | 4Q'22         |               | 1Q'23       |              |
|--|--------------|--------------|-------------|--------------|-------------|--------------|---------------|---------------|-------------|--------------|
|  | \$           | Margin       | \$          | Margin       | \$          | Margin       | \$            | Margin        | \$          | Margin       |
| <b>Pretax income (loss)</b>                            | <b>\$155</b> | <b>1.68%</b> | <b>\$62</b> | <b>1.26%</b> | <b>\$46</b> | <b>1.04%</b> | <b>(\$14)</b> | <b>-0.15%</b> | <b>\$23</b> | <b>0.55%</b> |
| Accounting items                                       | 2            | 0.02%        | 2           | 0.03%        | -           | 0.00%        | 12            | 0.38%         | -           | 0.00%        |
| <b>Pretax income (loss) excluding accounting items</b> | <b>\$157</b> | <b>1.70%</b> | <b>\$64</b> | <b>1.29%</b> | <b>\$46</b> | <b>1.04%</b> | <b>(\$2)</b>  | <b>0.23%</b>  | <b>\$23</b> | <b>0.55%</b> |
| Pull through adjusted lock volume (\$bn)               | \$10.3       |              | \$6.5       |              | \$5.3       |              | \$2.8         |               | \$3.0       |              |
| Funded volume (\$bn)                                   | \$11.6       |              | \$7.8       |              | \$5.7       |              | \$3.2         |               | \$2.7       |              |

# ORIGINATIONS PROFITABILITY

| \$ mm's   | 1Q'22        | 2Q'22        | 3Q'22        | 4Q'22       | 1Q'23       |
|---|--------------|--------------|--------------|-------------|-------------|
| Service related, net - Originations             | \$42         | \$24         | \$20         | \$12        | \$11        |
| <b>Net gain on mortgage loans held for sale</b> |              |              |              |             |             |
| Net gain on loans originated and sold           | 119          | 10           | 22           | (12)        | 18          |
| Capitalized servicing rights                    | 163          | 148          | 114          | 68          | 51          |
| Total net gain on mortgage loans held for sale  | 282          | 158          | 136          | 56          | 69          |
| <b>Total revenues</b>                           | <b>\$324</b> | <b>\$182</b> | <b>\$156</b> | <b>\$68</b> | <b>\$80</b> |

## Supplemental Data

|   |          |         |         |         |         |
|---|----------|---------|---------|---------|---------|
| Pull through adjusted lock volume                     | \$10,332 | \$6,485 | \$5,276 | \$2,797 | \$3,045 |
| Funded volume   | \$11,573 | \$7,767 | \$5,741 | \$3,169 | \$2,739 |
| Loans sold, servicing retained                        | \$9,766  | \$7,625 | \$5,194 | \$3,169 | \$2,372 |
| GOS margin <sup>(1)</sup>                             | 2.73%    | 2.44%   | 2.58%   | 2.00%   | 2.27%   |
| Revenue margin <sup>(1)</sup>                         | 3.14%    | 2.81%   | 2.96%   | 2.43%   | 2.63%   |
| Value of capitalized servicing retained               | 167 bps  | 194 bps | 221 bps | 212 bps | 214 bps |
| Value of capitalized servicing at lock <sup>(2)</sup> |          | 140 bps | 156 bps | 152 bps | 160 bps |

# ORIGINATIONS PROFITABILITY [CONT.]

| \$ mm's   | 1Q'22        | 2Q'22        | 3Q'22        | 4Q'22         | 1Q'23        |
|---|--------------|--------------|--------------|---------------|--------------|
| Salaries, wages and benefits                            | \$121        | \$86         | \$68         | \$54          | \$34         |
| Loan originations expenses                              | 20           | 15           | 15           | 9             | 7            |
| Corporate and other general and administrative expenses | 17           | 14           | 12           | 11            | 9            |
| Marketing and professional service fee                  | 12           | 5            | 11           | 5             | 4            |
| Depreciation and amortization                           | 4            | 5            | 5            | 2             | 2            |
| <b>Total expenses</b>                                   | <b>\$174</b> | <b>\$125</b> | <b>\$111</b> | <b>\$81</b>   | <b>\$56</b>  |
| Funded volume   | \$11,573     | \$7,767      | \$5,741      | \$3,169       | \$2,739      |
| Expenses margin <sup>(1)</sup>                          | 1.50%        | 1.61%        | 1.93%        | 2.56%         | 2.04%        |
| Interest income   | \$17         | \$15         | \$12         | \$9           | \$6          |
| Interest expense  | (12)         | (10)         | (11)         | (10)          | (7)          |
| <b>Total other income (expenses), net</b>               | <b>\$5</b>   | <b>\$5</b>   | <b>\$1</b>   | <b>(\$1)</b>  | <b>(\$1)</b> |
| Funded volume   | \$11,573     | \$7,767      | \$5,741      | \$3,169       | \$2,739      |
| Other income, net margin <sup>(1)</sup>                 | 0.04%        | 0.06%        | 0.01%        | -0.02%        | -0.04%       |
| <b>Pretax income (loss) from continuing operations</b>  | <b>\$155</b> | <b>\$62</b>  | <b>\$46</b>  | <b>(\$14)</b> | <b>\$23</b>  |
| Pretax income (loss) margin <sup>(2)</sup>              | 1.68%        | 1.26%        | 1.04%        | -0.15%        | 0.55%        |

# ADJUSTED EBITDA

| \$ mm's                                | 1Q'22        | 2Q'22        | 3Q'22        | 4Q'22        | 1Q'23        |
|--|--------------|--------------|--------------|--------------|--------------|
| Consolidated GAAP pretax income (loss) | \$866        | \$205        | \$153        | (\$10)       | \$35         |
| Other mark-to-market                   | (552)        | (196)        | (122)        | 58           | 63           |
| Adjustments <sup>(1)</sup>             | (220)        | 7            | 23           | 33           | 11           |
| MSR amortization, net <sup>(2)</sup>   | 201          | 195          | 167          | 121          | 113          |
| Capitalized servicing rights           | (200)        | (152)        | (120)        | (71)         | (54)         |
| Depreciation and amortization          | 11           | 9            | 9            | 8            | 9            |
| Corporate debt interest expense        | 39           | 39           | 39           | 39           | 39           |
| Other                                  | 7            | 9            | 7            | 5            | 5            |
| <b>Adjusted EBITDA</b>                 | <b>\$152</b> | <b>\$116</b> | <b>\$156</b> | <b>\$183</b> | <b>\$221</b> |

# 1Q'23 SOURCES AND USES CASH FLOW

|   | Servicing    | Originations | Corporate / Other | Consolidated   | Illustrative Steady State Discretionary Cashflow |
|---|--------------|--------------|-------------------|----------------|--|
| \$mm's  |              |              |                   |                |  |
| GAAP pretax income (loss)                             | \$94         | \$23         | (\$82)            | \$35           |  |
| Depreciation and amortization                         | 2            | 2            | 5                 | 9              |  |
| Share-based compensation                              | 1            | -            | 4                 | 5              |  |
| Amortization of deferred financing costs              | -            | -            | 4                 | 4              |  |
| Settlement of excess spread financing                 | (18)         | -            | -                 | (18)           |  |
| MSR amortization                                      | 125          | -            | -                 | 125            |  |
| Other mark-to-market                                  | 63           | -            | -                 | 63             |  |
| <b>Business segment cash flow from operations</b>     | <b>\$267</b> | <b>\$25</b>  | <b>(\$69)</b>     | <b>\$223</b>   | <b>\$223</b>                                     |
| State/local taxes <sup>(1)</sup>                      |              |              |                   | -              | -  |
| Total working capital change <sup>(2)</sup>           |              |              |                   | (11)           | -  |
| <b>Total sources, net</b>                             |              |              |                   | <b>\$212</b>   | <b>\$223</b>                                     |
| Capex   |              |              |                   | (5)            | (5)  |
| Capitalized servicing rights - Originations/EBO       |              |              |                   | (54)           | (54)   |
| MSR purchases, MSR sales, and excess spread financing |              |              |                   | (99)           | (59)   |
| Net investment in MSR                                 |              |              |                   | (153)          | (113) <sup>(3)</sup>                             |
| Repurchase of common stock                            |              |              |                   | (89)           | -  |
| <b>Total uses, net</b>                                |              |              |                   | <b>(\$247)</b> | <b>(\$118)</b>                                   |
| <b>Change in cash</b>                                 |              |              |                   | <b>(\$35)</b>  | <b>\$105</b>                                     |
| <b>Change in unrestricted cash</b>                    |              |              |                   | <b>\$7</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, 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 (\$125) mm MSR amortization, \$10 mm excess spread accretion, and \$2 mm in fair value of excess spread accretion