



# **Business Update**

## **Full Year and Fourth Quarter 2023**

**February 27, 2024**

## FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements may be identified by a reference to a future period or by the use of forward-looking terminology. Forward-looking statements are typically identified by words such as “expect”, “believe”, “foresee”, “anticipate”, “intend”, “estimate”, “goal”, “strategy”, “plan”, “target” and “project” or conditional verbs such as “will”, “may”, “should”, “could” or “would” or the negative of these terms, although not all forward-looking statements contain these words, and includes statements in this presentation regarding our growth opportunities. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Readers should bear these factors in mind when considering such statements and should not place undue reliance on such statements.

Forward-looking statements involve a number of assumptions, risks and uncertainties that could cause actual results to differ materially. In the past, actual results have differed from those suggested by forward looking statements and this may happen again. Important factors that could cause actual results to differ materially from those suggested by the forward-looking statements include, but are not limited to, the potential for ongoing disruption in the financial markets and in commercial activity generally as a result of geopolitical events, changes in monetary and fiscal policy, and other sources of instability; the impacts of inflation, employment disruption, and other financial difficulties facing our borrowers; the impact of recent failures and re-organization of banking institutions and continued uncertainty in the banking industry; our ability to timely reduce operating costs, or generate offsetting revenue, in proportion to the industry-wide decrease in originations activity; the impact of cost-reduction initiatives on our business and operations; the amount of senior debt or common stock or that we may repurchase under any repurchase programs, the timing of such repurchases, and the long-term impact, if any, of repurchases on the trading price of our securities or our financial condition; breach or failure of Ocwen’s, our contractual counterparties’, or our vendors’ information technology or other security systems or privacy protections, including any failure to protect customers’ data, resulting in disruption to our operations, loss of income, reputational damage, costly litigation and regulatory penalties; our reliance on our technology vendors to adequately maintain and support our systems, including our servicing systems, loan originations and financial reporting systems, and uncertainty relating to our ability to transition to alternative vendors, if necessary, without incurring significant cost or disruption to our operations; our ability to interpret correctly and comply with current or future liquidity, net worth and other financial and other requirements of

regulators, the Federal National Mortgage Association (Fannie Mae), and Federal Home Loan Mortgage Corporation (Freddie Mac) (together, the GSEs), and the Government National Mortgage Association (Ginnie Mae), as well as those set forth in our debt and other agreements, including our ability to identify and implement a cost-effective response to Ginnie Mae’s risk-based capital requirements that take effect in late 2024; the extent to which MAV, other transactions and our enterprise sales initiatives will generate additional subservicing volume, and result in increased profitability; MAV’s continued ownership of its MSR portfolio after May 2024, and any impact on our subservicing income as a result of the sale of MAV’s MSRs; the future of our long-term relationship with Rithm Capital Corp. (Rithm); the timing and amount of presently anticipated forward and reverse loan boarding; our ability to close acquisitions of MSRs and other transactions, including the ability to obtain regulatory approvals; our ability to grow our reverse servicing business; our ability to retain clients and employees of acquired businesses, and the extent to which acquisitions and our other strategic initiatives will contribute to achieving our growth objectives; the adequacy of our financial resources, including our sources of liquidity and ability to sell, fund and recover servicing advances, forward and reverse whole loans, future draws on existing reverse loans, and HECM and forward loan buyouts and put backs, as well as repay, renew and extend borrowings, borrow additional amounts as and when required, meet our MSR or other asset investment objectives and comply with our debt agreements, including the financial and other covenants contained in them; increased servicing costs based on increased borrower delinquency levels or other factors; uncertainty related to past, present or future claims, litigation, cease and desist orders and investigations regarding our servicing, foreclosure, modification, origination and other practices brought by government agencies and private parties, including state regulators, the Consumer Financial Protection Bureau (CFPB), State Attorneys General, the Securities and Exchange Commission (SEC), the Department of Justice or the Department of Housing and Urban Development (HUD); scrutiny of our compliance with COVID-19-related rules and regulations, including requirements instituted by state governments, the GSEs, Ginnie Mae and regulators; the reactions of key counterparties, including lenders, the GSEs and Ginnie Mae, to our regulatory engagements and litigation matters; increased regulatory scrutiny and media attention; any adverse developments in existing legal proceedings or the initiation of new legal proceedings; our ability to effectively manage our regulatory and contractual compliance obligations; our ability to comply with our servicing agreements, including our ability to comply with the requirements of the GSEs and Ginnie Mae and maintain our seller/servicer and other statuses with them; our ability to fund future draws on existing loans in our reverse mortgage portfolio; our servicer

and credit ratings as well as other actions from various rating agencies, including any future downgrades; as well as other risks and uncertainties detailed in our reports and filings with the SEC, including our annual report on Form 10-K for the year ended December 31, 2022 and, when available, for the year ended December 31, 2023. Anyone wishing to understand Ocwen’s business should review our SEC filings. Our forward-looking statements speak only as of the date they are made and, we disclaim any obligation to update or revise forward-looking statements whether as a result of new information, future events or otherwise.

## NON-GAAP FINANCIAL MEASURES

This presentation contains references to adjusted pre-tax income (loss), a non-GAAP financial measure.

We believe this non-GAAP financial measure provides a useful supplement to discussions and analysis of our financial condition, because it is a measure that management uses to assess the financial performance of our operations and allocate resources. In addition, management believes that this presentation may assist investors with understanding and evaluating our initiatives to drive improved financial performance. Management believes, specifically, that the removal of fair value changes of our net MSR exposure due to changes in market interest rates and assumptions provides a useful, supplemental financial measure as it enables an assessment of our ability to generate earnings regardless of market conditions and the trends in our underlying businesses by removing the impact of fair value changes due to market interest rates and assumptions, which can vary significantly between periods. However, this measure should not be analyzed in isolation or as a substitute to analysis of our GAAP pre-tax income (loss) nor a substitute for cash flows from operations. There are certain limitations to the analytical usefulness of the adjustments we make to GAAP pre-tax income (loss) and, accordingly, we use these adjustments only for purposes of supplemental analysis. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, Ocwen’s reported results under accounting principles generally accepted in the United States. Other companies may use non-GAAP financial measures with the same or similar titles that are calculated differently to our non-GAAP financial measures. As a result, comparability may be limited. Readers are cautioned not to place undue reliance on analysis of the adjustments we make to GAAP pre-tax income (loss).

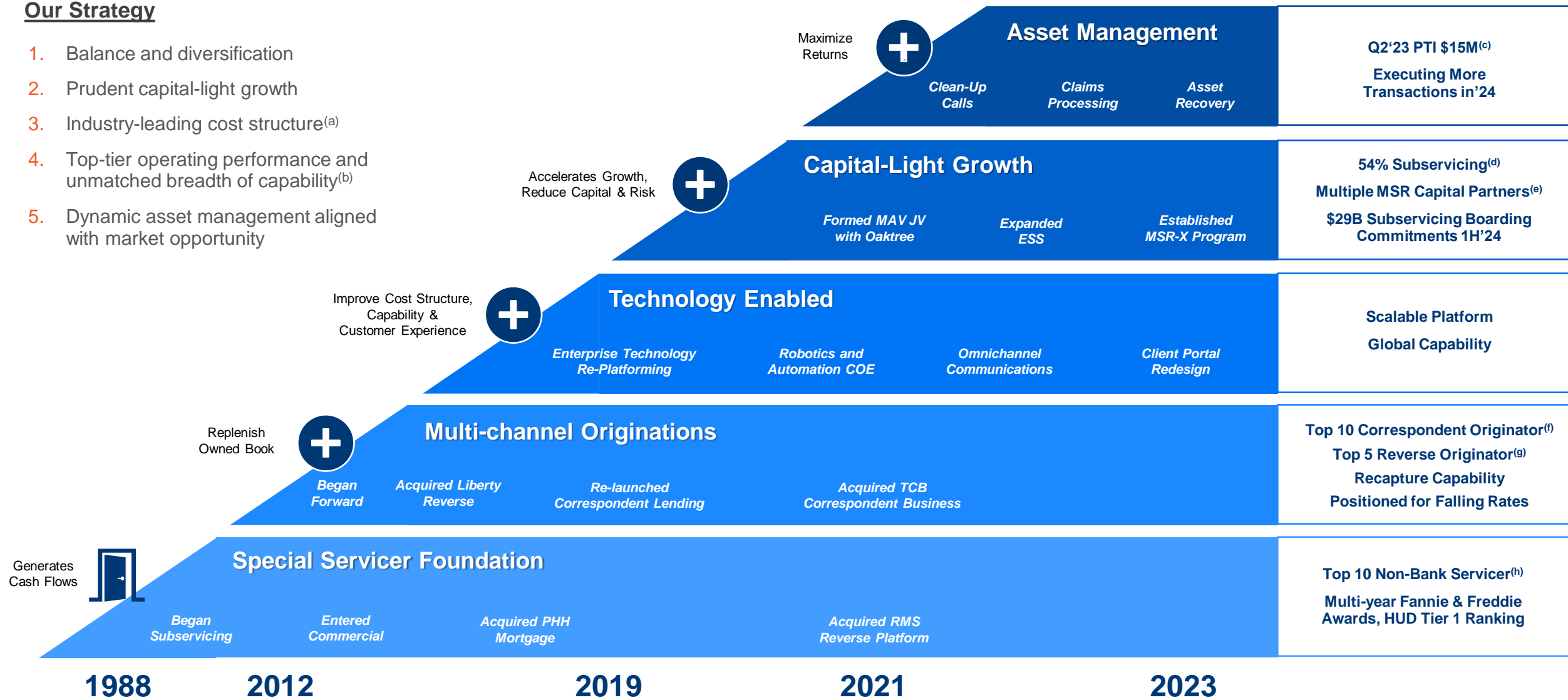
*See slide 24 for additional information.*

# Ocwen is a mortgage originator and servicer focused on creating positive outcomes for clients, homeowners, investors and communities



## Our Strategy

1. Balance and diversification
2. Prudent capital-light growth
3. Industry-leading cost structure<sup>(a)</sup>
4. Top-tier operating performance and unmatched breadth of capability<sup>(b)</sup>
5. Dynamic asset management aligned with market opportunity



# Fourth Quarter and Full Year 2023 Highlights



Fourth Quarter 2023  Trend vs Q3'23

Full Year 2023  Trend vs FY'22

**Adjusted Pre-Tax Income<sup>(a)</sup>** *driven by servicing segment*

**\$11M** 

9.4% Adjusted Pre-tax ROE

**\$49M** 

10.1% Adjusted Pre-tax ROE

**GAAP Net Loss** *reflects unfavorable MSR fair value changes*

**\$(47)M** 

\$(51)M MSR Valuation<sup>(b)</sup>

**\$(64)M** 

\$(124)M MSR Valuation<sup>(b)</sup>

**Average Servicing UPB** *focused on capital-light subservicing*

**\$293B** 

\$164B Subservicing

**Cost Reduction** *maintaining highly competitive cost structure*

**\$(97)M** 

-19% YoY | excluding expense notables<sup>(a)</sup>

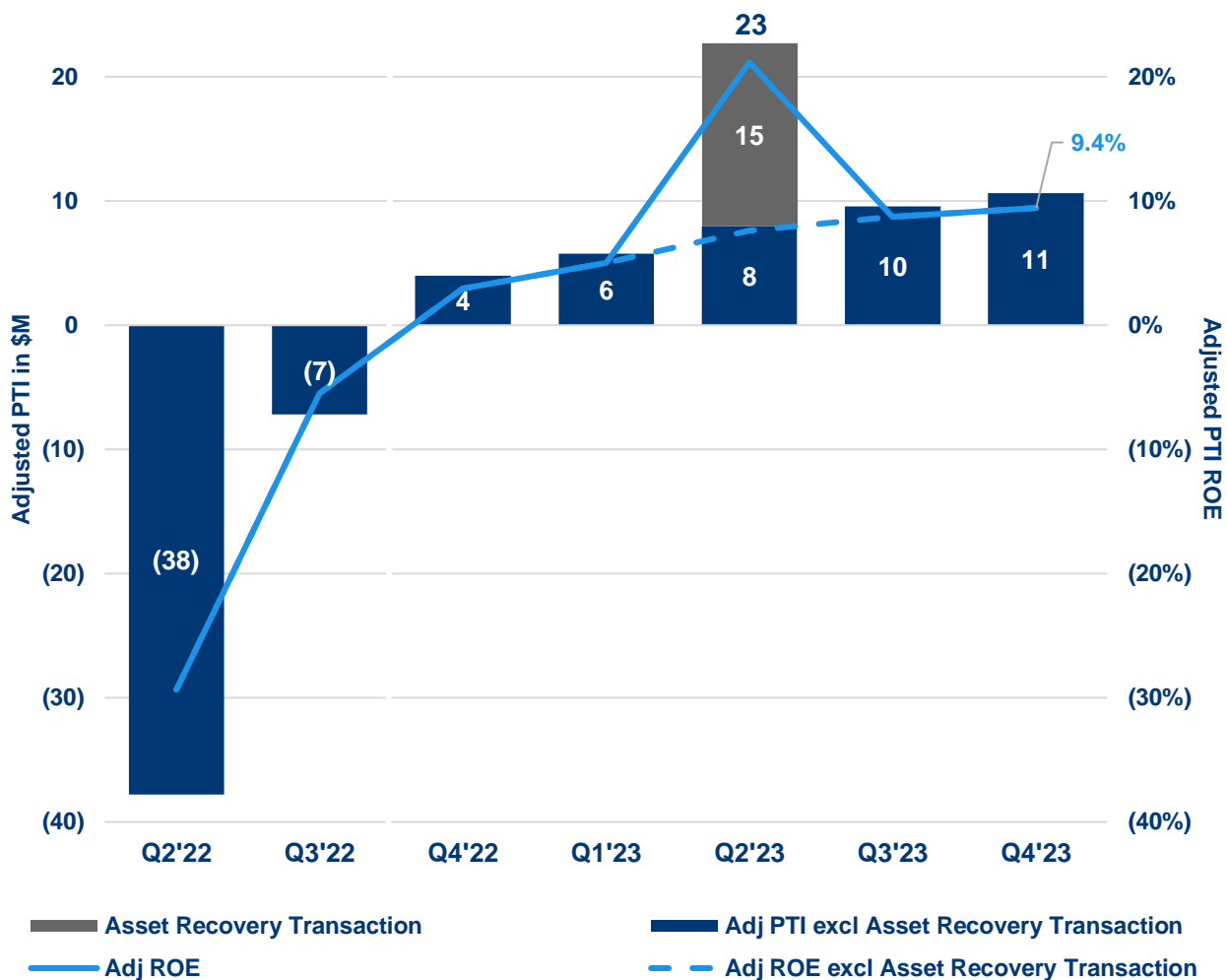
**Total Liquidity** *capital allocation considers market opportunities and risks*

**\$242M** 

+24% vs end of Q3'23 | +10% vs year-end '22

**Balanced business, prudent MSR management, expense discipline, maintaining agility to address market opportunities and risks**

## Growing Adjusted Pre-tax Income<sup>(a)</sup> and performing in line with ROE guidance

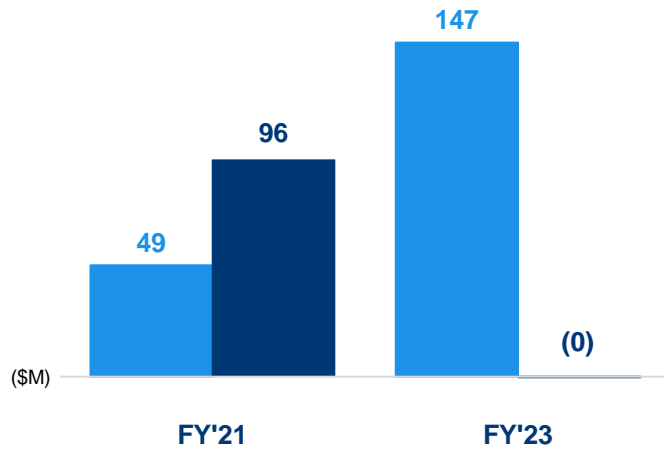


### Financial Objectives

- **Sustain FY'23 Adjusted PTI performance**
  - Continuous cost improvement
  - Disciplined MSR investing and targeting 100% hedge coverage to reduce earnings volatility
  - Prudent risk & compliance management approach
- **Increase ROE**
  - Grow subservicing: MSR capital partners<sup>(b)</sup> + opportunity pipeline
  - Reduce corporate debt as excess liquidity permits
  - Improve legacy servicing profitability
- **Capitalize on market-cycle opportunities**
  - Originations platform positioned for falling rates
    - 17% of owned portfolio eligible for refi at 5.5% (year-end '23)
  - Executing special servicing transactions
  - Maintaining flexibility to consider all options to maximize value

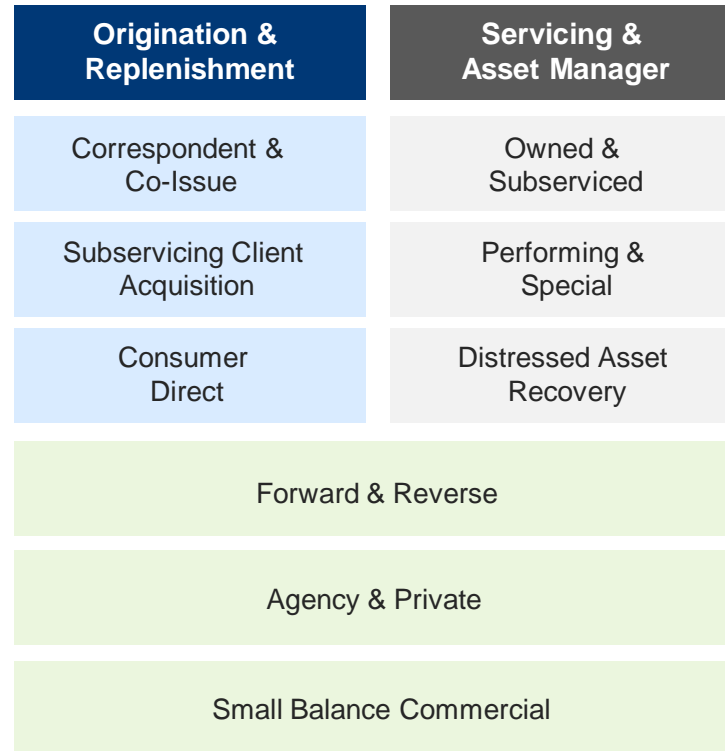
# Balanced and diversified business creates opportunities and mitigates risk

## Servicing driving sustained Adjusted Pre-tax Income<sup>(a)</sup>

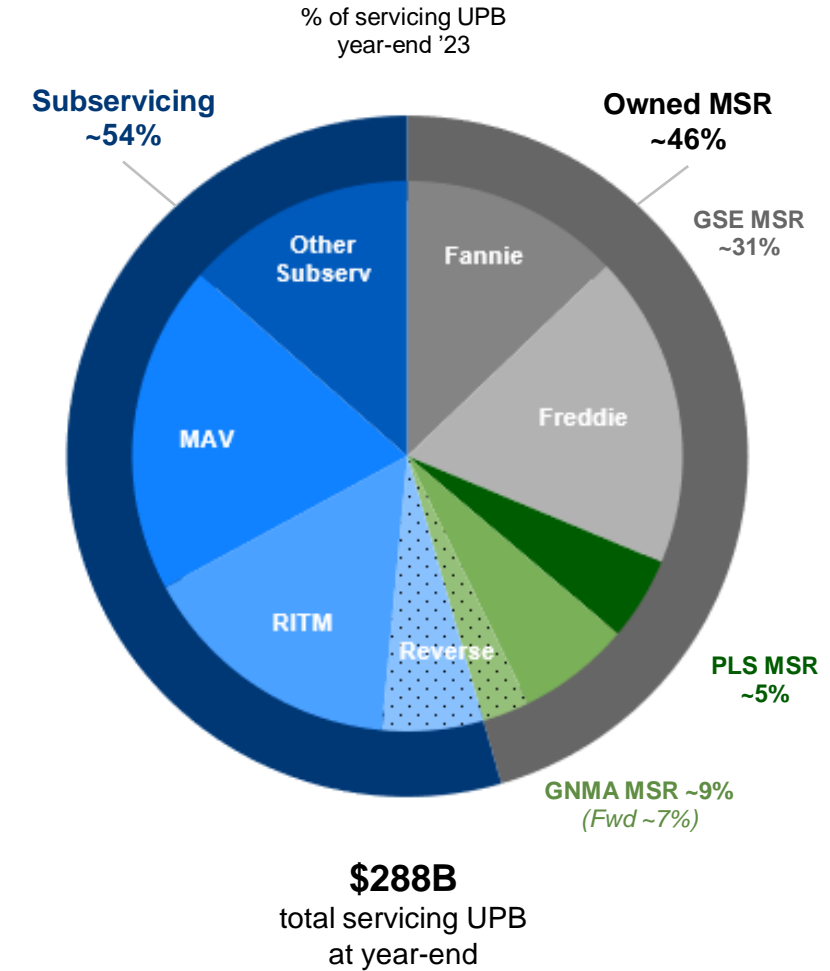


- Servicing** driving Adjusted PTI, generating cash flows above model expectations
- Originations** balances earnings and replenishes servicing portfolio

## Diverse capabilities create unique opportunities

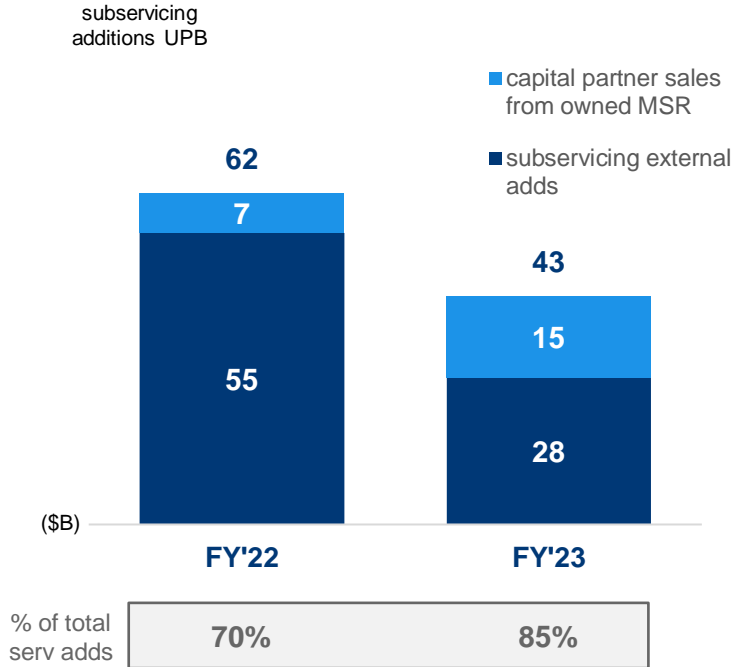


## Diversified servicing portfolio mitigates risk



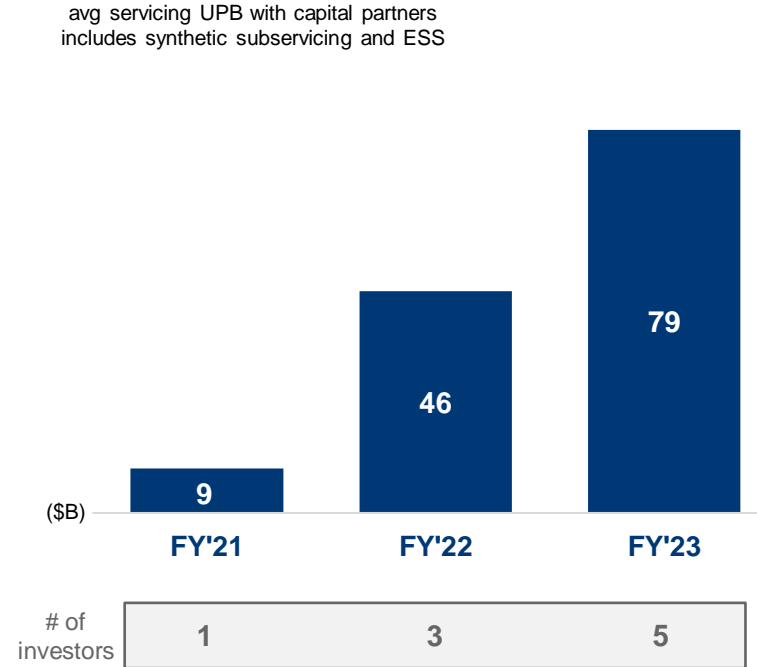
# Driving capital-light subservicing with a strong foundation to accelerate growth...

## MSR capital partners<sup>(a)</sup> increase impact on subservicing growth



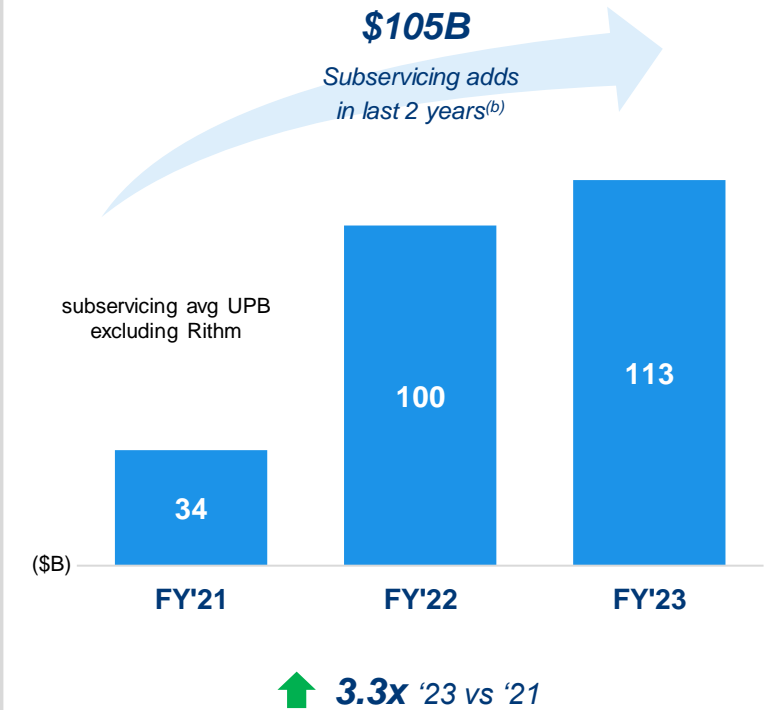
- Enables capital-light servicing growth
- Mitigates interest rate risk

## Building multiple MSR capital partner relationships to support growth objectives



- 5 capital partners today, targeting 7 by mid-2024
- MAV investment period extended to May 2025

## Driving subservicing growth

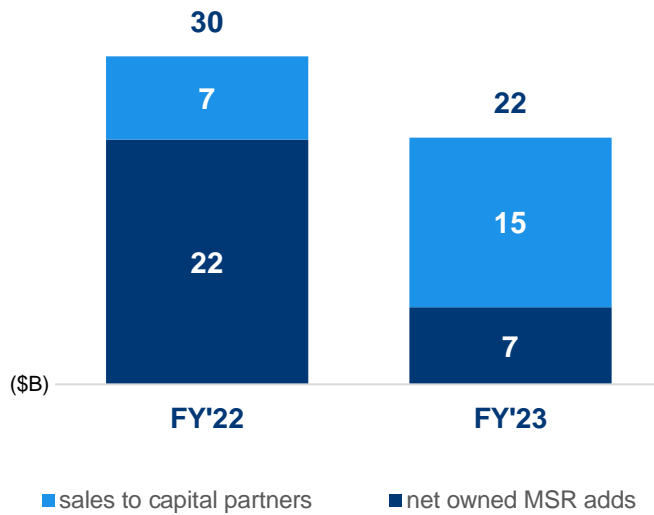


- \$29B subservicing adds scheduled 1H'24
- \$69B subservicing adds targeted FY'24

# ... while dedicated to disciplined MSR investing

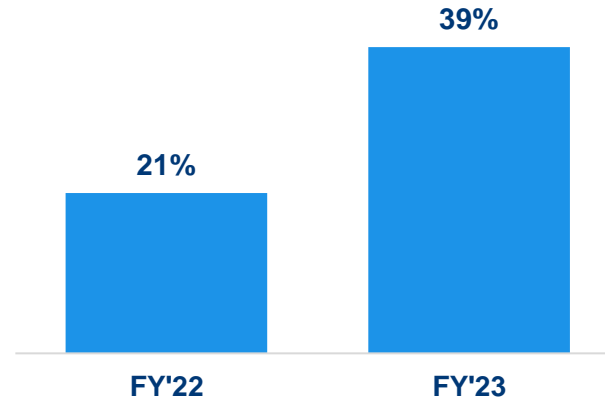
## MSR capital partners<sup>(a)</sup> supporting originations

total originations UPB



## Originations increasing mix of higher-margin products<sup>(b)</sup>

% of total originations UPB



### Higher margin includes:

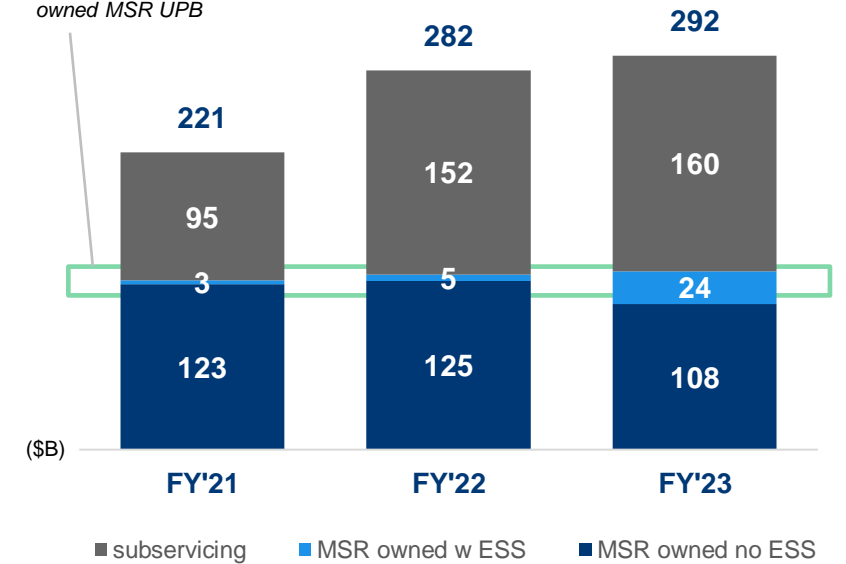
- Consumer Direct
- Reverse
- Correspondent GNMA, Best Efforts and Non-Delegated

## Managing owned MSRs to targeted investment range

avg servicing UPB

**\$115-135B**

target range for owned MSR UPB



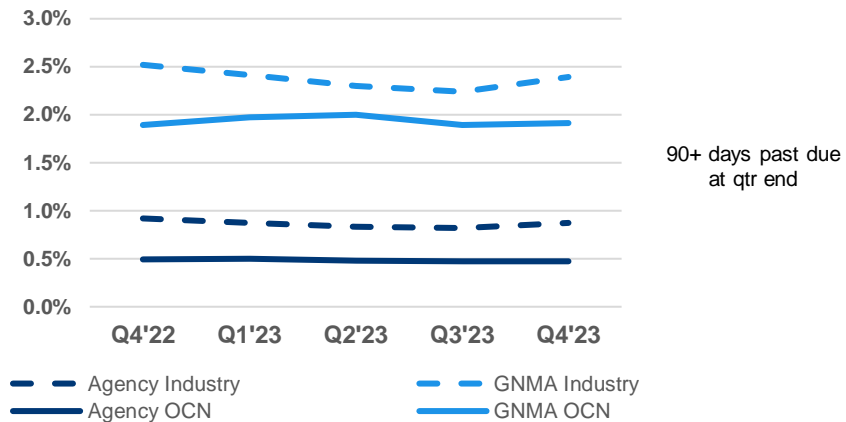


# Strong and scalable servicing platform with industry-leading performance



## Superior special servicing capabilities

### Consistently lower delinquency levels compared to industry<sup>(a)</sup>



More of our borrowers have exited forbearance since Q4'20 as current, paid-in-full, or with active loss mitigation plans than industry average<sup>(b)</sup>

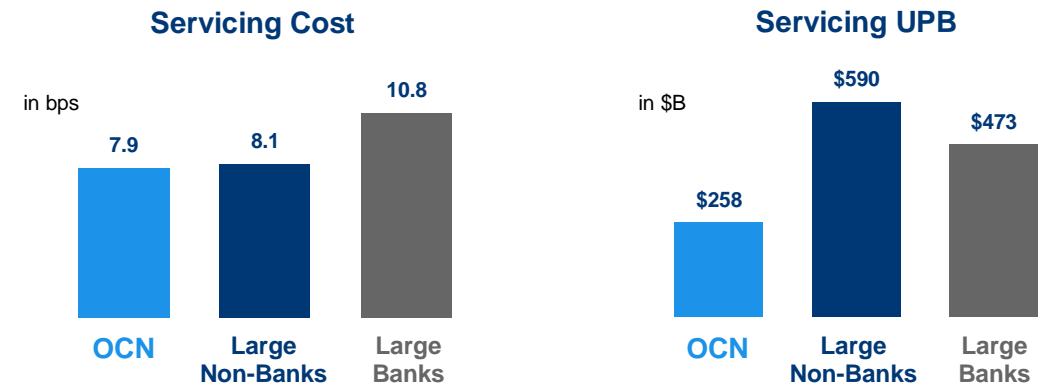
- ✓ **87%** for GNMA vs 79% industry avg
- ✓ **86%** for GSE vs 81% industry avg

**Special servicing skills generated \$15M PTI in Q2'23 from asset recovery transaction, executing more transactions in '24**

## Cost structure favorable to peers over twice our size

### Fully Loaded Cost to Service<sup>(c)</sup>

Full-Year 2022, Forward Residential  
Large Non-Banks excludes Ocwen



### OCN Cost Per Loan<sup>(c)</sup>

	vs Large Non-Banks	vs Large Banks
<b>Performing</b>	↓ 17%	↓ 32%
<b>Non-Performing</b>	↓ 45%	↓ 65%

**We expect cost structure to improve further as we scale up the platform**

# Continued profitability (Adjusted Pre-tax Income) drives adjusted pre-tax ROE to 10% in 2023, targeting 12%+ in 2024<sup>(a)</sup>



(\$M, except per share metrics)	Q4'22	Q3'23	Q4'23	FY'22	FY'23
<b>GAAP Net Income (Loss)</b>	<b>(80)</b>	<b>8</b>	<b>(47)</b>	<b>26</b>	<b>(64)</b>
EPS	(\$10.48)	\$1.10	(\$6.18)	\$2.97	(\$8.34)
<i>Diluted</i>	(\$10.48)	\$1.05	(\$6.18)	\$2.85	(\$8.34)
ROE <sup>(b)</sup>	(64%)	8%	(45%)	6%	(15%)
Book Value per Share	\$61	\$58	\$52	\$61	\$52
MSR Valuation Adjustments due to rates and assumption changes, net <sup>(c)(d)</sup>	(68)	0	(51)	103	(124)
Other Notables <sup>(e)</sup>	(14)	(0)	(5)	(9)	17
Income Tax Benefit (Expense)	(1)	(1)	(2)	1	(6)
<b>Adjusted Pre-tax Income (Loss)<sup>(e)</sup></b>	<b>4</b>	<b>10</b>	<b>11</b>	<b>(70)</b>	<b>49</b>
Adjusted Pre-tax Income ROE <sup>(f)</sup>	2.9%	8.7%	9.4%	(16.6%)	10.1%
Available Liquidity EoP <sup>(g)</sup>	219	194	242	219	242
Total Servicing Additions (\$B)	\$24	\$16	\$10	\$89	\$50
Total Servicing UPB Avg (\$B)	\$288	\$296	\$293	\$282	\$292

Fully diluted share and equity data available in appendix

**Achieved 10% Adjusted PTI ROE in 2023**  
**Targeting an Adjusted PTI ROE of 12%+ in 2024<sup>(a)</sup>**

## Q4'23 Adjusted PTI of \$11M

- +\$1M vs Q3'23 due to improved operating expenses (+\$10M) offset partially by lower revenue (-\$5M)
- +7M vs Q4'22 due to higher revenue (+14M) and improved operating expenses (+8M) offset by higher interest expense (-\$9M) and MSR runoff (-\$5M)

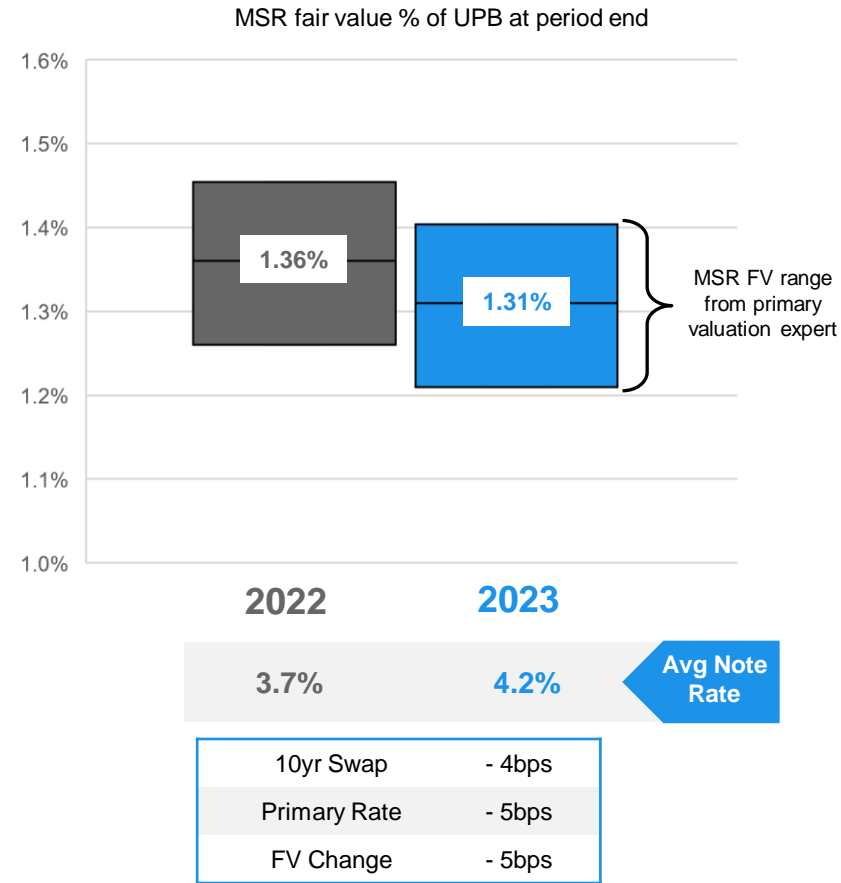
## FY'23 Adjusted PTI of \$49M, +\$118M vs FY'22

- higher revenue (+\$56M) and improved operating expenses (+97M) due to cost reduction
- improved MSR runoff (+\$64M) and higher interest expense (-\$87M) were significant market/rate driven factors

- Year-end total liquidity up \$23M YoY even with \$15M debt reduction
- Opportunistic asset recovery transaction that was accretive to net income and liquidity
- Cash tax expense \$3M+ better due to utilization of NOLs

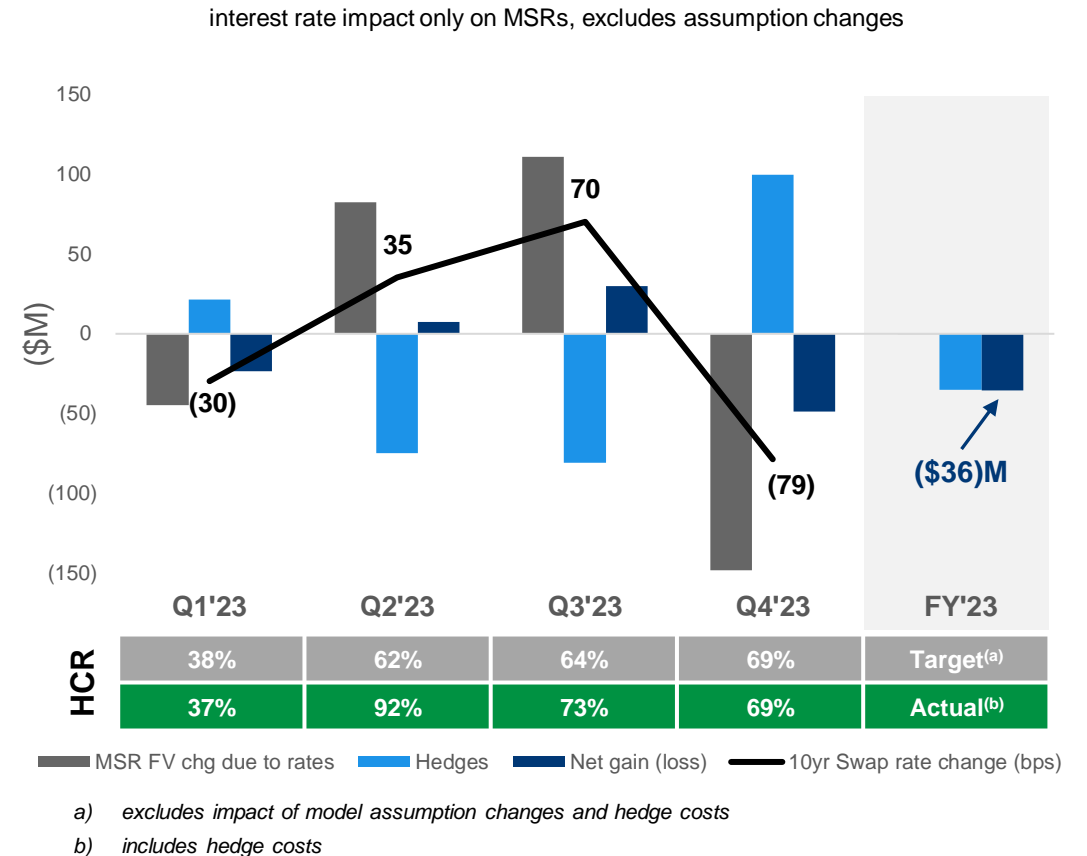
# Lower market MSR pricing and hedge cost drove negative Q4 and full-year earnings

## PHH MSR fair value declined year-over-year due to market calibration and higher note rate



Hedge performance and market pricing adversely impacted actual hedge coverage and MSR valuation, net

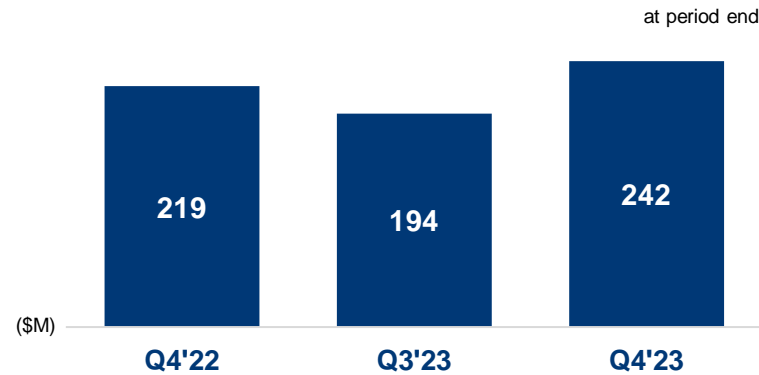
## MSR interest rate hedge performance and hedge coverage ratio (HCR)



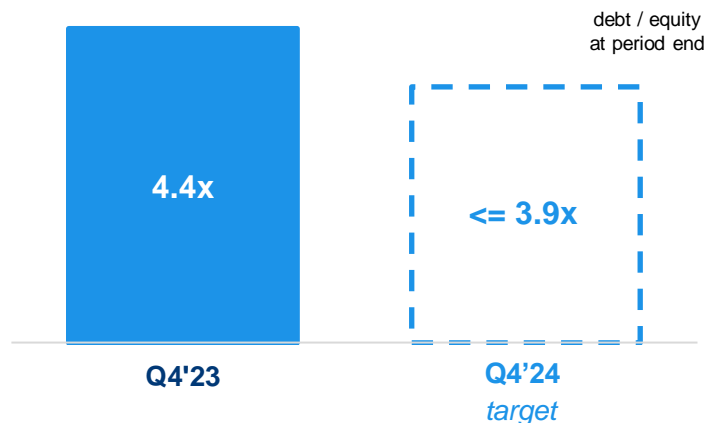
Raised target HCR every quarter; raised to 100% in December '23

# Committing excess liquidity to de-leveraging in the near term

## Available Liquidity



## Leverage Ratio<sup>(a)</sup>



### Total liquidity up \$23M vs Q4'22 and \$48M vs Q3'23

- Increased HCR to 100%, debt service payments in Q1
- Intend to use excess liquidity when available for opportunistic corporate debt retirement as well as debt service
- Maintain liquidity through continued profitability, unlevered assets, asset sales and improved PLS servicing advances

### Executing opportunistic debt retirement plan

- Board approved to retire up to \$40M in senior secured notes in '24
- Repurchase plan in place during Q4, no sellers hit the bid; preparing to launch new plan, evaluating pricing
- Year-end debt-to-equity target ratio of  $\leq 3.9x$ , assuming adequate excess liquidity and constant MSR debt, both as per our current expectations for year

### Potential to accelerate transition to capital-light model

- Will explore MSR sale opportunities if subservicing retained MSR pricing is attractive and is accretive to shareholders
- This would reduce both MSR exposure and leverage

### Addressing GNMA Risk-based Capital Ratio (RBCR) requirement

- Plans underway to launch separate legal entity to hold GNMA assets as intended solution for RBCR compliance

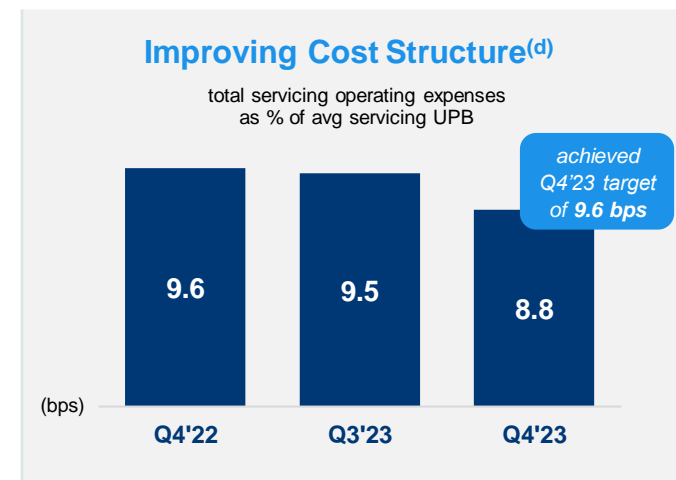
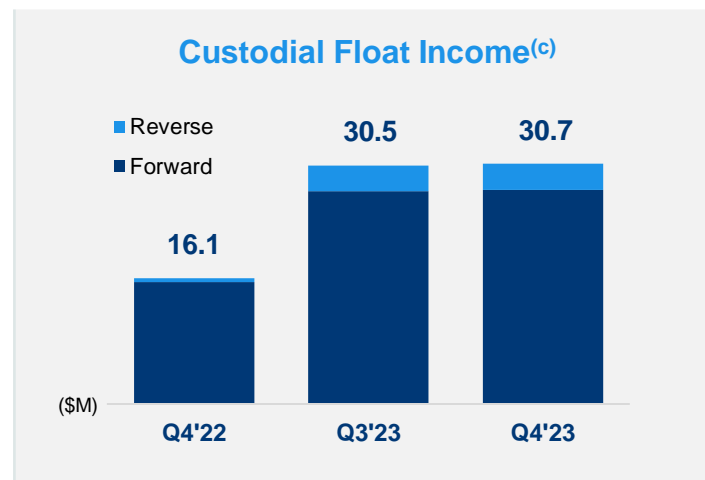
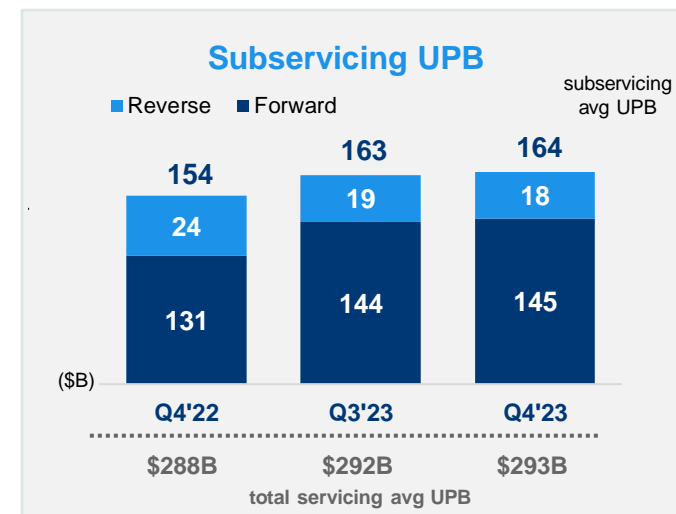
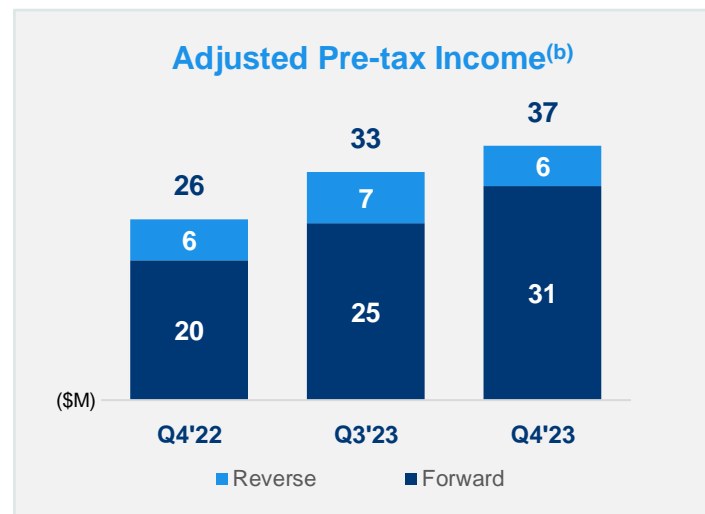
# Servicing profitability improves commensurate with portfolio growth and cost reduction efforts



## Servicing Update

- Forward Servicing PTI improved
  - higher service fees, consistent with volume
  - stable custodial float income
  - reduced operating expenses
- Reverse Servicing PTI decreased slightly
  - lower Reverse subservicing volume
- Subservicing UPB up 6% YoY
  - '23: increased subservicing transactions with MSR capital partners<sup>(a)</sup>
  - '24: \$69B gross additions targeted, \$29B in third party subservicing scheduled to board 1H (1.5x vs FY'23)
- Cost reduction actions driven by technology and process improvements in Forward and Reverse
  - ~\$17M annualized cost reduction Q4'23 vs Q4'22

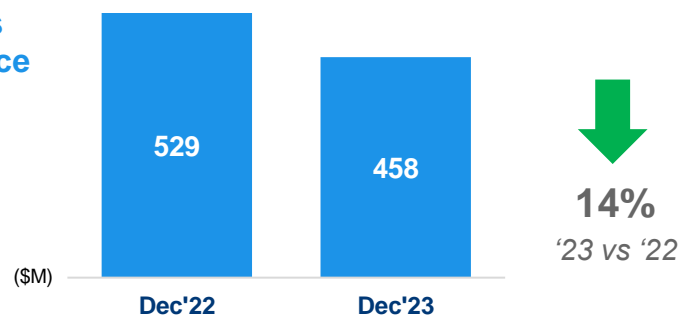
## Servicing Profitability Drivers



## Reducing advances on legacy assets

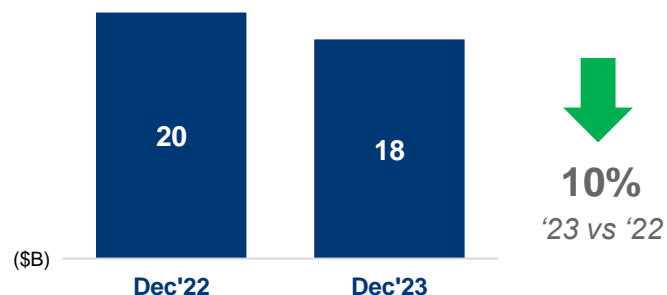
### Legacy assets advances balance

at period end



### Legacy assets UPB

at period end



### Legacy assets<sup>(a)</sup> focus reduced advances \$71M YoY

- Frees up cash
- Reduces interest expense
- Contributes to higher liquidity that can be used to paydown debt

### One size does *not* fit all (breadth and flexibility)

- Industry-leading special servicer with 30+ years of experience
- Comprehensive analysis of legacy asset pools
- Campaigns crafted to address specific issues

### Our experience delivers subservicing results

- Subservicing clients benefit from our experience
- Proprietary technology to analyze P&I advances
- Loan resolution timelines that beat industry averages<sup>(b)</sup>

**Special and reverse servicing skills generated \$15M PTI in Q2'23 from asset recovery transaction, executing more transactions in '24**

# Originations generates profitability in line with seasonally low volumes despite challenges in Consumer Direct and Reverse

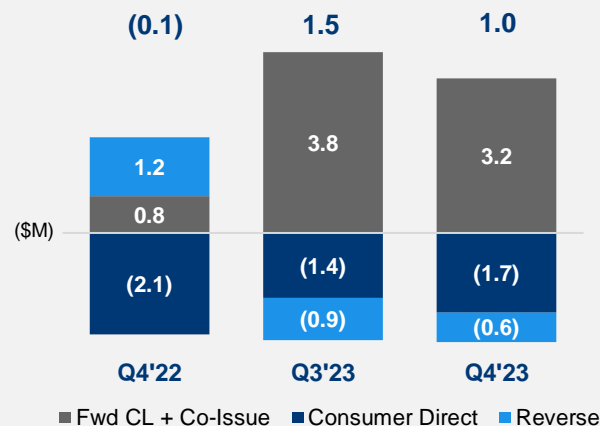


## Originations Update

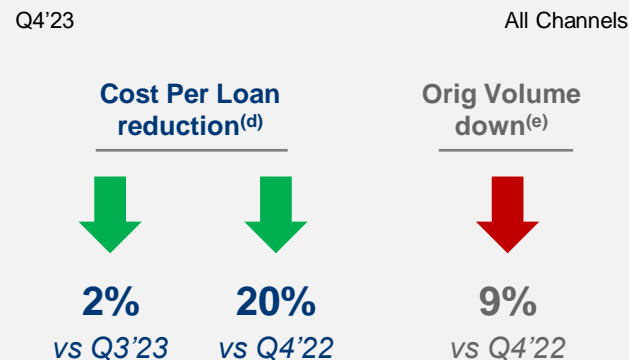
- Adjusted PTI down QoQ due to seasonal decline in volume; up YoY due to improved forward margins and proactive expense management
  - Consumer Direct PTI adversely impacted by historical low refinance volume
  - Reverse PTI adversely impacted by lower wholesale and retail volume
- Lower volumes driven by Q4 seasonality, and prudent margin management for Fwd CL + Co-Issue
  - Top 10 Correspondent (CL) lender<sup>(a)</sup>
  - Top 5 Reverse issuer<sup>(b)</sup>
- Stable margins QoQ, with favorable impact of higher-margin products offsetting competitive margin pressure
- Continued reduction in cost per loan despite lower volume
- Origination MSR cash yield exceeding target

## Originations Profitability Drivers

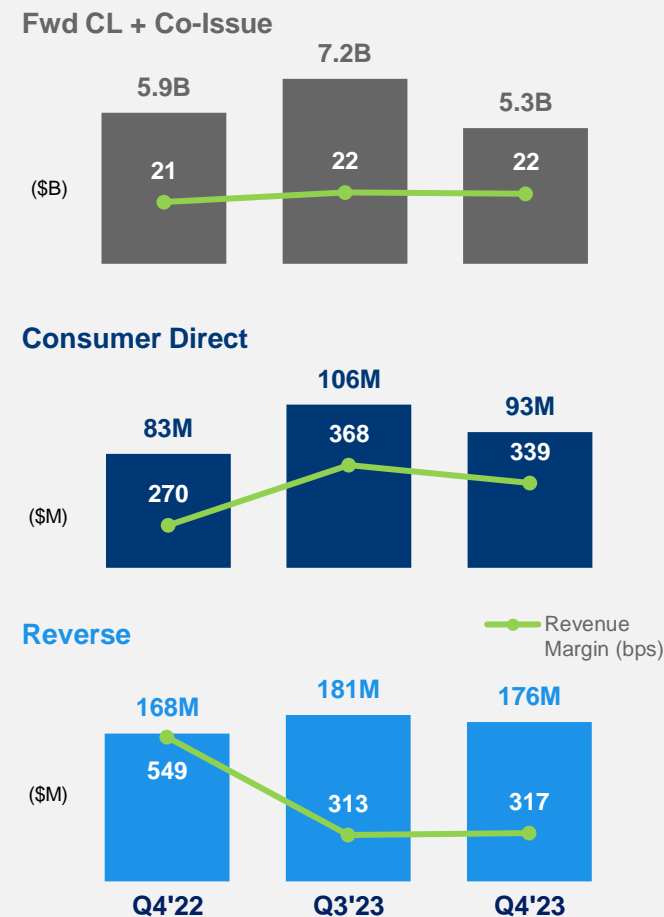
### Adjusted Pre-tax Income<sup>(c)</sup>



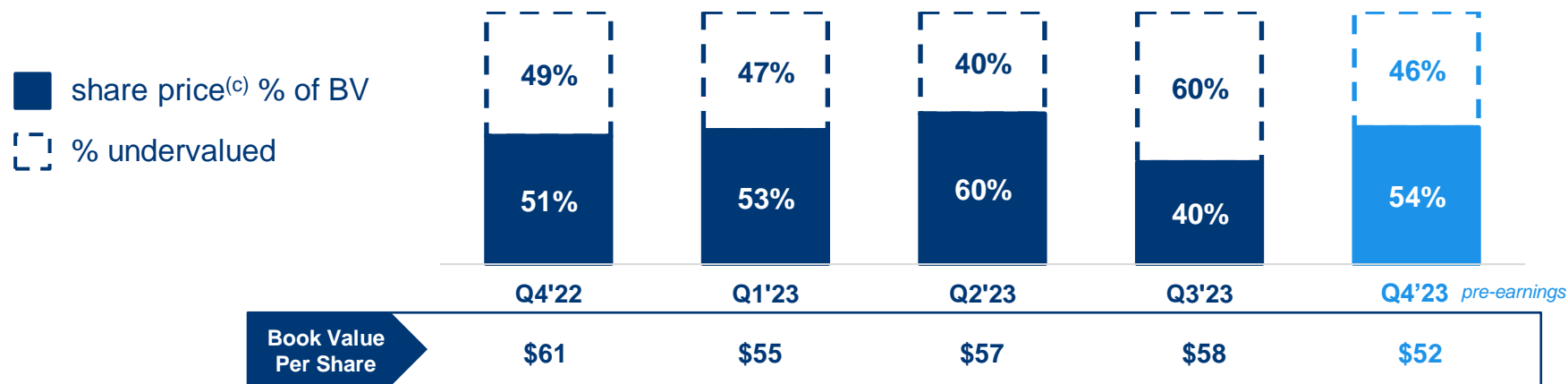
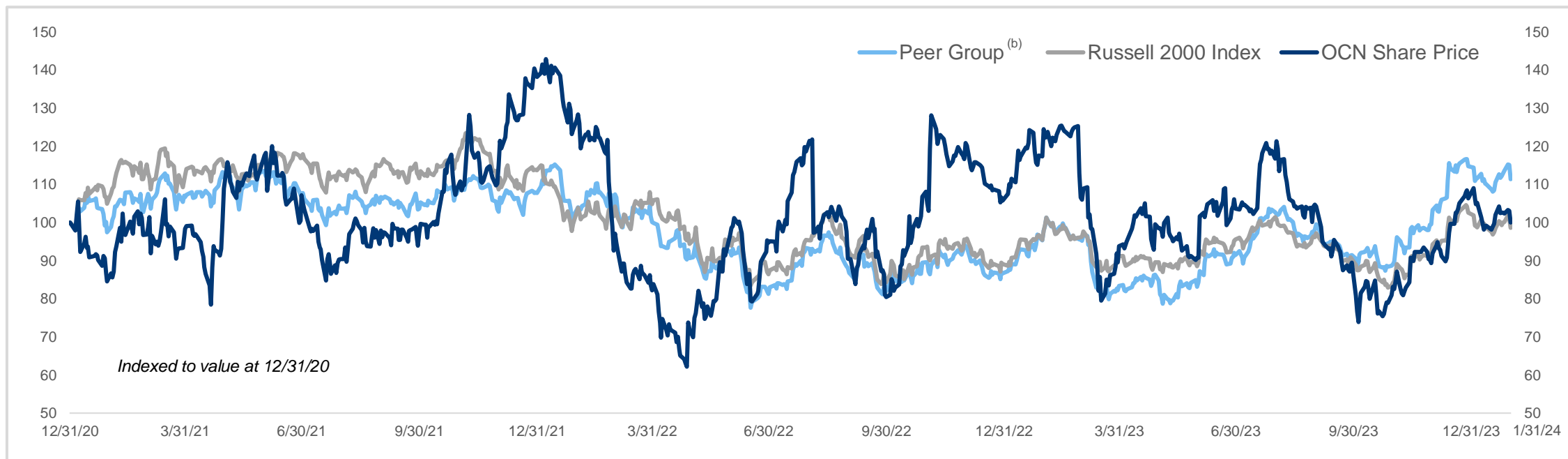
### Cost Continues to Improve



### Funded Volume & Revenue Margin<sup>(f)</sup>



We believe our share price is not reflective of the strength of our business, especially with a positive and growing adjusted pre-tax income<sup>(a)</sup>



share price growth from 12/31/20 to 1/31/24 in line with Russell 2000 growth over same period



# Roadmap to FY'24 profitability



Originations	FY'24 GUIDANCE	FY'23 ACTUAL
Funded volume	~\$24B	\$22.3B
% of originations sold to MSR capital partners <sup>(a)</sup>	~50%	5%
Revenue margin <sup>(b)</sup>	~36bps	38bps
Operating expenses <sup>(c)</sup>	~33bps	36bps

Corporate	FY'24 GUIDANCE	FY'23 ACTUAL
Operating expenses <sup>(d)</sup> : unallocated	~2bps	2bps
Retire senior secured notes	~\$40M	\$15M

Servicing	FY'24 GUIDANCE	FY'23 ACTUAL
Avg UPB: owned MSR	~\$115-135B	\$133B
Revenue <sup>(e)</sup> : owned MSR	~39bps	38bps
Avg UPB: subservicing	~\$165-170B	\$160B
Revenue <sup>(f)</sup> : subservicing	~13bps	14bps
Runoff	~9%	8%
Operating expenses <sup>(g)</sup> : owned MSR + subservicing	~9bps	10bps
Servicing additions: owned MSR + subservicing	~\$75-80B	\$50B
Growth in subservicing portfolio <sup>(h)</sup> : EoP UPB YoY	+16%	+1%

***Achieved 10% Adjusted PTI ROE in 2023; Targeting an Adjusted PTI ROE of 12%+ in 2024<sup>(h)</sup>***

**Broad Origination Capabilities**

**Best-in-Class Servicing Platform**

**Expanded client base<sup>(a)</sup>**

**Improved refinance recapture rate<sup>(b)</sup>**

**Driving capital-light growth<sup>(c)</sup>**

**Increased mix of higher-margin products<sup>(d)</sup>**

**Streamlined cost structure**



Awarded for 3 Consecutive Years



Awarded for 2020-2022 and in 2023 Recognized as a Subservicer



HUD Tier 1 Ranked for 3 Consecutive Years



2023 Affiliate Company of the Year

**Industry top-tier operational performance<sup>(e)</sup>**

**Industry best practice cost structure<sup>(f)</sup>**

**Superior special servicing<sup>(g)</sup> and asset management capabilities**

**Increased borrower and client satisfaction<sup>(h)</sup>**

**Scalable, technology enabled, global operating platform**

- Ocwen: Who We Are
- Condensed Consolidated Balance Sheets (GAAP)
- Condensed Balance Sheet Breakdown
- Condensed Consolidated Statement of Operations (GAAP Income Statement)
- Notes Regarding Non-GAAP Financial Measures
- Notables
- GAAP ROE Calculation
- Adjusted Pre-tax Income ROE Calculation
- Adjusted Pre-tax Income (Loss) and Weighted Average Shares Outstanding
- Fully Diluted Share and Equity Data
- MSR Valuation Assumptions
- End Notes
- Abbreviations

## Business Model

### Originations

**Balances earnings and drives servicing portfolio growth**

Bulk, Correspondent, Co-issue, Wholesale<sup>(a)</sup>, Consumer Direct channels

Agency, Private Investor Forward, Reverse loans and MSR's

Forward, Reverse, Special, Small Balance Commercial subservicing

### Servicing

**Generates cash flow  
Diversification mitigates risks**

Owned Servicing and Subservicing  
Performing and Special Forward and Reverse  
Small Balance Commercial

Industry leading operating and cost performance versus MBA benchmarks

Multi-year recognition by GSE and GNMA as a top tier servicer

### Asset Management

**Enable capital-light growth  
Maximize income / returns**

Agency MSR's and distressed whole loan portfolios

Multiple investors and transaction structures to provide broad product appetite and manage risks / returns

Enables subservicing and recapture services with financial investors

## Competitive Advantages

- ✓ Balanced business built to deliver results across multiple economic cycles
- ✓ Industry-leading servicing operating and cost performance
- ✓ Proprietary mature low-cost global operating capability
- ✓ Technology enabled, controlled and scalable servicing platform
- ✓ Broad servicing capabilities enable multiple growth opportunities
- ✓ Deep community outreach and track record of helping distressed customers
- ✓ Strategic alliances with financial/capital partners to enable capital light growth

## Strategy

Balance and diversification  
Prudent capital light growth  
Industry leading cost structure  
Top tier operating performance and unmatched breadth of capability  
Dynamic asset management aligned with market opportunity

<sup>(a)</sup> Reverse mortgage origination only

# Condensed Consolidated Balance Sheets (GAAP)



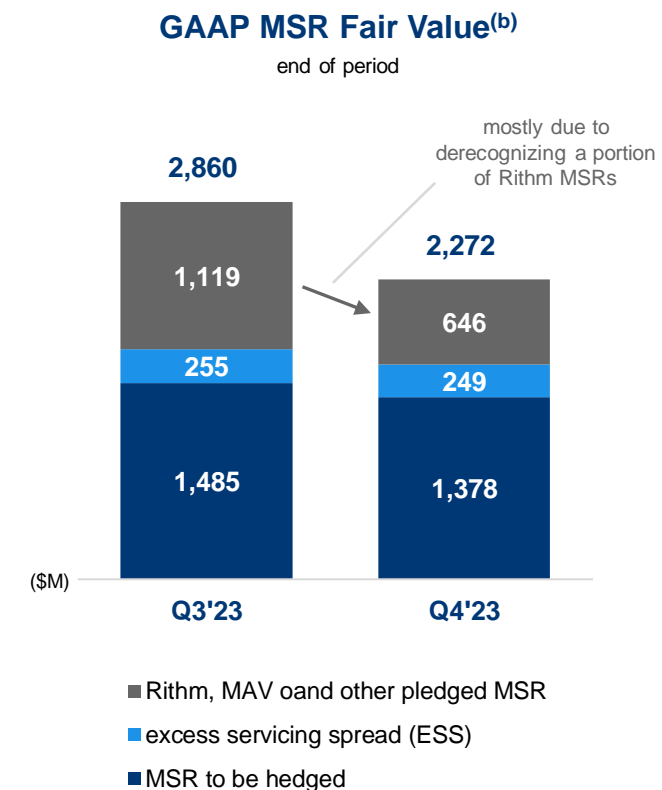
Assets (Dollars in millions)	December 31, 2022	September 30, 2023	December 31, 2023
Cash and cash equivalents	208	194	202
Restricted cash	66	72	54
Mortgage servicing rights (MSRs), at fair value	2,665	2,860	2,272
Advances, net	719	565	679
Loans held for sale	623	948	677
Loans held for investment, at fair value	7,511	7,783	7,976
Receivables, net	181	165	155
Investment in equity method investee	42	40	38
Premises and equipment, net	20	16	13
Other assets	364	369	449
<b>Total Assets</b>	<b>12,399</b>	<b>13,012</b>	<b>12,514</b>

Liabilities & Stockholder's Equity (Dollars in millions)	December 31, 2022	September 30, 2023	December 31, 2023
Home Equity Conversion Mortgage-Backed Securities (HMBS) related borrowings, at fair value	7,327	7,614	7,797
Other financing liabilities, at fair value	1,137	1,380	900
Advance match funded liabilities	514	403	500
Mortgage loan financing facilities	703	1,035	711
MSR financing facilities, net	954	902	916
Senior notes, net	600	594	596
Other liabilities	709	639	692
<b>Total Liabilities</b>	<b>11,942</b>	<b>12,567</b>	<b>12,112</b>
<b>Total Stockholders' Equity</b>	<b>457</b>	<b>445</b>	<b>402</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>12,399</b>	<b>13,012</b>	<b>12,514</b>

# Condensed Balance Sheet Breakdown



in \$M, at 12/31/23	Total GAAP	Balance sheet breakdown			
		Rithm, MAV & other pledged MSR <sup>(a)</sup>	HECM	GNMA EBO	All others
Cash	202				202
Loans	8,653		7,797		856
MSRs <sup>(a)</sup>	2,272	646			1,626
Advances	679				679
Other assets	708			343	365
<b>Total Assets</b>	<b>12,514</b>	<b>646</b>	<b>7,797</b>	<b>343</b>	<b>3,728</b>
HMBS borrowings	7,797		7,797		
Loan warehouse facilities	711				711
Advance facilities	500				500
MSR financing (includes other financing) <sup>(a)</sup>	1,816	646			1,170
Senior debt	596				596
Other liabilities	692			343	349
<b>Total Liabilities</b>	<b>12,112</b>	<b>646</b>	<b>7,797</b>	<b>343</b>	<b>3,326</b>
<b>Stockholders' Equity</b>	<b>402</b>				<b>402</b>
Equity to asset ratio	3.2%				10.8%



a) Decrease in MSRs, MSR financing, and pledged MSR vs Q3'23 presentation is primarily due the derecognition of a portion of pledged MSR assets and liabilities associated with the Rithm servicing agreements; please refer to our 10-K for additional information

b) MSR fair value of the pledged liability for transferred MSRs and ESS

# Condensed Consolidated Statement of Operations (GAAP Income Statement)



(Dollars in millions)	Year Ended Dec 31, 2022	Year Ended Dec 31, 2023
<b>Revenue</b>		
Servicing and subservicing fees	863	947
Gain on reverse loans held for investment and HMBS-related borrowings, net	36	47
Gain on loans held for sale, net	22	41
Other revenue, net	33	32
<b>Total Revenue</b>	<b>954</b>	<b>1,067</b>
<b>MSR Valuation Adjustments, net</b>	<b>(10)</b>	<b>(232)</b>
<b>Operating Expenses</b>		
Compensation and benefits	289	229
Servicing and origination	65	57
Technology and communications	58	53
Professional services	49	22
Occupancy, equipment and mailing	42	32
Other expenses	29	19
<b>Total Operating Expenses</b>	<b>532</b>	<b>412</b>
<b>Other Income (Expense)</b>		
Interest income	46	78
Interest expense	(186)	(274)
Pledged MSR liability expense	(255)	(296)
Gain on extinguishment of debt	1	1
Earnings of equity method investee	18	7
Other, net	(10)	3
<b>Total Other Income (Expense), net</b>	<b>(386)</b>	<b>(480)</b>
Income (loss) before income taxes	25	(58)
Income tax expense (benefit)	(1)	6
<b>Net income (loss)</b>	<b>26</b>	<b>(64)</b>

# Note Regarding Non-GAAP Financial Measures



In the following slides, we present supplemental information (including reconciliations) relating to certain illustrative adjustments to GAAP pre-tax income (loss). We believe these non-GAAP financial measures provide a useful supplement to discussions and analysis of our financial condition, because they are measures that management uses to assess the financial performance of our operations and allocate resources. In addition, management believes that these presentations may assist investors with understanding and evaluating our initiatives to drive improved financial performance. Management believes, specifically, that the removal of fair value changes of our net MSR exposure due to changes in market interest rates and assumptions provides a useful, supplemental financial measure as it enables an assessment of our ability to generate earnings regardless of market conditions and the trends in our underlying businesses by removing the impact of fair value changes due to market interest rates and assumptions, which can vary significantly between periods. However, these measures should not be analyzed in isolation or as a substitute to analysis of our GAAP expenses and pre-tax income (loss) nor a substitute for cash flows from operations. There are certain limitations to the analytical usefulness of the adjustments we make to GAAP expenses and pre-tax income (loss) and, accordingly, we use these adjustments only for purposes of supplemental analysis. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, Ocwen's reported results under accounting principles generally accepted in the United States. Other companies may use non-GAAP financial measures with the same or similar titles that are calculated differently to our non-GAAP financial measures. As a result, comparability may be limited. Readers are cautioned not to place undue reliance on analysis of the adjustments we make to GAAP pre-tax income (loss).

Beginning with the three months ended March 31, 2023, for purposes of calculating Income Statement Notables and Adjusted Pre-Tax Income, we changed the methodology used to calculate MSR Valuation Adjustments due to rates and assumption changes to use a runoff calculation that reflects the actual runoff of the fair value of the MSR instead of the realization of expected cash flows (the prior methodology). We made this change because reporting on the actual runoff of the MSR fair value provides an additional supplemental piece of information for investors to assess this fair value runoff in addition to realization of expected cash flows (which are still provided in the financial statements), and this supplemental piece of information mirrors the way that management assesses the performance of our Servicing segment and the owned MSR portfolio. MSR Valuation Adjustments for the fourth quarter and fiscal year 2022 have been revised from prior presentations to reflect the methodology we adopted during the first quarter of 2023.

On the slide titled "Notables", we adjust GAAP pre-tax income (loss) for the following factors: MSR valuation adjustments, expense notables, and other income statement notables. MSR valuation adjustments are comprised of changes to Forward MSR and Reverse mortgage valuations due to rates and assumption changes. Expense notables include significant legal and regulatory settlement expenses<sup>(a)</sup>, expense recoveries, severance and retention costs, LTIP stock price changes, consolidation of office facilities and other expenses (such as costs associated with strategic transactions). Other income statement notables include non-routine transactions that are not categorized in the above.

On the slides titled "GAAP ROE Calculation" & "Adjusted Pre-Tax Income ROE Calculation", we present our calculation of return on equity (ROE) based on GAAP net income, as well as an ROE calculation based on adjusted pre-tax income (loss) as calculated in the following slides.

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a) Including however not limited to CFPB and certain legacy litigation related legal expenses and state regulatory action related legal expenses



# Notables by Quarter



(Dollars in millions)	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
<b>I Reported Net Income (Loss)</b>	<b>10</b>	<b>37</b>	<b>(80)</b>	<b>(40)</b>	<b>15</b>	<b>8</b>	<b>(47)</b>
Income Tax Benefit (Expense)	1	4	(1)	(2)	(1)	(1)	(2)
<b>II Reported Pre-Tax Income (Loss)</b>	<b>9</b>	<b>33</b>	<b>(79)</b>	<b>(38)</b>	<b>16</b>	<b>10</b>	<b>(46)</b>
Forward MSR Valuation Adjustments due to rates and assumption changes, net <sup>(a)(b)(c)</sup>	70	63	(72)	(46)	(23)	13	(64)
Reverse Mortgage Fair Value Change due to rates and assumption changes <sup>(b)(d)</sup>	(25)	(10)	4	7	(10)	(12)	13
<b>III Total MSR Valuation Adjustments due to rates and assumption changes, net</b>	<b>46</b>	<b>54</b>	<b>(68)</b>	<b>(39)</b>	<b>(33)</b>	<b>0</b>	<b>(51)</b>
Significant legal and regulatory settlement expenses	6	(3)	(1)	(2)	28	(3)	(3)
Expense recoveries	0	(0)	(0)	0	-	-	-
Severance and retention <sup>(e)</sup>	(5)	(8)	(6)	(4)	(1)	(0)	(2)
LTIP stock price changes <sup>(f)</sup>	(0)	2	(6)	2	(1)	2	(1)
Office facilities consolidation	-	(3)	(1)	(0)	0	0	0
Other expense notables <sup>(g)</sup>	0	1	1	0	0	1	1
<b>A Total Expense Notables</b>	<b>1</b>	<b>(11)</b>	<b>(13)</b>	<b>(4)</b>	<b>28</b>	<b>(1)</b>	<b>(5)</b>
<b>B Other Income Statement Notables<sup>(h)</sup></b>	<b>1</b>	<b>(2)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>0</b>	<b>(1)</b>
<b>IV Total Other Notables [ A + B ]</b>	<b>2</b>	<b>(13)</b>	<b>(14)</b>	<b>(5)</b>	<b>27</b>	<b>(0)</b>	<b>(5)</b>
<b>V Total Notables<sup>(i)</sup> [ III + IV ]</b>	<b>47</b>	<b>40</b>	<b>(83)</b>	<b>(44)</b>	<b>(6)</b>	<b>(0)</b>	<b>(56)</b>
<b>VI Adjusted Pre-tax Income (Loss) [ II - V ]</b>	<b>(38)</b>	<b>(7)</b>	<b>4</b>	<b>6</b>	<b>23</b>	<b>10</b>	<b>11</b>

# Notables by Full Year



(Dollars in millions)	FY'21	FY'22	FY'23
<b>I Reported Net Income (Loss)</b>	<b>18</b>	<b>26</b>	<b>(64)</b>
Income Tax Benefit (Expense)	22	1	(6)
<b>II Reported Pre-Tax Income (Loss)</b>	<b>(4)</b>	<b>25</b>	<b>(58)</b>
Forward MSR Valuation Adjustments due to rates and assumption changes, net <sup>(a)(b)(c)</sup>	11	151	(121)
Reverse Mortgage Fair Value Change due to rates and assumption changes <sup>(b)(d)</sup>	(23)	(48)	(3)
<b>III Total MSR Valuation Adjustments due to rates and assumption changes, net</b>	<b>(12)</b>	<b>103</b>	<b>(124)</b>
Significant legal and regulatory settlement expenses	(12)	7	21
Expense recoveries	(3)	4	-
Severance and retention <sup>(e)</sup>	-	(19)	(7)
LTIP stock price changes <sup>(f)</sup>	(6)	6	3
Office facilities consolidation	(0)	(4)	0
Other expense notables <sup>(g)</sup>	(16)	1	2
<b>A Total Expense Notables</b>	<b>(37)</b>	<b>(5)</b>	<b>18</b>
<b>B Other Income Statement Notables<sup>(h)</sup></b>	<b>(16)</b>	<b>(3)</b>	<b>(1)</b>
<b>IV Total Other Notables [ A + B ]</b>	<b>(52)</b>	<b>(9)</b>	<b>17</b>
<b>V Total Notables<sup>(i)</sup> [ III + IV ]</b>	<b>(64)</b>	<b>94</b>	<b>(107)</b>
<b>VI Adjusted Pre-tax Income (Loss) [ II - V ]</b>	<b>59</b>	<b>(70)</b>	<b>49</b>

# GAAP ROE Calculation by Quarter



<i>In \$M</i>	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
<b>I Reported Net Income (Loss)</b>	10	37	(80)	(40)	15	8	(47)
<b>II Annualized Net Income (Loss) [ I * 4 ]</b>	41	148	(319)	(161)	62	34	(190)
<b>Equity</b>							
<b>A</b> Beginning Period Equity	534	544	546	457	416	434	445
<b>B</b> Ending Period Equity	544	546	457	416	434	445	402
<b>III Average Equity [ (A + B) / 2 ]</b>	539	545	501	436	425	439	423
<b>IV GAAP ROE [ II / III ]</b>	8%	27%	(64%)	(37%)	15%	8%	(45%)

# GAAP ROE Calculation by Full Year



<i>In \$M</i>	<b>FY'21</b>	<b>FY'22</b>	<b>FY'23</b>
<b>I Reported Net Income (Loss)</b>	<b>18</b>	<b>26</b>	<b>(64)</b>
<b>Equity</b>			
<b>A</b> Beginning Period Equity	415	477	457
<b>B</b> Ending Period Equity	477	457	402
<b>II Average Equity [ (A + B) / 2 ]</b>	<b>446</b>	<b>467</b>	<b>429</b>
<b>III GAAP ROE [ I / II ]</b>	<b>4%</b>	<b>6%</b>	<b>(15%)</b>

## Adjusted Pre-Tax Income ROE Calculation by Quarter

<i>In \$M</i>	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
<b>I</b> Reported Net Income (Loss)	10	37	(80)	(40)	15	8	(47)
<b>II</b> Notable Items	47	40	(83)	(44)	(6)	(0)	(56)
<b>III</b> Income Tax Benefit (Expense)	1	4	(1)	(2)	(1)	(1)	(2)
<b>IV</b> Adjusted Pre-tax Income (Loss) [ I – II – III ]	(38)	(7)	4	6	23	10	11
<b>V</b> Annualized Adjusted Pre-tax Income (Loss) [ IV * 4 ]	(151)	(29)	16	23	91	38	43
<b>Equity</b>							
<b>A</b> Beginning Period Equity	534	544	546	457	416	434	445
<b>C</b> Ending Period Equity	544	546	457	416	434	445	402
<b>D</b> Equity Impact of Notables	(47)	(40)	83	44	6	0	56
<b>B</b> Adjusted Ending Period Equity [ C + D ]	497	506	539	460	440	445	458
<b>VI</b> Average Adjusted Equity [ (A + B) / 2 ]	515	525	543	459	428	439	452
<b>VII</b> Adjusted PTI ROE [ V / VI ]	(29.3%)	(5.5%)	2.9%	5.0%	21.2%	8.7%	9.4%

## Adjusted Pre-Tax Income ROE Calculation by Full Year

<i>In \$M</i>	<b>FY'21</b>	<b>FY'22</b>	<b>FY'23</b>
<b>I Reported Net Income (Loss)</b>	18	26	(64)
<b>II Notable Items</b>	(64)	94	(107)
<b>III Income Tax Benefit (Expense)</b>	22	1	(6)
<b>IV Adjusted Pre-tax Income (Loss)</b> [ I – II – III ]	59	(70)	49
<b>Equity</b>			
<b>A</b> Beginning Period Equity	415	477	457
<b>C</b> Ending Period Equity	477	457	402
<b>D</b> Equity Impact of Notables	64	(94)	107
<b>B</b> Adjusted Ending Period Equity [ C + D ]	540	363	509
<b>V Average Adjusted Equity</b> [ (A + B) / 2 ]	478	420	483
<b>VI Adjusted PTI ROE</b> [ V / VI ]	12.4%	(16.6%)	10.1%

# Adjusted Pre-tax Income (Loss) and Weighted Average Shares Outstanding

<i>In \$M</i>	Q4'22	Q3'23	Q4'23	FY'22	FY'23
<b>I Reported Net Income (Loss)</b>	(80)	8	(47)	26	(64)
<b>II Notable Items</b>	(83)	(0)	(56)	94	(107)
<b>III Income Tax Benefit (Expense)</b>	(1)	(1)	(2)	1	(6)
<b>IV Adjusted Pre-tax Income (Loss) [ I – II – III ]</b>	4.0	9.6	10.7	(69.5)	48.7
Weighted Average Shares Outstanding ( <i>in M</i> )	7.6	7.7	7.7	8.6	7.6

# Fully Diluted Share and Equity Data<sup>(a)</sup>



as of 12/31/23	Equity <i>in \$M</i>	Shares
<b>I. Basic Equity and Outstanding Shares</b>	<b>\$401.8</b>	<b>7,684,401</b>
II. Awards & Options	\$0.5	798,484
<b>III. Diluted Equity and Shares [ I + II ]</b>	<b>\$402.3</b>	<b>8,482,885</b>
IV. Warrants <sup>(b)</sup>	\$38.1	1,446,016
<b>V. Fully Diluted Equity and Shares [ III + IV ]</b>	<b>\$440.4</b>	<b>9,928,901</b>

a) Where applicable, data is end of period; fully diluted share and equity data assumes cash exercise of all dilutive stock options and warrants and vesting of all equity-settled restricted stock units, assuming target performance where applicable

b) Warrants assume an all-cash exercise; if warrants were exercised with a cashless scenario (using the OCN stock price on 1/31/24 of \$28.93), 128,131 shares would be issued with no impact to equity



# MSR Valuation Assumptions – Forward Owned MSRs



(\$ in M)	as of 12/31/2022				as of 9/30/2023				as of 12/31/2023			
	FN/ FH	FHA/ VA	Non-Agency	Total Retained	FN/ FH	FHA/ VA	Non-Agency	Total Retained	FN/ FH	FHA/ VA	Non-Agency	Total Retained
UPB	98,376	12,944	14,869	126,189	88,738	16,829	13,832	119,398	90,263	18,778	13,703	122,743
Loan Count (000s)	387	86	94	567	347	95	88	530	352	100	87	539
Fair Value	1,395	190	126	1,711	1,311	281	126	1,718	1,227	269	109	1,605
Fair Value (% of UPB)	1.42%	1.46%	0.85%	1.36%	1.48%	1.67%	0.91%	1.44%	1.36%	1.43%	0.79%	1.31%
<b>Collateral Metrics:</b>												
Weighted Average Note Rate	3.507	4.217	4.259	3.668	3.845	4.683	4.553	4.046	3.957	4.876	4.635	4.174
Weighted Average Svc Fee	0.255	0.377	0.329	0.276	0.259	0.398	0.329	0.286	0.256	0.404	0.328	0.287
Weighted Average Rem Term	305	288	173	288	300	302	167	285	300	307	167	286
% D30 (MBA definition)	0.9%	6.2%	6.2%	2.6%	1.1%	6.0%	7.1%	3.0%	1.2%	6.3%	7.5%	3.2%
% D60 (MBA definition)	0.2%	2.1%	1.9%	0.8%	0.2%	2.0%	2.2%	0.9%	0.2%	2.1%	2.4%	0.9%
% D90+ (MBA definition)	0.5%	4.2%	6.4%	2.0%	0.5%	3.7%	5.9%	2.0%	0.5%	4.1%	5.9%	2.1%
% D30-60-90+	1.6%	12.5%	14.6%	5.4%	1.8%	11.6%	15.1%	5.8%	2.0%	12.6%	15.9%	6.2%
<b>Fair Value Assumptions<sup>(a)</sup>:</b>												
Lifetime CPR <sup>(b)</sup>	6.82	7.18	7.88	6.98	6.78	7.69	7.88	7.04	7.94	9.83	7.91	8.22
Cost to Service - Lifetime Total <sup>(c)</sup>	\$69	\$114	\$161	\$84	\$68.3	\$107.4	\$160.5	\$84.5	\$68.7	\$107.5	\$168.2	\$85.8
Cost to Service - Lifetime Perf. <sup>(c)(d)</sup>	\$65	\$75	\$125	\$77	\$65	\$75	\$126	\$77	\$65	\$75	\$130	\$77
Cost to Service - Lifetime NPL <sup>(c)(d)</sup>	\$585	\$664	\$860	\$747	\$556	\$665	\$852	\$735	\$555	\$666	\$895	\$750
Ancillary Income <sup>(c)</sup>	\$41.3	\$44.4	\$63.3	\$44.2	\$42.1	\$44.9	\$64.4	\$45.1	\$42.0	\$45.1	\$66.7	\$45.2
Discount Rate	9.5	10.5	10.3	9.7	9.6	10.9	10.3	9.8	9.0	10.4	11.2	9.5
MSR Valuation Multiple	5.56x	3.89x	2.57x	4.91x	5.71x	4.19x	2.76x	5.02x	5.30x	3.54x	2.42x	4.56x

a) 3rd party broker assumptions

b) Total voluntary payoffs and involuntary defaults; does not include scheduled payments

c) Annual \$ per loan; ancillary includes REO fee income on Non-Agency MSRs

d) Performing represents Current and D30; NPL represents D60+

## SLIDE 3

- a) See slide 9 for cost structure comparison to peers over twice our size
- b) Servicer awards include HUD Tier 1 ranking for 3 consecutive years
- c) PTI from opportunistic asset recovery transaction
- d) Subservicing % of total servicing UPB at year-end '23
- e) Source: Inside Mortgage Finance Top Correspondent Platforms: 9M2023
- f) MSR capital partners are third parties to which we sell MSR or ESS, and we continue to service the loans in some capacity following the sale
- g) Source: Reverse Market Insight, Top 100 HECM Lenders, 1/2/2024
- h) Source: Inside Mortgage Finance Top Primary Mortgage Servicers: 4Q23; excluding banks

## SLIDE 4

- a) See slides 24-31 for discussion of non-GAAP measures including notable items
- b) MSR Valuation Adjustments that are due to changes in market interest rates, valuation inputs or other assumptions, net of overall fair value gains / (losses) on MSR hedge, including FV changes of Pledged MSR liabilities associated with MSR transferred to MAV, RITM and others and ESS financing liabilities that are due to changes in market interest rates, valuation inputs or other assumptions, a component of MSR valuation adjustment, net; see slides 24-31 for discussion of non-GAAP measures including notable items

## SLIDE 5

- a) See slides 24-31 for discussion of non-GAAP measures including notable items; adjusted PTI has grown six straight quarters after adjusting Q2'23 by excluding gain from opportunistic asset recovery transaction
- b) MSR capital partners are third parties to which we sell MSR or ESS, and we continue to service the loans in some capacity following the sale

## SLIDE 6

- a) See slides 24-31 for discussion of non-GAAP measures including notable items; beginning in Q4'23, Servicing segment now includes Insurance Services, previously in Corporate segment; presentation of past periods has been updated to reflect this change; Adjusted PTI for Insurance Services was \$3.7M in FY'21 and \$6.9M in FY'23

## SLIDE 7

- a) MSR capital partners are third parties to which we sell MSR or ESS, and we continue to service the loans in some capacity following the sale
- b) Last 24 months refers to the period from Jan'22 to Dec'23; total adds to subservicing portfolio inclusive of external adds from subservicing clients and subservicing-retained sales of our owned MSRs

## SLIDE 8

- a) MSR capital partners are third parties to which we sell MSR or ESS, and we continue to service the loans in some capacity following the sale
- b) Higher margin includes Consumer Direct and Reverse, as well as Correspondent GNMA, Best Efforts and Non-Delegated

## SLIDE 9

- a) Ocwen's delinquency excludes loans in active forbearance plan; agency includes FHLMC, FNMA, GNMA; source for industry data: Inside Mortgage Finance DQ Rates (Jun 2020 – Dec 2023)
- b) Servicing status upon exiting forbearance plan; source for industry data: MBA's Loan Monitoring Survey, as of 12/31/2023
- c) Fully loaded cost to service metrics below for forward residential mortgages only; servicing cost defined as expenses divided by avg servicing UPB; Servicing UPB is avg for year and includes deferred and non-deferred principal; cost per loan defined as expenses divided by avg loan count; source for industry data: MBA's 2023 Servicing Operations Study

## SLIDE 10

- a) Assumes we achieve our objectives and there are no adverse changes to market, industry, or business conditions or legal and regulatory matters; in the past, results have differed materially from our expectations, and this may happen again
- b) See slide 26 for calculation
- c) MSR Valuation Adjustments due to rates and assumption changes and Adjusted PTI (Loss) has been conformed to the current presentation; using the methodology prior to Q1'23, MSR Valuation Adjustments due to rates and assumption changes would have been \$(61)M in Q4'22, \$3M in Q3'23, \$(48)M in Q4'23, \$82M in FY'22 and \$(100)M in FY'23; Adjusted PTI (Loss) would have been \$(3)M in Q4'22, \$7M in Q3'23, \$8M in Q4'23, \$(49)M in FY'22 and \$25M in FY'23; see Note Regarding Non-GAAP Financial Measures for more information

## SLIDE 10 cont'd

- d) MSR Valuation Adjustments that are due to changes in market interest rates, valuation inputs or other assumptions, net of overall fair value gains / (losses) on MSR hedge, including FV changes of Pledged MSR liabilities associated with MSR transferred to MAV, RITM and others and ESS financing liabilities that are due to changes in market interest rates, valuation inputs or other assumptions, a component of MSR valuation adjustment, net, the adjustment does not include valuation gains on MSR purchases of \$2.6M for Q4'22, \$9.9M for FY'22 and \$1.9M for FY'23
- e) See slides 24-31 for discussion of non-GAAP measures including notable items
- f) See slide 28 for calculation; effective in the second quarter of 2023, in our earnings release, we now show Adjusted Pre-tax Income (Loss) ROE in place of After-tax ROE Before Notables to align with Adjusted Pre-tax Income (Loss) used throughout the presentation as our key operations profitability metric; tax related to notables was a benefit/(expense) of ~\$3.8M in Q4'22, ~\$0.0M in Q3'23, and ~\$0.5M in Q4'23, ~0.5M in FY'22 and ~(0.7)M in FY'23
- g) Cash balances plus available credit

## SLIDE 11

- a) Excludes impact of model assumption changes and hedge costs
- b) Includes hedge costs

## SLIDE 12

- a) Leverage ratio is debt divided by equity at year-end; debt defined as senior notes (net) plus MSR and ESS financing liabilities

## SLIDE 13

- a) MSR capital partners are third parties to which we sell MSR or ESS, and we continue to service the loans in some capacity following the sale
- b) See slides 24-31 for discussion of non-GAAP measures including notable items; beginning in Q4'23, Servicing segment now includes Insurance Services, previously in Corporate segment; presentation of past periods has been updated to reflect this change; Insurance Services is included in Forward on the Adjusted PTI chart; Adjusted PTI for Insurance Services was \$0.5M in Q4'22, \$1.5M in Q3'23 and \$2.7M in Q4'23
- c) Float income on PITI custodial accounts

# End Notes



## SLIDE 13 cont'd

- d) Operating expenses include overhead allocation; beginning in Q4'23, Servicing segment includes Insurance Services; presentation of past periods has been updated to reflect this change; excluding Insurance Services, cost structure bps would have been 9.5 in Q4'22, 9.4 in Q3'23 and 8.6 in Q4'23

## SLIDE 14

- a) Legacy assets include GNMA and PLS owned MSR's acquired in 2018 or prior
- b) Based on comparison of average loan resolution timelines to mortgage banks and non-banks (Jan – Dec 2023); source: Moody's Analytics Structured Finance Portal

## SLIDE 15

- a) Source: Inside Mortgage Finance Top Correspondent Platforms: 9M2023
- b) Source: Reverse Market Insight, Top 100 HECM Lenders, 1/2/2024
- c) See slides 24-31 for discussion of non-GAAP measures including notable items; Subservicing Business Development is included in Fwd CL + Co-Issue on the Adjusted PTI chart; Adjusted Pre-tax Loss for Subservicing Business Development was \$(1.1)M in Q4'22, \$(0.6)M in Q3'23 and \$(0.5)M in Q4'23
- d) Total operating expenses for originations segment divided by funded loan count
- e) Orig volume defined as total funded UPB for all channels
- f) Origination channel's total revenue divided by its funded UPB

## SLIDE 16

- a) See slides 24-31 for discussion of non-GAAP measures; through Q4'23, adjusted PTI has grown six straight quarters after adjusting Q2'23 by excluding gain from opportunistic asset recovery transaction
- b) The Compensation and Human Capital Committee of Ocwen's board of directors selected the following peer group as the comparator for benchmarking, including competitors in the mortgage finance industry and mortgage real estate investment trusts; group includes ASB, BKU, COOP, FOA, GHLD, LDI, MTG, NAVI, PFSI, RDN, SSB, TREE, UWMC, WD, WBS; beginning in Q3'23 presentation, HMPT was removed from peer group since they are no longer publicly traded; close prices are adjusted for splits, dividend and/or capital gain distributions

## SLIDE 16 cont'd

- c) Closing share price at one business day after quarter's earnings release divided by book value per share at quarter end; pre-earnings for most recent quarter reflects closing share price at 2/23/2023 divided by book value per share at quarter end

## SLIDE 17

- a) MSR capital partners are third parties to which we sell MSR or ESS, and we continue to service the loans in some capacity following the sale; % of originations excludes bulk sales
- b) Total revenue for Originations segment as a % of origination volume
- c) Total Originations segment operating expenses and overhead as a % of origination volume
- c) Unallocated portion of Corporate segment operating expenses as a % of avg servicing UPB
- d) Total revenue for forward and reverse owned MSR servicing portfolio as a % of avg owned MSR servicing UPB
- e) Total revenue for forward and reverse subservicing portfolio as a % of avg subservicing UPB
- f) Total forward and reverse servicing operating expenses as a % of avg servicing UPB
- g) Subservicing growth subject to impact of MSR sales of certain clients with short-term interim agreements; while we do consider some client MSR sales in our forecasting, market factors and client strategy can fluctuate the volume, sometimes considerably
- h) Assumes we achieve our objectives and there are no adverse changes to market, industry, or business conditions or legal and regulatory matters; in the past, results have differed materially from our expectations, and this may happen again

## SLIDE 18

- a) Increased our client base from 1,166 at year-end '22 (reported in Q4'22 earnings presentation) to over 1,300 at year-end '23
- b) Refinance recapture rate improved each year FY'21 to FY'23
- c) This is a key component of our current business strategy; see slides 7-8 for additional information and results of this strategic initiative
- d) Increased mix of higher margin origination products to 39% in FY'23 vs 21% in FY'22; higher margin includes Consumer Direct and Reverse, as well as Correspondent GNMA, Best Efforts and Non-Delegated

## SLIDE 18 cont'd

- e) Servicer awards include HUD Tier 1 ranking for 3 consecutive years
- f) See slide 9 for cost structure comparison to peers over twice our size
- g) See slide 9 for metrics that demonstrate special servicing skills
- h) Net promoter scores (NPS) for both borrowers and subservicing clients improved YoY; source: Ocwen customer/client survey data; borrower NPS is weighted average of borrower surveys for forward and reverse servicing; Ocwen's Client Relations team surveys subservicing clients twice per year

## SLIDE 20

- a) Wholesale channel is reverse mortgage origination only

## SLIDE 22

- a) Decrease in MSR's, MSR financing, and pledged MSR vs Q3'23 presentation is primarily due the derecognition of a portion of pledged MSR assets and liabilities associated with the Rithm servicing agreements; please refer to our FY'23 10-K for additional information
- b) MSR fair value of the pledged liability for transferred MSR's and ESS

## SLIDE 24

- a) Including however not limited to CFPB and certain legacy litigation related legal expenses and state regulatory action related legal expenses

## SLIDE 25

- a) MSR Valuation Adjustments that are due to changes in market interest rates, valuation inputs or other assumptions, net of overall fair value gains / (losses) on MSR hedge, including FV changes of Pledged MSR liabilities associated with MSR transferred to MAV, RITM and others and ESS financing liabilities that are due to changes in market interest rates, valuation inputs or other assumptions, a component of MSR valuation adjustment, net. The adjustment does not include valuation gains on MSR purchases of \$2.6M for Q2'22, \$3.6M for Q3'22, \$2.6M for Q4'22, and \$1.9M for Q1'23
- b) The changes in fair value due to market interest rates were measured by isolating the impact of market interest rate changes on the valuation model output as provided by our third-party valuation expert

## SLIDE 25 *cont'd*

- c) Beginning with the three months ended March 31, 2023, for purposes of calculating Income Statement Notables and Adjusted Pre-Tax Income, we changed the methodology used to calculate MSR Valuation Adjustments due to rates and assumption changes to exclude actual-to-model variances of realization of cash flows, or runoff. The presentation of past periods has been conformed to the current presentation. If we had used the methodology employed prior to Q1'23, Forward MSR Valuation Adjustments due to rates and assumption changes, net would have been \$59M for Q2'22, \$63M for Q3'22, \$(65)M for Q4'22, \$(38)M for Q1'23, \$(14)M for Q2'23, \$16M for Q3'23, and \$(61)M for Q4'23; Adjusted PTI (Loss) would have been \$(26)M for Q2'22, \$(8)M for Q3'22 \$(3)M in Q4'22, \$(3)M for Q1'23, \$13M for Q2'23, \$7M in Q3'23, and \$8M in Q4'23. See Note regarding Non-GAAP Financial Measures for more information
- d) FV changes of loans HFI and HMBS related borrowings due to market interest rates and assumptions, a component of gain on reverse loans held for investment and HMBS-related borrowings, net
- e) Severance and retention due to organizational rightsizing or reorganization
- f) Long-term incentive program (LTIP) compensation expense changes attributable to stock price changes during the period
- g) Includes costs associated with but not limited to rebranding, MAV upsize and other strategic initiatives
- h) Contains non-routine transactions including but not limited to gain on debt extinguishment, early asset retirement, and fair value assumption changes on other investments recorded in other income/expense
- i) Certain previously presented notable categories with nil numbers for each period shown have been omitted

## SLIDE 26

- a) MSR Valuation Adjustments that are due to changes in market interest rates, valuation inputs or other assumptions, net of overall fair value gains / (losses) on MSR hedge, including FV changes of Pledged MSR liabilities associated with MSR transferred to MAV, RITM and others and ESS financing liabilities that are due to changes in market interest rates, valuation inputs or other assumptions, a component of MSR valuation adjustment, net. The adjustment does not include valuation gains on MSR purchases of \$19.6M for FY'21, \$9.9M for FY'22 and \$1.9M for FY'23

## SLIDE 26 *cont'd*

- b) The changes in fair value due to market interest rates were measured by isolating the impact of market interest rate changes on the valuation model output as provided by our third-party valuation expert
- c) Beginning with the three months ended March 31, 2023, for purposes of calculating Income Statement Notables and Adjusted Pre-Tax Income, we changed the methodology used to calculate MSR Valuation Adjustments due to rates and assumption changes to exclude actual-to-model variances of realization of cash flows, or runoff. The presentation of past periods has been conformed to the current presentation. If we had used the methodology employed prior to Q1'23, Forward MSR Valuation Adjustments due to rates and assumption changes, net would have been \$(49)M in FY'22 and \$25M in FY'23. See Note regarding Non-GAAP Financial Measures for more information
- d) FV changes of loans HFI and HMBS related borrowings due to market interest rates and assumptions, a component of gain on reverse loans held for investment and HMBS-related borrowings, net
- e) Severance and retention due to organizational rightsizing or reorganization
- f) Long-term incentive program (LTIP) compensation expense changes attributable to stock price changes during the period
- g) Includes costs associated with but not limited to rebranding, MAV upsize and other strategic initiatives; FY'21 includes costs related to the reverse subservicing acquisition from RMS (MAM)
- h) Contains non-routine transactions including but not limited to gain on debt extinguishment, early asset retirement, and fair value assumption changes on other investments recorded in other income/expense
- i) Certain previously presented notable categories with nil numbers for each period shown have been omitted

## SLIDE 32

- a) Where applicable, data is end of period; fully diluted share and equity data assumes cash exercise of all dilutive stock options and warrants and vesting of all equity-settled restricted stock units, assuming target performance where applicable
- b) Warrants assume an all-cash exercise; if warrants were exercised with a cashless scenario (using the OCN stock price on 1/31/24 of \$28.93), 128,131 shares would be issued with no impact to equity

## SLIDE 33

- a) 3rd party broker assumptions
- b) Total voluntary payoffs and involuntary defaults; does not include scheduled payments
- c) Annual \$ per loan; ancillary includes REO fee income on Non-Agency MSRs
- d) Performing represents Current and D30; NPL represents D60+

# Abbreviations



- **Adj:** Adjusted (GAAP, net of notables)
- **B2B:** Business-to-Business (incl CL and Co-Issue)
- **bps:** Basis Points (1/100<sup>th</sup> of a percent)
- **BV:** Book Value (Equity / Outstanding Shares)
- **BVPS:** Book Value Per Share
- **CD:** Consumer Direct
- **CFPB:** Consumer Financial Protection Bureau
- **CL:** Correspondent Lending
- **COE:** Center of Excellence
- **CPR:** Conditional Prepayment Rate
- **CRL:** CR limited, a wholly-owned captive reinsurance subsidiary of OCN for REO
- **CTS:** Cost to Service
- **D##:** ## days past due (MBA methodology)
- **EBITDA:** Earnings before interest, taxes, depreciation and amortization
- **EBO:** Early Buyout (GNMA)
- **EOp:** End of Period
- **EPS:** Earnings Per Share
- **ESS:** Excess Servicing Spread
- **Fannie (Mae):** Federal National Mortgage Association
- **FHA:** Federal Housing Administration
- **FHLB:** Federal Home Loan Banks
- **FH(LMC):** Federal Home Loan Mortgage Corporation
- **FN(MA):** Federal National Mortgage Association
- **Freddie (Mac):** Federal Home Loan Mortgage Corporation
- **FV:** Fair Value
- **Fwd:** Forward Mortgage
- **GAAP:** Generally Accepted Accounting Principles
- **Ginnie (Mae):** Government National Mortgage Association
- **GN(MA):** Government National Mortgage Association
- **GoS:** Gain on Sale
- **GSE:** Government Sponsored Enterprise (FNMA, FHLMC)
- **HCR:** Hedge Coverage Ratio
- **HECM:** Home Equity Conversion Mortgage
- **HFI:** Loans Held for Investment
- **HMBS:** Home Equity Conversion Mortgage-Backed Securities
- **HUD:** Housing and Urban Development
- **IMB:** Independent Mortgage Bank(er)
- **JV:** Joint Venture
- **LTIP:** Long-term Incentive Program
- **M&A:** Mergers and Acquisitions
- **MAM:** Mortgage Assets Management, LLC
- **MAV:** MSR Asset Vehicle LLC
- **MSR:** Mortgage Servicing Rights
- **MSR-X:** Flow MSR sales with capital partners to fund new originations
- **MTM:** Mark-to-market
- **NAMB:** National Association of Mortgage Bankers
- **NI:** Net Income
- **NPL:** Non-performing Loan
- **NOL:** Net Operating Loss Carry Forward
- **Non-Bank:** Independent Mortgage Bank(er)
- **NPS:** Net Promoter Score
- **OCN:** Ocwen Financial Corporation
- **Opex:** Operating Expenses
- **Orig:** Mortgage Originations Business Segment
- **Perf:** Performing Loan
- **PLS:** Private Label Securities
- **PHH:** PHH Mortgage Corporation, a wholly-owned subsidiary of OCN
- **PIF:** Paid in Full
- **PITI:** Principal, Interest, Taxes and Insurance
- **PMC:** PHH Mortgage Corporation
- **pp:** percentage points
- **PTI:** Pre-Tax Income (Loss)
- **QoQ:** Quarter-over-quarter
- **RBCR:** GNMA Risk-Based Capital Ratio
- **Rem Term:** Remaining Term
- **REO:** Real Estate Owned
- **RITM:** Rithm Capital Corp.
- **RMS:** Reverse Mortgage Solutions, Inc.
- **ROE:** Return on Equity
- **Rvs:** Reverse Mortgage
- **S&P:** S&P Global Ratings
- **SEC:** Securities Exchange Commission
- **Serv:** Mortgage Servicing Business Segment
- **SHARP:** Servicer Honors and Rewards Program (FHLMC)
- **STAR:** Servicer Total Achievement Rewards (FNMA)
- **Svc Fee:** Servicing Fee
- **TCB:** Texas Capital Bank
- **UPB:** Unpaid Principal Balance
- **VA:** Department Of Veterans Affairs
- **YoY:** Year-over-year