



Q3 2015 Investor Supplement
November 3, 2015

Helping You Achieve More

Disclaimers



Forward Looking Statements

Any statements in this presentation that are not historical or current facts are forward looking statements. These forward looking statements include, but are not limited to, statements regarding: our 2016 corporate initiatives and goals, servicing profitability and targets, originations recapture and earnings outlook and Xome strategic growth and profitability. Forward looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Certain of these risks and uncertainties are described in the “Business” and “Risk Factors” sections of our most recent annual report and other required documents as filed with the SEC, which are available at the SEC’s website at <http://www.sec.gov>. Nationstar undertakes no obligation to publicly update or revise any forward looking statements or any other information contained herein, and the statements made in this presentation are current as of the date of this presentation only.

Non-GAAP measures

This presentation contains certain references to non-GAAP measures. Please refer to the Appendix and Endnotes for more information on non-GAAP measures.

Nationstar Overview



Nationstar (NYSE:NSM) is a residential mortgage services company and the largest non-bank servicer in the U.S.

- ✓ **Achieved servicing profitability goal** of 3.6 bps, **up 57% QoQ**
- ✓ **Awarded \$50B+ sub-servicing contract** from leading financial services organization
- ✓ Originations adjusted **PTI of \$50 million and fifth straight quarter with growth in revenues**, funded \$5 billion



1) Based on Q3'15YTD annualized originations.
2) Inside Mortgage Finance Q2'15 rankings.
3) Based on Q3'15YTD annualized property sales.

Servicing Highlights

- **Sequential progress in profitability to 3.6 bps⁽¹⁾**
- Ending UPB of \$408B – significant scale in an asset that will appreciate with the rise in interest rates
- Awarded \$50B+ sub-servicing contract from a leading diversified financial services organization
- **Target⁽²⁾:** On track for profitability of 5 bps in Q4'15 and 5-7 bps in in 2016
 - ✓ Servicing annual PTI expected to double if 5 bps is achieved in Q4'15

Improving Financial Results⁽¹⁾⁽²⁾

<i>\$ mm, unless otherwise noted</i>	Q2'15	Q3'15	Q4'15 Target
Operating Revenue	\$408	\$419	
Total Expenses	203	201	
Adj. Operating Income	\$205	\$218	
Adj. Operating Income (bps)	20.8	21.8	22 – 23 bps
Total Amortization	(88)	(82)	
Financing Structure Payments	(94)	(100)	
Adj. Pretax Income	\$23	\$36	
Adj. Pretax Income (bps)	2.3	3.6	5.0 bps
Key Metrics:			
Avg. UPB (\$B)	\$395	\$400	

Key Operational Metrics

	Q2'15	Q3'15	% Change
60+ day delinquency	7.4%	7.2%	3%
Payoff requests	68,000	63,000	8%
Annualized CPR rate	16.9%	16.2%	4%
Workouts	16,831	16,340	(3%)

1) Please refer to Appendix for information on non-GAAP numbers and reconciliations.

2) Estimates of future profitability targets are forward looking and based on a number of factors outside our control. Results could differ materially.

Originations Highlights

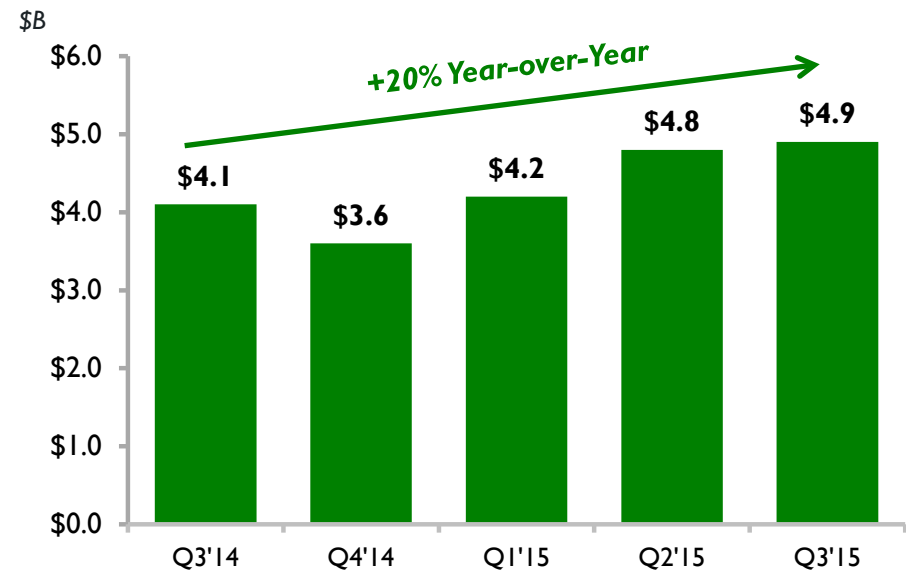
- **\$4.9B in funded volume, highest since Q4'13, and up 22% YoY**
- \$50 million of adjusted pretax income⁽¹⁾
- Increased recapture rate to 28%

Strong Financial Results⁽¹⁾

\$ in mm, unless otherwise noted

	Q2'15	Q3'15	QoQ%
Revenue	\$170	\$180	6%
Total Expenses	111	130	(15)%
Adjusted Pretax Income	\$59	\$50	(15)%
Key Metrics:			
Funded Volume (\$B)	\$4.8	\$4.9	2%
Recapture percentage	25%	28%	12%
Purchase % funded volume	27%	27%	0%
30 year mortgage rate ⁽²⁾	4.02%	4.06%	0.04%

Funded Volume



1) Please refer to Appendix for information on non-GAAP numbers and reconciliations. Adjusted in Q2 for non-recurring expenses of \$4 million; no adjustments for Q3.

2) Per Federal Reserve data.

XomeSM Highlights

- 34% of Q3 total revenue from 3rd party business
- 60% title revenue growth year-over-year⁽¹⁾
- **Execution strategy:** Continue 3rd party business expansion across all major offerings; title, settlement and escrow expansion through organic growth and acquisitions; increase technology development and product offerings; increase Xome.com agent participation

Performance Metrics

\$ in mm

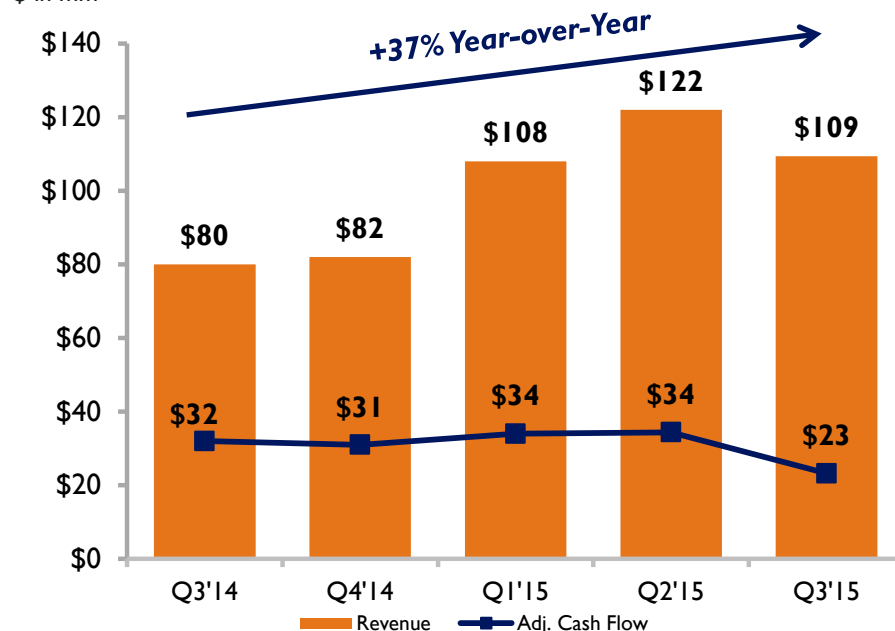
	Q2'15	Q3'15	QoQ %
Revenue	\$122	\$109	(11)%
Total Expenses	94	92	(2)%
Adjusted Pretax Income	\$28	\$17	(39) %

Key Metrics:

Property sales	6,131	4,913	(20)%
REO ending inventory	8,279	8,008	(3)%
Fulfillment orders	158,100	167,200	6%
3 rd party business %	30%	34%	13%

Revenue Growth and Adjusted Cash Flow⁽²⁾

\$ in mm



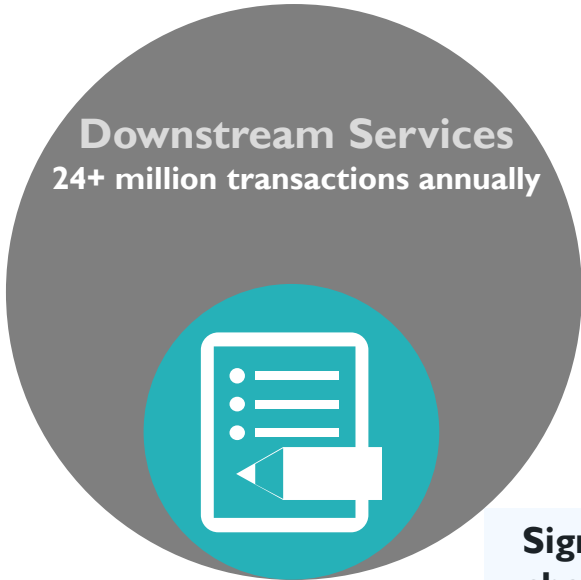
1) Comparing 9 months ended 9/30/14 to 9 months ended 9/30/15.

2) Please refer to Appendix for information on non-GAAP numbers and reconciliations.

Significant Market Opportunity

Xome is focused on servicing agents and lenders in a compliant and transparent manner

- ✓ End-to-end transparency
- ✓ Friction free transaction
- ✓ Engaging experience for customers, agents and lenders



Significant market share opportunity

250,000+
Title transactions in 2015 with large financial clients

2,000+
Transactional leads to agents



>150%
Growth in the number of units via Xome Fulfillment (title & close) YoY



120,000+
Property listings saved by users



200,000+
Existing agent base

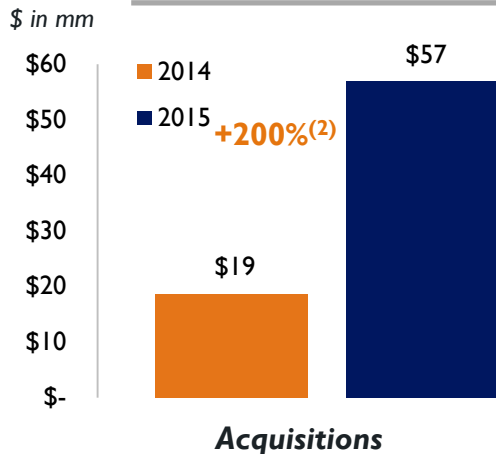


725,000+
iOS and Android Downloads of the Xome Mobile App

Xome Key Investments

2015 YTD Xome investments of ~\$100 mm – creating a best-in-class real estate transaction ecosystem

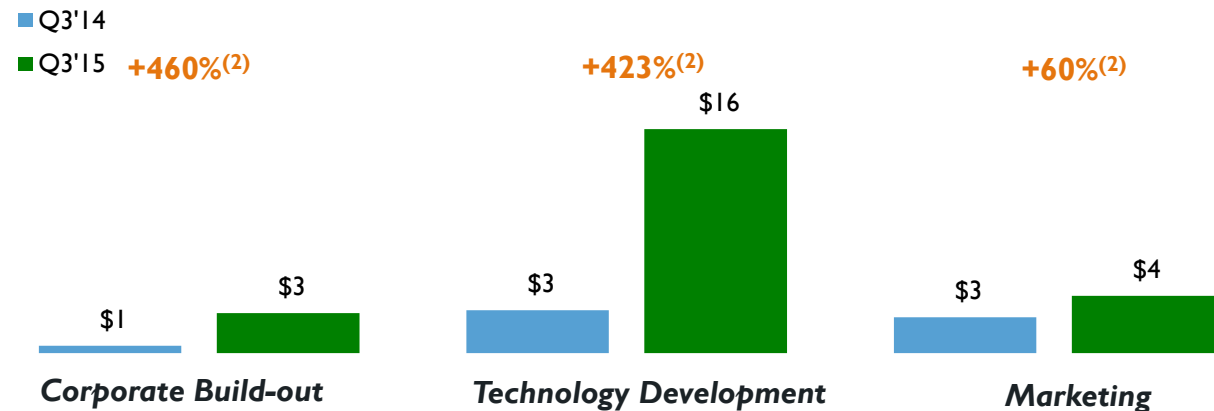
Annual Comparison⁽¹⁾



- ✓ Acquired T365 – title + escrow in 38 states
- ✓ Acquired Quantarium and GoPaperless (data analytics for valuations and e-signature solution)



Q3'14 vs. Q3'15 Investment Comparison



- ✓ Continued build-out of executive team
- ✓ Develop independent corporate functions

- ✓ Launch Xome.com, iPhone / Google android mobile apps and Xome Signings
- ✓ Build-out technology data center in India
- ✓ Enhance Auction workflow engine

- ✓ Enhance brand awareness - launched Xome ecosystem in June

(1) Acquisitions include 9 months ending 2014 versus 9 months ending 2015.

(2) Percentage increases calculated on actual numbers; investment amounts shown above are rounded to nearest million and as such recalculating percentage increases may result in differences

Note: All investments include capitalized as well as expensed (income statement) figures. During the third quarter, \$6 million of Technology Development costs and \$1 million of Acquisition costs were capitalized.

Building Off A Strong Platform

Servicing: Financial Performance⁽¹⁾

\$ mm	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15
Operating Revenue	\$381	\$388	\$375	\$408	\$419
Total Expenses	172	174	197	203	201
Adj. Operating Income	\$209	\$214	\$178	\$205	\$218
Adj. Operating Income (bps)	22.1	22.5	18.4	20.8	21.8
Total Amortization	(60)	(68)	(76)	(88)	(82)
Financing Structure Payments	(100)	(99)	(94)	(94)	(100)
Adjusted Pretax Income	\$49	\$47	\$7	\$23	\$36
Adjusted Pretax Income (bps)	5.2	5.0	0.7	2.3	3.6

Servicing Outlook⁽²⁾

- ✓ Q4'15: exit the year at 5.0 bps
- ✓ 2016: long-term stability of 5 – 7 bps

Originations: Financial Performance⁽¹⁾

\$ mm	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15
Revenue	\$139	\$145	\$158	\$170	\$180
Total Expenses	85	99	99	111	130
Adjusted Pretax income	\$54	\$47	\$59	\$59	\$50

Originations Outlook⁽²⁾

- ✓ 2016: 30-35% recapture
- ✓ Driving cost per fulfilled loan lower

1) Please refer to Appendix for information on non-GAAP numbers and reconciliations.

2) Estimates of future profitability and recapture targets are forward looking and based on a number of factors outside our control. Results could differ materially.

Our Commitment to Customer Experience

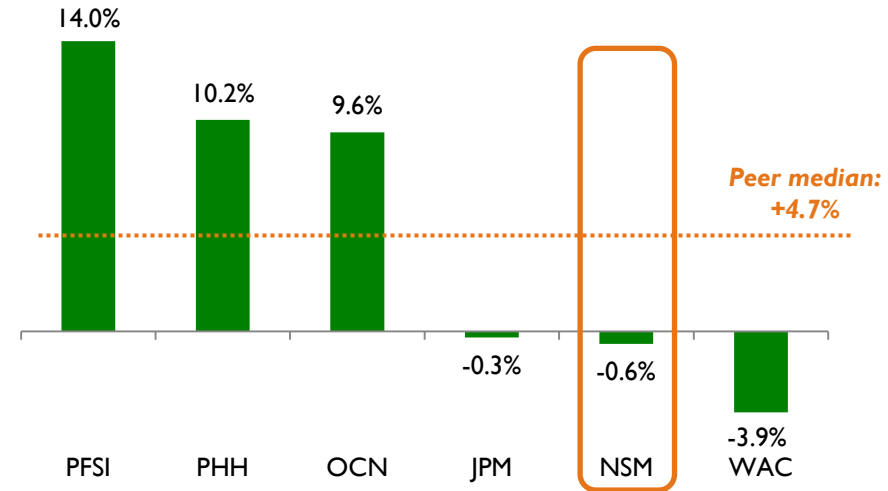
Customer satisfaction propelled by:

- ✓ Multiple project enhancements that focus on compliance and customers
- ✓ Chief Customer Officer focused on customer experience
- ✓ “Operation Zero” driving customer complaints to ZERO

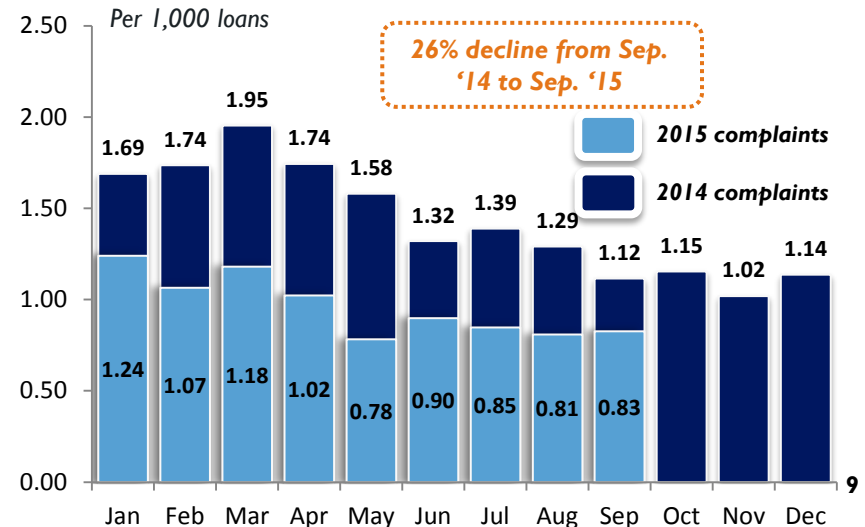
Customer commitment demonstrated by investments including:

- ✓ Ongoing investment in self-service initiatives (IVR system)
- ✓ Ongoing borrower education videos
- ✓ 1H'16: launch enhancements to NSM website and mobile apps

Increase / (Decrease) in Number of Complaints per 1,000 Customers⁽¹⁾



Complaint Reductions



Sources: CFPB and Inside Mortgage Finance.
 1) Change in complaints calculated from 2Q'14 to 2Q'15.
 Calculation assumes average loan size of \$180,000 per 1,000 customers.

Corporate Initiatives

	Q3 Achievements	2016 Goals ⁽¹⁾	Action Plan
I	Servicing <ul style="list-style-type: none"> ✓ Achieved goal of 3.5 bps servicing profitability ✓ Reduced delinquencies 	<ul style="list-style-type: none"> ✓ 5-7 bps PTI 	<ul style="list-style-type: none"> ✓ Remain GSE scorecard top performer ✓ Self-service initiatives: IVR, enhanced website & mobile app ✓ Continue reduction in customer complaints
II	Originations <ul style="list-style-type: none"> ✓ Continued to deliver high margin, profitable servicing assets ✓ Improved turn-times ✓ 7th consecutive strong quarter of earnings 	<ul style="list-style-type: none"> ✓ 30-35% recapture 	<ul style="list-style-type: none"> ✓ Optimize marketing and sales efficiency ✓ Successful implementation of TRID ✓ Launch new products to maximize customer retention ✓ Continue stable earnings given market conditions
III	Xome <ul style="list-style-type: none"> ✓ Diversifying revenue ✓ Launched Xome Signings ✓ 725,000 app downloads⁽²⁾ 	<ul style="list-style-type: none"> ✓ 20k+ property sales 	<ul style="list-style-type: none"> ✓ Continue 3rd party business expansion across all major offerings ✓ Title, settlement and escrow expansion through organic growth and acquisitions ✓ Increase technology development and product offerings ✓ Increase Xome.com agent participation

1) 2016 goals are forward looking and based on a number of factors outside our control. Results could differ materially.

2) Includes downloads from the Apple iTunes® and Google Play™

Endnotes



Adjusted Cash Flow (“Adjusted Cash Flow”) This disclaimer applies to every usage of Adjusted Cash Flow in this presentation. Adjusted Cash Flow is a metric that is used by management to provide an estimate of cash flow generated by the operating segments. Adjusted Cash Flow begins with pretax income and makes adjustments for cash and non-cash items including changes in the fair value of MSR, value of capitalized servicing retained, depreciation and amortization, stock based compensation and cash taxes.

Adjusted Pretax Income (“Adjusted Pretax Income”) (Servicing) This disclaimer applies to every usage of Adjusted Pretax Income in this presentation. Adjusted Pretax Income is a metric that is used by management to provide a better depiction of the results of servicing operations by excluding changes in fair value of the MSR and non-recurring expenses.

Adjusted Pretax Income (“Adjusted Pretax Income”) (Originations) This disclaimer applies to every usage of Adjusted Pretax Income in this presentation. Adjusted Pretax Income is a metric that is used by management to provide a better depiction of the results of originations operations by excluding non-recurring expenses.

Adjusted Pretax Income (“Adjusted Pretax Income”) (Xome) This disclaimer applies to every usage of Adjusted Pretax Income in this presentation. Adjusted Pretax Income is a metric that is used by management to provide a better depiction of the results of Xome operations by excluding non-recurring expenses.

Appendix



Substantial Cushion on FHFA Requirements



<i>\$ in mm</i>	Q3'15	FHFA Minimum	Cushion
Nationstar Mortgage LLC <i>(seller / servicer)</i>			
Tangible Net Worth	\$1,574	\$682	\$892
Assets⁽¹⁾	\$9,609		
Tangible Net Worth / Assets	16%	6%	10%
Liquidity⁽²⁾	\$862	\$90	\$772

1) Calculated in accordance with FHFA's capital and liquidity standards. As of April 2015, Nationstar was granted waivers to exclude reverse assets (\$7,434 as of Q3'15) from the calculation of Tangible Net Worth / Assets.
 2) Liquidity includes cash, cash equivalents and available capacity to immediately borrow agency servicer advance facilities in which unencumbered collateral is available to pledge and marketable securities.

Adjusted Income Reconciliation

<i>\$ in mm, except per share data</i>	<u>Q2'15</u>	<u>Q3'15</u>
GAAP Pretax Income	\$120	(\$112)
MTM Adjustments	(\$82)	\$152
Non-Recurring Expenses ⁽¹⁾	\$17	\$11
Adjusted Pretax Income	\$55	\$50
Less: Taxes ⁽²⁾	(\$20)	(\$18)
Adjusted Earnings	\$35	\$32
Adjusted Earnings Per Share⁽³⁾	\$0.32	\$0.30

1) Non-recurring expenses include severance, early termination of vendor contracts and legal settlements.

2) Calculated using tax rate of 36.5% in Q3'15 and 36.8% in Q2'15.

3) Calculated using fully-diluted average share count of 107.6mm in Q3'15 and 107.9mm in Q2'15.

Adjusted Pretax Income Reconciliations



\$ in mm	Q2'15					Q3'15				
	Servicing	Xome	Orig	Corp / Other	Total	Servicing	Xome	Orig	Corp / Other	Total
GAAP Pretax Income	\$96	\$28	\$54	(\$58)	\$120	(\$127)	\$17	\$50	(\$53)	(\$112)
MTM Adjustments	(\$82)	---	---	---	(\$82)	\$152	---	---	---	\$152
Non-Recurring Expenses ⁽¹⁾	\$9	---	\$4	\$4	\$17	\$11	---	---	---	\$11
Adjusted Pretax Income	\$23	\$28	\$59	(\$54)	\$55	\$36	\$17	\$50	(\$53)	\$50

1) Non-recurring expenses include severance, early termination of vendor contracts and legal settlements.

Segment Adjusted Cash Flow Reconciliations



\$ in mm	Q2'15					Q3'15				
	Servicing	Xome	Orig	Corp / Other	Total	Servicing	Xome	Orig	Corp / Other	Total
GAAP Pretax Income	\$96	\$28	\$54	(\$58)	\$120	(\$127)	\$17	\$50	(\$53)	(\$112)
MTM Adjustments	(\$82)	---	---	---	(\$82)	\$152	---	---	---	\$152
Amortization ⁽¹⁾	\$88	---	---	---	\$88	\$82	---	---	---	\$82
Principal Payments on Co-Invest	\$42	---	---	---	\$42	\$47	---	---	---	\$47
Servicing Value Retained	---	---	(\$58)	---	(\$58)	---	---	(\$60)	---	(\$60)
Other ⁽²⁾	\$5	\$7	\$3	(\$5)	\$10	\$7	\$6	\$4	(\$20)	\$3
Non-Recurring Expenses	\$9	---	\$4	\$4	\$17	\$11	---	---	---	\$11
Adjusted Cash Flow	\$158	\$34	\$4	(\$59)	\$137	\$172	\$23	\$(6)	(\$73)	\$116

1) Total amortization represents amortization of scheduled, voluntary and involuntary principal payments from the mortgage servicing rights, net of accretion from MSR related liabilities including excess spread financing. Previously, the release of mortgage servicing liabilities related to GNMA buy-outs was reflected as a reduction of amortization totaling \$27mm and \$27mm in Q3'15 and Q2'15, respectively, and has been removed to reflect actual amortization for the periods.

2) Other includes \$7mm of depreciation & amortization in Q3'15. Other includes \$14mm of depreciation & amortization, \$6mm of stock based compensation and \$10mm of cash taxes in Q2'15.

Servicing: Operational P&L



\$ in mm, unless otherwise noted

	Q2'15		Q3'15	
	\$	bps	\$	bps
Operating Revenue	408.2	41.3	419.0	41.9
Labor costs ⁽¹⁾	60.7	6.2	61.5	6.2
Direct corporate allocation	39.8	4.0	39.9	4.0
Other direct expenses	100.0	10.1	99.3	9.9
Total Expenses	200.5	20.3	200.7	20.1
Other (income) / expense	2.6	0.3	0.9	0.1
Adj. operating income b/f amortization	205.0	20.8	217.5	21.8
MSR amortization	(133.9)	(13.6)	(130.6)	(13.1)
Excess spread accretion	45.7	4.6	48.3	4.8
Total amortization⁽²⁾	(88.3)	(8.9)	(82.2)	(8.2)
Adjusted operating income	116.7	11.8	135.3	13.5
MSR financing liability payments	31.1	3.2	30.5	3.0
Excess spread payments – principal	41.9	4.2	47.1	4.7
Excess spread payments – interest	20.6	2.1	21.9	2.2
Total financing structure payments	93.6	9.5	99.5	10.0
Adjusted Pretax Income	23.1	2.3	35.8	3.6
Excess Spread / Financing MTM	(43.6)	(4.4)	63.6	6.4
MSR MTM	125.3	12.7	(215.2)	(21.5)
Total MTM adjustments	81.7	8.3	(151.6)	(15.2)
Non-recurring expenses	(9.0)	(0.9)	(10.8)	(1.1)
GAAP Pretax Income	95.8	9.7	(126.6)	(12.7)
Average UPB (\$B)	\$394.9		\$399.9	

1) Q2'15 labor costs excludes \$4.3mm in severance and Q2'15 other direct expenses excludes \$4.7mm of legal and other non-recurring items.

2) Previously, the release of mortgage servicing liabilities related to GNMA buy-outs was reflected in the Operating P&L as a reduction of amortization totaling \$27mm in Q2'15 and Q3'15, respectively. These items have been reclassified, for presentation purposes, to the Operating Revenue line item in all periods.

Servicing: Operational P&L (in bps)

\$ in mm, unless otherwise noted

	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15
Operating Revenue	40.3	40.9	38.9	41.3	41.9
Labor costs ⁽¹⁾	6.6	7.0	6.2	6.2	6.2
Direct corporate allocation	3.4	4.0	4.1	4.0	4.0
Other direct expenses ⁽¹⁾	7.2	7.9	8.7	10.1	9.9
Total Expenses	17.2	18.9	18.9	20.3	20.1
Other (income) / expense	1.0	(0.5)	1.5	0.3	0.1
Adj. operating income b/f amortization	22.1	22.5	18.4	20.8	21.8
MSR amortization	(10.8)	(10.4)	(11.2)	(13.6)	(13.1)
Excess spread accretion	4.5	3.3	3.3	4.6	4.8
Total amortization ⁽²⁾	(6.3)	(7.1)	(7.9)	(8.9)	(8.2)
Adjusted operating income	15.8	15.4	10.5	11.8	13.5
MSR financing liability payments	4.2	4.3	3.6	3.2	3.0
Excess spread payments – principal	4.3	4.1	4.2	4.2	4.7
Excess spread payments – interest / other	2.1	2.0	2.0	2.1	2.2
Total financing structure payments	10.6	10.4	9.8	9.5	10.0
Adjusted Pretax income	5.2	5.0	0.7	2.3	3.6
Excess Spread / Financing MTM	(4.8)	0.7	0.0	(4.4)	6.4
MSR MTM	9.5	(2.8)	(11.4)	12.7	(21.5)
Total MTM adjustments	4.6	(2.2)	(11.4)	8.3	(15.2)
Non-recurring expenses	(0.2)	(0.9)	--	(0.9)	(1.1)
GAAP Pretax Income	9.6	1.9	(10.6)	9.7	(12.7)
Average UPB (\$B)	\$378.1	\$379.4	\$385.6	\$394.9	\$399.9

1) Excludes severance and other non-recurring items.

2) Previously, the release of mortgage servicing liabilities related to GNMA buy-outs was reflected in the Operating P&L as a reduction of amortization totaling \$27mm in Q2'15 and Q3'15, respectively. These items have been reclassified, for presentation purposes, to the Operating Revenue line item in all periods.

Servicing: Operating P&L Reconciliation

GAAP Revenue Reconciliation

<i>\$ in mm</i>	<u>Q2'15</u>	<u>Q3'15</u>
Operating Revenue	\$408	\$419
Less: MSR Financing Liability	(31)	(30)
Less: Excess Spread - principal	(42)	(47)
Less: Amortization – total ⁽¹⁾	(88)	(82)
MTM Adjustments	82	(152)
Other	(1)	-
GAAP Revenue	\$329	\$108

GAAP Other Income / (Expense) Reconciliation

<i>\$ in mm</i>	<u>Q2'15</u>	<u>Q3'15</u>
Other Income / (Expense)	(\$3)	(\$4)
Plus: Excess Spread – Interest	(21)	(22)
GAAP Other Income / (Expense)	(\$24)	\$(26)

1) Total amortization represents amortization of scheduled, voluntary and involuntary principal payments from the mortgage servicing rights, net of accretion from MSR related liabilities including excess spread financing. Previously, the release of mortgage servicing liabilities related to GNMA buy-outs was reflected in the Operating P&L as a reduction of amortization totaling \$27mm and \$27mm in Q3'15 and Q2'15, respectively. These items have been reclassified, for presentation purposes, to the Operating Revenue line item in all periods.