



**SECOND QUARTER 2017 RESULTS  
INVESTOR SUPPLEMENT**

**AUGUST 3, 2017**

# IMPORTANT INFORMATION

*This presentation contains summarized information concerning Nationstar Mortgage Holdings Inc. (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 as the Company’s other reports filed with the SEC from time to time. Such reports are or will be available in the Shareholder Relations section of the Company’s website ([www.mynationstar.com](http://www.mynationstar.com)) and the SEC’s website ([www.sec.gov](http://www.sec.gov)).*

## 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: estimates of servicing growth, profitability and boardings and recapture opportunities. 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 Form 10-K and other documents filed with the SEC, which are available at the SEC’s website ([www.sec.gov](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 Notes for more information on non-GAAP measures.*

## OVERVIEW

- Adjusted quarterly EPS<sup>(1)</sup> of \$0.43
- Servicing recorded quarterly adjusted earnings<sup>(1)</sup> of \$55 million
  - Achieved adjusted servicing profitability of 4.5 bps
  - 5.0 bps average adjusted profitability first half of 2017
- Boarding \$181 billion throughout 2017<sup>(4)</sup>
  - \$111 billion boarding over 3<sup>rd</sup> and 4<sup>th</sup> quarter<sup>(4)</sup>
  - 19% compounded annual growth rate of servicing portfolio over last 5 years
- Originations recorded quarterly adjusted earnings<sup>(1)</sup> of \$56 million
  - 107% improvement over first quarter 2017

## HIGHLIGHTS

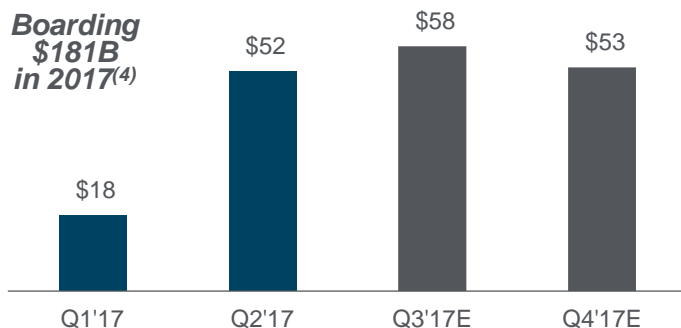
<b>\$ MM, UNLESS NOTED</b>	<b>Q1'17</b>	<b>Q2'17</b>	<b>% QoQ</b>
CONSOLIDATED GAAP PTI	\$3	(\$29)	—
MARK-TO-MARKET	\$38	\$90	N/A
ADJUSTMENTS <sup>(2)</sup>	\$6	\$6	0%
ADJUSTED PRETAX INCOME <sup>(1)</sup>	\$47	\$67	43%
GAAP EPS	\$0.02	(\$0.20)	N/A
ADJUSTED EPS <sup>(1)</sup>	\$0.30	\$0.43	43%

## HIGHLIGHTS

\$ MM, UNLESS NOTED	Q1'17	Q2'17	% QoQ
OPERATIONAL	\$299	\$302	1%
AMORTIZATION	(61)	(66)	(8%)
MARK-TO-MARKET	(38)	(90)	N/A
TOTAL REVENUES	200	146	(27%)
EXPENSES	(158)	(175)	(11%)
OTHER	(16)	(13)	19%
GAAP PRETAX INCOME	\$26	(\$42)	N/A
MARK-TO-MARKET	38	90	N/A
ADJUSTMENTS <sup>(11)</sup>	2	7	N/A
ADJUSTED PRETAX INCOME <sup>(1)</sup>	\$65	\$55	(15%)
<b>ADJUSTED PROFITABILITY</b>	<b>5.6</b>	<b>4.5</b>	<b>(20%)</b>
AVERAGE UPB (\$B)	\$470	\$494	5%
CPR, NET OF RECAPTURE	11%	12%	(9%)
60+ DAY DELINQUENCY RATE	4.1%	3.5%	15%

## BOARDINGS<sup>(4)</sup> (\$B)

*Boarding  
\$181B  
in 2017<sup>(4)</sup>*



## OVERVIEW

- \$55 million adjusted pretax income<sup>(1)</sup>, 4.5 bps adjusted profitability
- Expected to achieve 5.0 bps or higher on average in 2017<sup>(3)</sup>
- Servicing portfolio ended the quarter with \$498 billion in UPB
- Boarded \$52 billion UPB during the quarter (\$38 billion subservicing)
- Boarding \$111 billion UPB throughout Q3'17-Q4'17<sup>(4)</sup>
- Portfolio delinquency (60+) hit all-time low

## SELF SUSTAINING SERVICING PORTFOLIO

### ANNUAL EXAMPLE (\$B)

ESTIMATED VOLUNTARY PAYOFFS (\$500 x 12%)	(\$60)
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### ADDITIONS FROM PARTNERS

+ ORIGINATIONS	\$20
+ SUBSERVICING FLOW	\$20
+ MSR FLOW	\$10
+ MSR BULK	\$10

<b>TOTAL ADDITIONS</b>	<b>\$60</b>
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*Servicing portfolio replenished from existing partners with larger, strategic acquisitions providing growth*

## HIGHLIGHTS

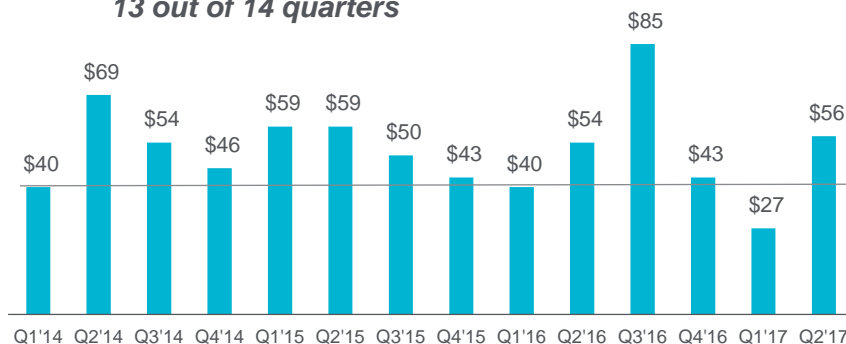
\$ MM, UNLESS NOTED	Q1'17	Q2'17	% QoQ
REVENUES	\$141	\$158	12%
EXPENSES	(\$116)	(\$105)	(9%)
GAAP PRETAX INCOME	\$25	\$53	112%
ADJUSTMENTS <sup>(6)</sup>	\$2	\$3	N/A
<b>ADJUSTED PRETAX INCOME<sup>(1)</sup></b>	<b>\$27</b>	<b>\$56</b>	<b>107%</b>
PULL THROUGH LOCK VOLUME	\$3,805	\$4,200	10%
FUNDED VOLUME	\$4,632	\$4,254	(8%)
PURCHASE MIX <sup>(7)</sup>	20%	29%	45%
CONSUMER DIRECT MIX <sup>(7)</sup>	71%	66%	(7%)
RECAPTURE	32%	24%	(25%)

## OVERVIEW

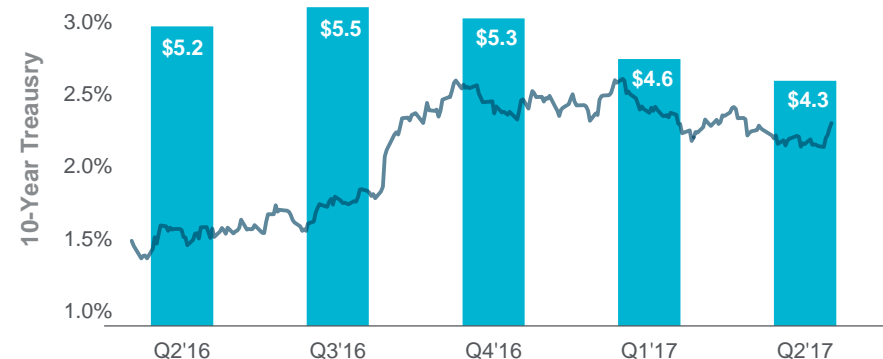
- Achieved \$56 million adjusted pretax income<sup>(1)</sup> up 107% sequentially driven by higher margins
- Expect \$40+ million quarterly profitability in Q3'17<sup>(3)</sup>
- Average days to close decreased by 16 days QoQ
- Refinance recapture rates sustained at ~50%
- Continued investments to increase recapture on purchase originations

## ADJUSTED PRETAX INCOME (\$MM)

**Exceeded \$40 million adjusted pretax income 13 out of 14 quarters**



## FUNDED VOLUME (\$B)



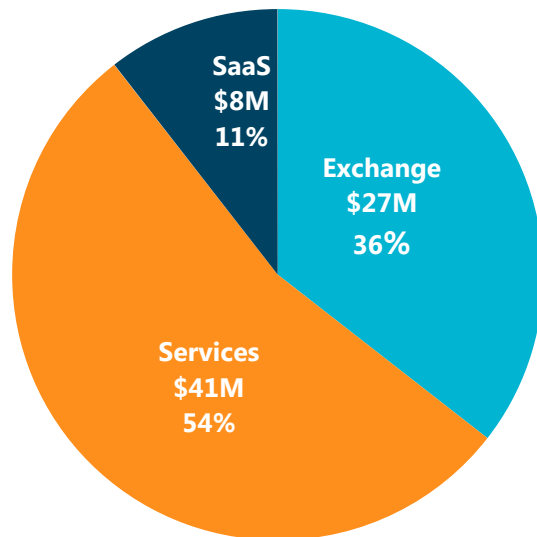
## HIGHLIGHTS

\$MM, UNLESS NOTED	Q1'17	Q2'17	% QoQ
GAAP PRETAX INCOME	\$13	\$17	31%
ADJUSTMENTS <sup>(8)</sup>	—	(5)	—
ADJUSTED PRETAX INCOME <sup>(1)</sup>	\$13	\$12	(8%)
PROPERTIES SOLD	3,414	3,074	(10%)
REO INVENTORY AT PERIOD END	4,382	4,174	(5%)
3 <sup>RD</sup> PARTY REVENUE %	39%	35%	(10%)

## OVERVIEW

- Posted \$12 million adjusted pretax income
- GSE-approved vendor for REO dispositions
- Increased third-party inflows stabilizing REO inventory
- Added 10 new title clients and 3 new valuation clients in the quarter
- Accelerated growth of non-default property listings
  - Over 1,700 property listings and 100 completed sales from “sale by owner” referral relationship
- Successfully completed sale of retail title division
  - Allows Xome & Title365 to focus on core institutional client base through centralized national and default title divisions

## Q2'17 REVENUE MIX (\$MM)



# CAPITAL POSITION UPDATE

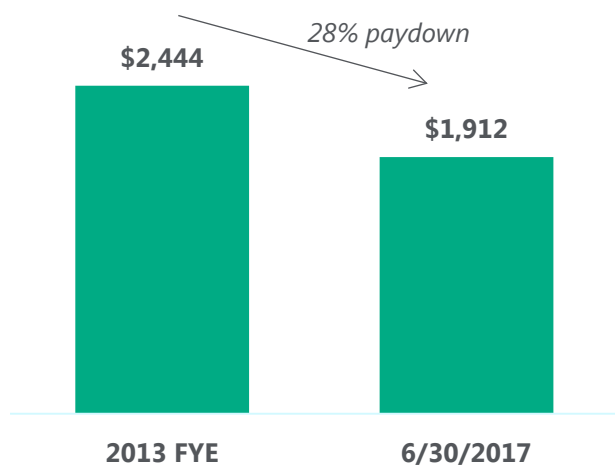
## INTRINSIC VALUATION <sup>(3)</sup>

(\$B, EXCEPT PER SHARE AMOUNTS)	VALUATION	PER SHARE <sup>(9)</sup>
TANGIBLE BOOK VALUE (ex. GOODWILL)	\$1.6	\$16
XOME, RECAPTURE, SUBSERVICING, NET OF CORPORATE <sup>(10)</sup>	\$1.1 - \$1.4	\$11 - \$14
<b>NSM INTRINSIC VALUATION <sup>(3)</sup></b>	<b>\$2.7 - \$3.0</b>	<b>\$27 - \$30</b>

## STOCKHOLDER VALUE

- Intrinsic valuation includes items not reflected in the tangible book value:
  - Valuation of Xome
  - Our ability to retain customers and partially offset prepayments through integrated Originations platform
  - Profitability from existing subservicing agreements

## UNSECURED SENIOR NOTES (\$MM)



## CAPITAL POSITION

- Purchased \$47 million senior notes during Q2'17
- Continue to monitor debt position
- \$100 million share repurchase authorization for 2017

INVESTING IN OUR EMPLOYEES + INVESTING IN OUR CUSTOMERS = IMPROVED CUSTOMER RETENTION

## INVESTING IN OUR CUSTOMERS

- Customer self-service investments improving customer satisfaction and minimizing costs
  - Reduced customer complaint volume by 36% YoY
  - Reduced call transfers by 26% year-over-year
- Moved customer service operations on-shore based on customer feedback
- Redesigned the boarding experience for the more than 1 million customers<sup>(3)</sup> boarding in 2017
- Simple, clean, fresh web design with easy access to personalized loan info

*Enhance the customer experience and increase brand loyalty*

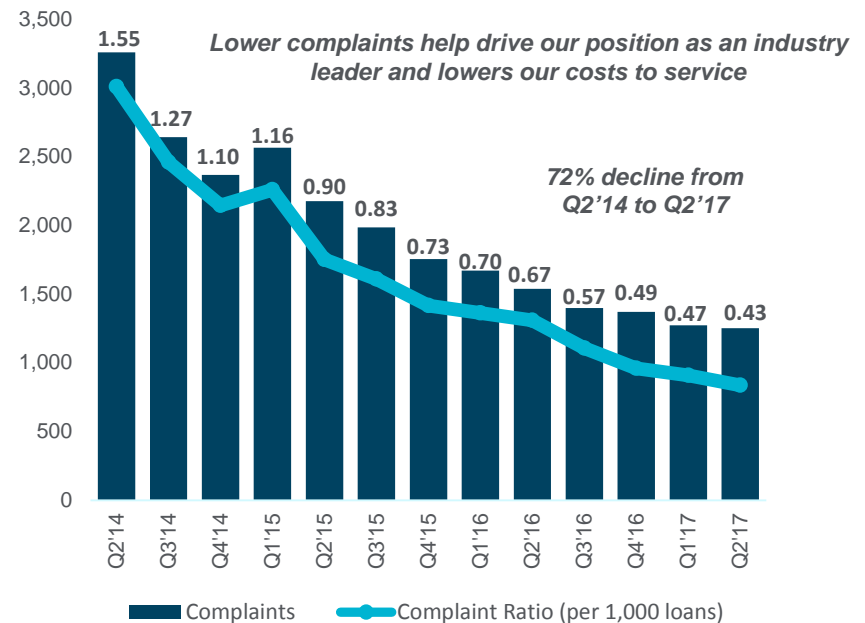
## INVESTING IN OUR EMPLOYEES

- Voluntary turnover rate has improved 23% year-over-year
- Glassdoor rankings improved 38% over the past two years

Introducing



## COMPLAINT REDUCTIONS BY QUARTER<sup>(5)</sup>





# NATIONSTAR HIGHLIGHTS

## ACHIEVEMENTS / GOALS

### SERVICING

- Q1-Q2'17 achieved average adjusted servicing profitability of 5.0 bps<sup>(1)</sup>

*Goal: Achieve 5.0 bps or higher on average for 2017<sup>(3)</sup>*

### ORIGINATIONS

- Achieved \$56 million adjusted profitability in Q2'17

*Goal: Increase recapture on purchase transactions and exceed \$40 million pretax income<sup>(3)</sup>*

### XOME

- Increased property listing inventory by 3,200 through Q2 from third-party and referral program inflows

*Goal: Grow property listings with GSE REO, FHA foreclosure sale, and referral programs*

### CORPORATE / CAPITAL POSITION

- \$170 million expense savings achieved across all segments<sup>(12)</sup>

*Goal: Exceed \$200 million expenses saving initiative across all segments*

## WHAT MATTERS MOST

### Best performing servicer

- Proven track record of receiving approvals for servicing transfers

### Growing servicing portfolio primed for additional expansion

- Boarding 1 million customers over 2017<sup>(3)</sup> and expect to end 2017 with 3.5 million customers
- 5 year UPB growth of \$290B
- Existing system capacity of up to 6 million loans

### Scalable originations channel with significant growth potential

- Mitigates servicing runoff and enhances profitability
- Competitive advantage recognized by servicing partners

### Customer focus delivering real results

- 72% decline in customer complaints from Q2'14 to Q2'17<sup>(6)</sup>
- Improves customer retention

1. The Company utilizes non-GAAP (or “adjusted”) financial measures as the measures provide additional information to assist investors in understanding and assessing the Company’s and our business segments’ ongoing performance and financial results, as well as assessing our prospects for future performance. The adjusted financial measures facilitate a meaningful analysis and allow more accurate comparisons of our ongoing business operations because they exclude items that may not be indicative of or are unrelated to the Company’s and our business segments’ core operating performance, and are better measures for assessing trends in our underlying businesses. These adjustments are consistent with how management views our businesses. Management uses non-GAAP financial measures in making financial, operational and planning decisions and evaluating the Company’s and our business segment’s ongoing performance.
2. Adjusted earnings (loss) eliminates the effects of mark-to-market adjustments which primarily reflects unrealized gains or losses based on the changes in fair value measurements of MSR’s and their related financial liabilities for which a fair value accounting election was made. These adjustments which can be highly volatile and material due to changes in credit markets, are not necessarily reflective of the gains and losses that will ultimately be realized by the Company. Adjusted earnings (loss) also eliminates, as applicable, restructuring costs, rebranding and integration costs, gain (losses) on sales of fixed assets, certain legal settlement costs that are not considered normal operational matters, and other adjustments based on facts and circumstances that would provide investors a supplemental means for evaluating the Company’s core operating performance.
3. Estimates of future profitability or economic value are forward looking and based on a number of factors outside our control. Results could differ materially.
4. The identified opportunities are not currently serviced or sub-serviced by the Company and there can be no assurance that these potential transactions will ultimately be consummated, or will remain the same size. In addition, actual boarded amounts may differ due principally to portfolio amortization between when a portfolio is awarded versus actual boarding. Total includes MSR-owned and originations.
5. Source: CFPB and Inside Mortgage Finance.
6. Q2’17 adjustments include costs associated with relocating originations operations.
7. Based on a percentage of pull through adjusted lock volume.
8. Q2’17 adjustment includes one-time gain related to sale of Title365’s title division
9. Calculated using fully diluted average share count.
10. Xome value in range of previously disclosed valuation estimate. Recapture value based upon 30% recapture rate and is excluded from MSR valuation for GAAP purposes. Subservicing valuation based on estimated future profitability under terms of existing commitments as of June 30, 2017. Corporate overhead valuation assumes 5 year expense at 10% discount rate.
11. Adjustments included closing a servicing center and ramping a customer service call center.
12. Represents the expense savings from annualized 1H’17 compared to annualized 1H’16.

# APPENDIX: SERVICING OPERATIONAL P&L (IN BPS)

	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
OPERATING REVENUE	43.2	39.6	33.7	30.7	29.2
LABOR COSTS	7.0	6.4	5.6	5.1	5.1
DIRECT CORPORATE ALLOCATION	4.0	4.1	3.3	3.3	3.1
OTHER DIRECT EXPENSES	5.3	5.0	4.6	4.8	5.5
TOTAL EXPENSES	16.3	15.5	13.4	13.2	13.7
OTHER (INCOME) / EXPENSE	0.3	0.6	0.3	(0.3)	(0.5)
<b>ADJ. OPERATING INCOME B/F AMORTIZATION</b>	<b>26.5</b>	<b>23.5</b>	<b>20.0</b>	<b>17.8</b>	<b>16.1</b>
MSR AMORTIZATION	(14.2)	(14.1)	(11.2)	(8.8)	(8.6)
EXCESS SPREAD ACCRETION	5.9	4.7	4.4	3.5	3.3
TOTAL AMORTIZATION	(8.3)	(9.4)	(6.8)	(5.2)	(5.3)
<b>ADJUSTED OPERATING INCOME</b>	<b>18.2</b>	<b>14.1</b>	<b>13.2</b>	<b>12.5</b>	<b>10.8</b>
MSR FINANCING LIABILITY PAYMENTS	2.8	2.5	1.9	1.7	1.5
EXCESS SPREAD PAYMENTS – PRINCIPAL	5.1	5.2	4.5	3.5	3.3
EXCESS SPREAD PAYMENTS – INTEREST / OTHER	2.2	2.0	1.8	1.7	1.5
TOTAL FINANCING STRUCTURE PAYMENTS	10.0	9.7	8.2	7.0	6.4
<b>ADJUSTED PRETAX INCOME</b>	<b>8.2</b>	<b>4.4</b>	<b>5.0</b>	<b>5.6</b>	<b>4.5</b>
EXCESS SPREAD / FINANCING MTM	2.5	5.1	(5.1)	(0.1)	2.0
MSR MTM	(27.0)	(6.0)	30.1	(1.0)	(9.3)
TOTAL MTM ADJUSTMENTS	(24.5)	(0.9)	25.0	(3.2)	(7.3)
NON-RECURRING	---	---	---	(0.2)	(0.5)
<b>GAAP PRETAX INCOME</b>	<b>(16.2)</b>	<b>3.6</b>	<b>30.0</b>	<b>2.2</b>	<b>(3.4)</b>
AVERAGE UPB (\$B)	\$378.0	\$390.0	\$464.1	\$470.3	\$493.8