



# **Investor Presentation**

## **May 3, 2017**

---

## **FORWARD-LOOKING STATEMENTS:**

Our presentation contains certain forward-looking statements as defined under the federal securities laws such as our statements relating to our expectations and strategies for growth, including through our new business lines, and statements relating to our costs and our cost improvement initiative. These forward-looking statements may be identified by a reference to a future period or by the use of forward-looking terminology, and include pro forma financial information presented solely for illustrative purposes. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Our business has been undergoing substantial change which has magnified such uncertainties. 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 following: uncertainty related to claims, litigation, cease and desist orders and investigations brought by government agencies and private parties regarding our servicing, foreclosure, modification, origination and other practices, including uncertainty related to past, present or future investigations, litigation, cease and desist orders and settlements with 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) and actions brought under the False Claims Act by private parties on behalf of the United States of America regarding incentive and other payments made by governmental entities; adverse effects on our business as a result of regulatory investigations, litigation, cease and desist orders or settlements; reactions to the announcement of such investigations, litigation, cease and desist orders or settlements by key counterparties, including lenders; 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 contain and reduce our operating costs, including our ability to successfully execute on our cost improvement initiative; the adequacy of our financial resources, including our sources of liquidity and ability to sell, fund and recover advances, repay borrowings and comply with our debt agreements, including the financial and other covenants contained in them; our servicer and credit ratings as well as other actions from various rating agencies, including the impact of prior or future downgrades of our servicer and credit ratings; volatility in our stock price; the characteristics of our servicing portfolio, including prepayment speeds along with delinquency and advance rates; our ability to successfully modify delinquent loans, manage foreclosures and sell foreclosed properties; uncertainty related to legislation, regulations, regulatory agency actions, government programs and policies, industry initiatives and evolving best servicing practices; as well as other risks detailed in Ocwen's reports and filings with the SEC, including its annual report on Form 10-K for the year ended December 31, 2016 and any current and quarterly reports since such date. In addition, there can be no assurance that a definitive agreement will be entered into with New Residential on the terms described in this presentation or at all. Anyone wishing to understand Ocwen's business should review its SEC filings. Ocwen's 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. Information contained in this presentation that reflects assumptions as to facts or circumstances may or may not reflect current or future facts or circumstances and may simplify certain variable or otherwise complex outcomes for purposes of presenting such information. Such information is presented solely for illustrative purposes and readers should not place undue reliance on information reflecting such assumptions. Ocwen may post information that is important to investors on its website.

## **PRELIMINARY RESULTS:**

The financial results and other financial data presented in this presentation are preliminary, based upon our estimates and subject to completion of our financial closing procedures and issuance of our financial statements as of and for the quarter ended March 31, 2017. Moreover, the financial results and other financial data have been prepared on the basis of currently available information. Our final financial results and other financial data could differ materially from our preliminary financial results and other financial data. Our final financial results will be set forth in the Company's Form 10-Q for the first quarter of 2017.



# Agenda

---

- Executive Summary
- Potential New Residential Investment Corp. (NRZ) Transaction
- How Ocwen's Strong Performance Helps Consumers



# Executive Summary

---

- Reported preliminary Q1'17 GAAP pre-tax loss of \$(30) million, a \$72 million improvement versus Q1'16
  - Servicing profit of \$3 million ... Third consecutive quarter of profitability
  - Lending profit of \$1 million ... \$7 million higher than Q4'16 driven by higher margins
  - Generated \$86 million of Cash Flow from Operating Activities
  - Ended quarter with \$268 million of cash
- 1.1x Corporate Debt to Equity ratio<sup>(a)</sup>, one of the lowest among non-bank servicers
- Appointed Independent Director Robert J. Lipstein to the Board of Directors
- CA and NY monitorships have ended. CA has lifted restriction on bulk MSR purchases
- Ocwen will vigorously defend itself against CFPB over-reach and hopes to reach a reasonable, timely resolution to states' concerns
  - Numerous independent reviews and even some states' own exam conclusions refute allegations
  - Counterparty support continues
  - Have taken appropriate actions to comply with Cease & Desist orders while awaiting various legal proceedings to conclude (appeals, filings, etc.)
- Recently announced proposed, but not final transaction with NRZ expected to strengthen and extend our business relationship and improve our near-term liquidity



# Proposed, but not Finalized NRZ Transaction<sup>(a)</sup>

## Overview

- NRZ to pay Ocwen \$425 million for the rights to its payments under the existing contract<sup>(b)</sup>
- Ocwen will work with NRZ on securing consents required to implement the transaction
- The cash payments will be received as consents are received ... anticipated to be over the next 4 to 12 months
- Ocwen and NRZ will enter into a 5-year subservicing contract
- NRZ will purchase 4.9% of newly-issued Ocwen common stock at \$2.29/share, the closing price on 4/28/17

## Expected Impact to Ocwen

- ✓ Strong show of support from Ocwen's largest counterparty
- ✓ The \$425 million will likely be amortized to income over the life of the subservicing contract<sup>(b)</sup>
- ✓ Strengthens liquidity
- ✓ Solidifies long-term relationship with strong partner who will be further invested in Ocwen's success
- ✓ Extends contractual relationship an additional 2 years
- ✓ Establishes framework for potential future transactions



# Ocwen's Strong Performance Helps Consumers

---

## **Our focus on the customer is generating positive results**

- Completed over 735,000 loan modifications since 2008
- CFPB complaints at an all-time low in November 2016 – down over 60% since January 2014
- Lower complaint volume compared to peers on a per loan basis<sup>(a)</sup>
- 2016 ConsumerAffairs.com rating improved to 4 stars (out of 5)

## **Significantly improved results as published by GSEs and Rating Agencies**

- Agency audits resulted in higher ratings with fewer and less severe findings in 2016
- Moody's: Ocwen continues to have the best total cure and cash flow metrics of all major servicers

## **Other independent reviews report results typical of industry practices**

- Duff & Phelps: Determined Ocwen servicing practices are consistent with industry standards
- Murray Analytics: Escrow account reconciliation tests were as expected with no material findings

## **Recent state exams and internal control audits reflect strong results and effective controls**

- No findings in recent 2016 Reg. AB, USAP and SSAE 16 reviews
- Almost 900 loan files provided to State Examiners in 2016, resulting in no significant adverse findings or concerns regarding loan file or data integrity
- SOX testing by external auditor and independent internal audit department reflects effective internal controls



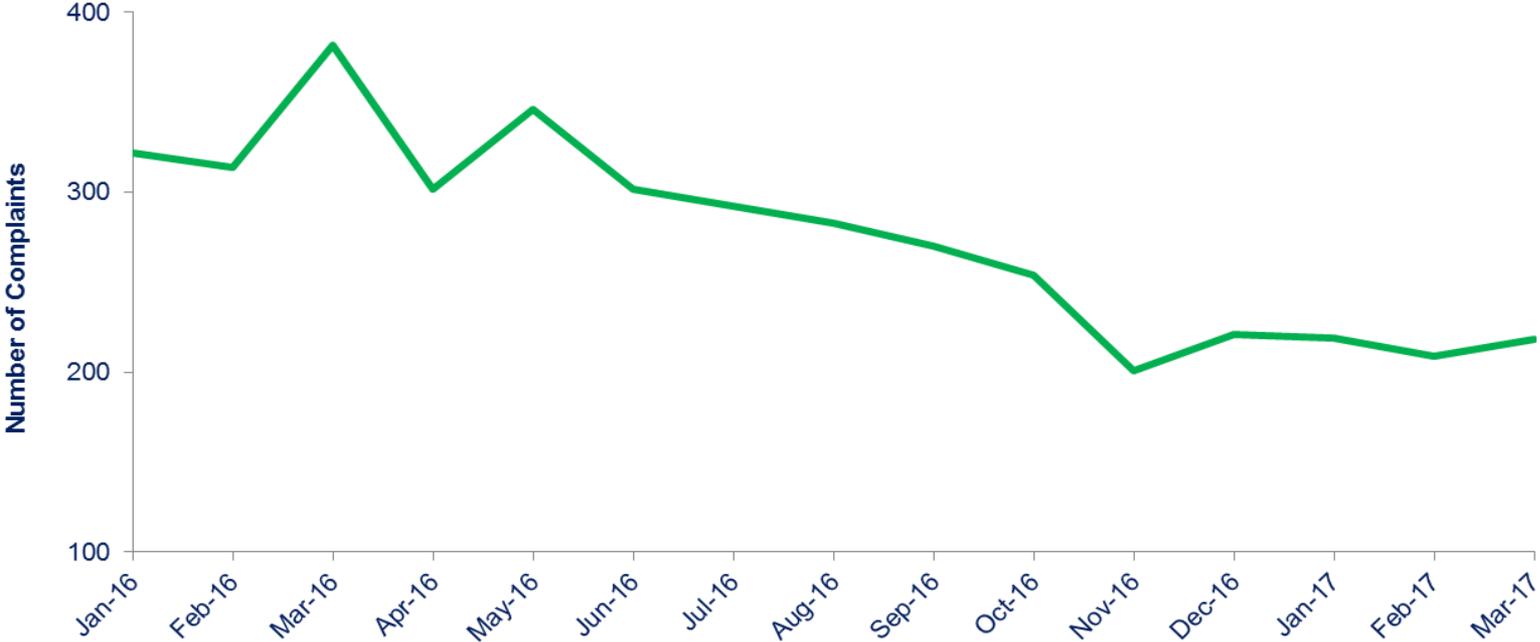
# Substantial Decline in CFPB Complaints

Process Improvements Translate to a Better Customer Experience

## Consistent reduction in consumer complaints about Ocwen to the CFPB over recent years

- CFPB complaints are down to an all-time low of 201 in November 2016. This represents a reduction of 38% from January 2016

### CFPB Monthly Complaints



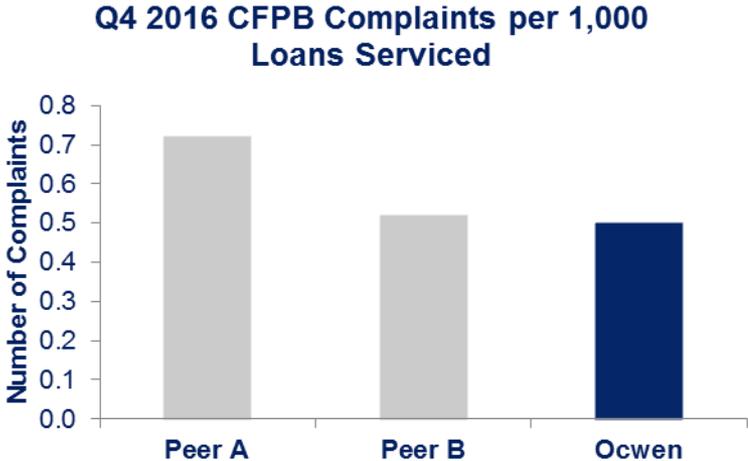
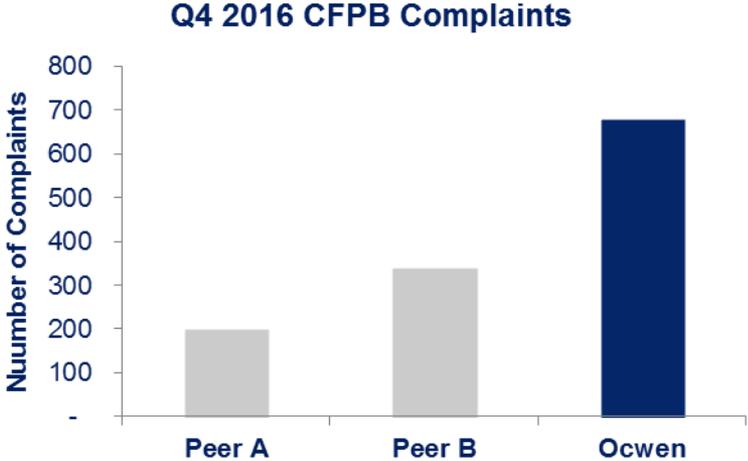


# CFPB Complaints Peer Comparison

Ocwen is Performing Better than its Peers

Peer A and Peer B have servicing portfolio characteristics similar to Ocwen (weighted sub-prime). Other competitors service largely Prime loans with lower delinquencies, and therefore are not comparable to Ocwen

- At first glance, it may appear that Peer A and Peer B have fewer CFPB complaints than Ocwen, but when viewed on a per 1,000 loans serviced basis, Ocwen has a significantly lower complaint volume
- Ocwen’s internally managed complaint volumes have also declined throughout 2016



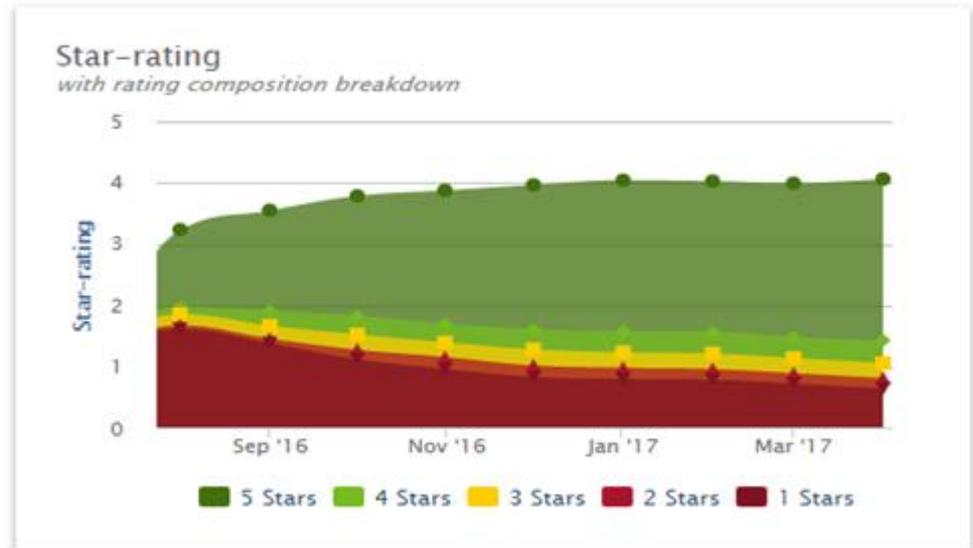
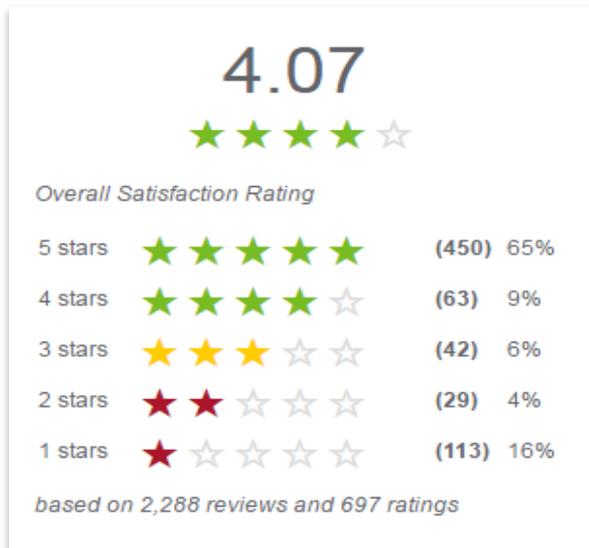
# ConsumerAffairs.com

## Improved Standing on a Leading On-Line Customer Review Site



Ocwen has experienced a significant improvement in its customer satisfaction rating on ConsumerAffairs.com, a leading on-line customer review site

- The average rating for Ocwen increased from 1 star (out of a possible best 5 stars) over the first half of 2016 to 4.07 stars as of April 27, 2017



# Improvements in GSE Annual Audit Results

- The GSEs perform extensive annual audits of all large Servicers
- As further substantiation of Ocwen’s process improvements, data quality and control framework, the audit results have shown significant improvements over time

## GSE “A”

## GSE “B”

- 2016 Audit findings down
- The average risk rating continues to improve

- 2016 Audit findings down
- The average risk rating continues to improve





# Independent Reviews Support Ocwen

---

## Duff & Phelps

- From March '15 to February '16, Duff & Phelps conducted an independent review of Ocwen's servicing operations, covering: accounting, loan modifications, compliance and operations & governing practices
- The purpose of the review, conducted on behalf of a Master Servicer, was to investigate allegations by Gibbs & Bruns on behalf of certain institutional investors related to Ocwen's loan modification practices (the primary allegation being that Ocwen too often modified loans in lieu of foreclosure)
- Analysis by Duff & Phelps determined that none of the Gibbs & Bruns allegations investigated were supported by evidence

## Murray Analytics

- In October 2016, Murray Analytics issued a final report following an 18-month review conducted on behalf of certain RMBS trustees in connection with the Gibbs & Bruns allegations
- The review investigated, among other things, the accuracy of cash receipts and cash disbursements as recorded in Ocwen's loan servicing records
- The review matched actual cash flows with the system of record in four categories: Principal advances, Interest advances, Corporate advances and Escrow advances
- The report concluded that results of the testing performed were as expected, consistent with results noted by Duff & Phelps

## Moody's

- On November 7, 2016, Moody's acknowledged that Ocwen had improved its risk management, quality control and compliance processes by enhancing its oversight and monitoring procedures and increasing staff in these areas, noting Ocwen's performance metrics remain above average across operational areas, specifically,
  - Ocwen continues to have best total cure and cash flowing metrics as well as above average call center metrics
  - Ocwen's loss mitigation abilities, as well as foreclosure and REO timeline performance remain above average



# External Audit Reviews Support Ocwen

---

Annually Ocwen retains a large, independent audit firm to perform the Regulation AB, USAP and SSAE16 reviews

## Regulation AB

- Independent auditors conduct a review of Ocwen's compliance with the servicing criteria set forth in item 1122(d) of the Securities and Exchange Commission's Regulation AB
- The 2015 and 2016 annual reports generated no findings

## USAP

- Independent auditors conduct a review of Ocwen's compliance with the minimum servicing standards identified in the Mortgage Bankers Association of America's Uniform Single Attestation Program for Mortgage Bankers "USAP"
- The 2015 and 2016 annual reports generated no findings

## Statement on Standards for Attestation Engagements No. 16 (SSAE16)

- Independent auditors conduct a review of Ocwen's Service Organization's system and the suitability of the design and operating effectiveness of controls
- The 2016 annual report generated no findings
- For the final report for 2015, one minor isolated exception was noted



# 2016 State Examinations

---

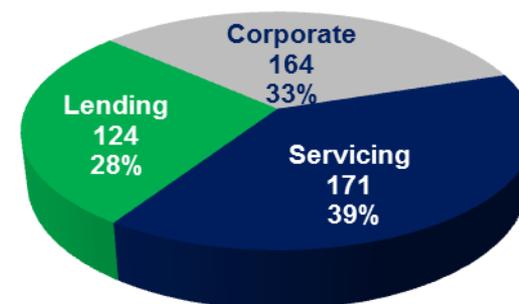
## Ocwen's 2016 State Examination Summary:

- 8 State examinations of Ocwen's mortgage loan servicing practices were started and completed in 2016 (scope of these exams covered activities in 2015 and 2016)
- The scope of state examinations cover both specific state regulations, as well as Federal consumer financial protection laws
- 888 loan files provided to examiners for review
- 7 of the 8 examinations concluded with satisfactory or better ratings and no significant findings
- 1 State issued a report with no rating and preliminary findings on activities dating back to 2013, all of which Ocwen has previously remediated and outlined in management's response
- There were no findings in the examination reports issued that alleged source system data integrity concerns

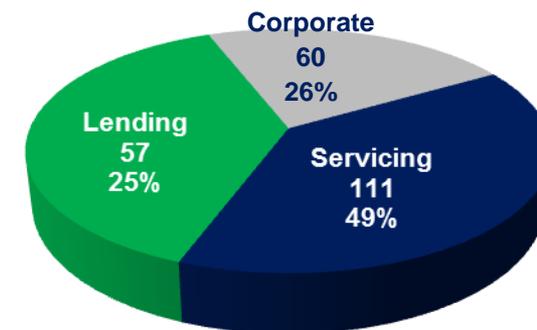
# 2016 Sarbanes-Oxley (SOX) Testing

- Ocwen's independent SOX testing team, under the direction of Internal Audit, tests 459 operating controls and 228 IT controls annually
- The Company's external auditor issued an unqualified opinion on our internal controls over financial reporting as part of the recent completion of the 2016 SEC Form 10K

**Business Process Controls  
by Business Function**



**IT Process Controls  
by Business Function**





# Data Quality

## Strong data governance & controls

---

- Enhanced Data Governance and Quality, adopting industry best practices where appropriate
- Implemented industry leading toolset including Master Data Management solution and Data Quality dashboard reporting to proactively manage quality of data
- Business glossary & data dictionary developed for all of the attributes used in borrower correspondence
- Definitions & taxonomies are aligned to the Mortgage Industry Standards Maintenance Organization
- Our data integrity initiatives have translated into significant efficiencies in numerous business processes

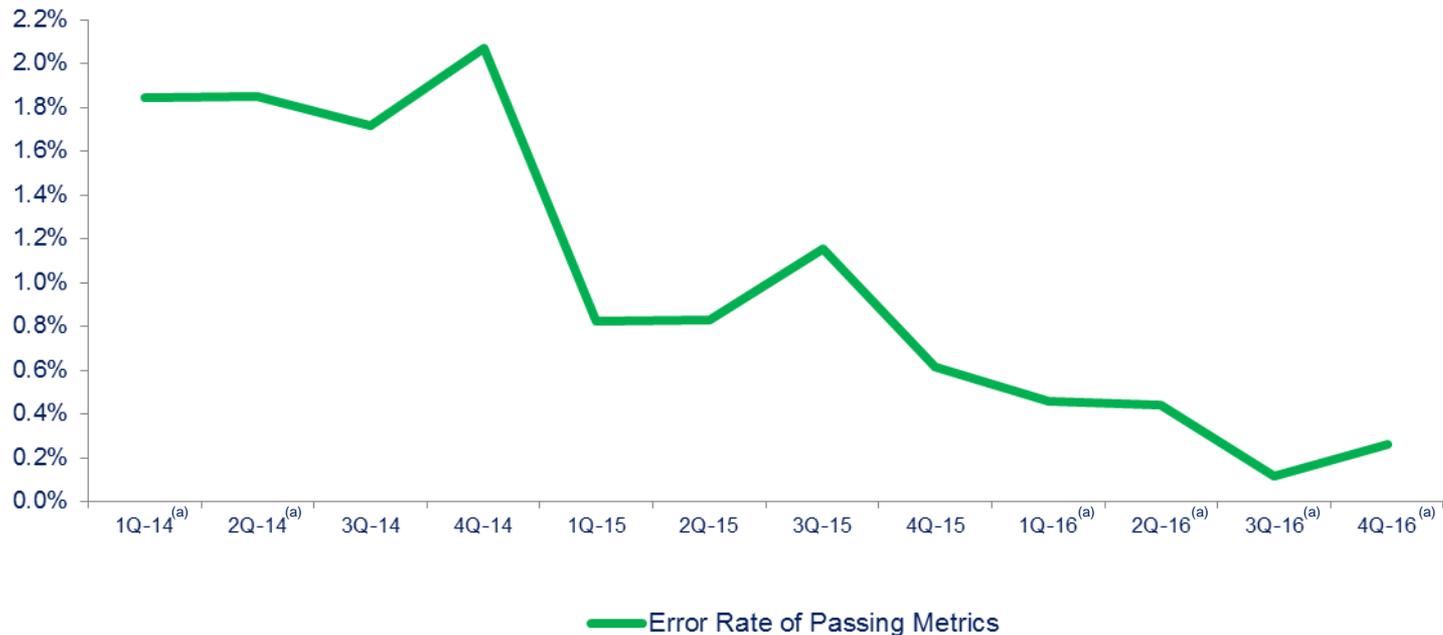
**Data governance focus has resulted in prior servicer data quality issues being corrected, enhanced correspondence processes, and a more positive customer experience**

# National Mortgage Settlement Servicing Compliance

## Testing Indicates Strong Controls



- No metric failures for any tested metrics for the entire calendar year of 2016, as determined by the Company's Internal Review Group (IRG); pending validation from OMSO
- The passing error threshold is 5% in most cases and we are generally well below that hurdle





# Shareholder Relations Information

## About Ocwen

Ocwen Financial Corporation is a financial services holding company which, through its subsidiaries, originates and services loans. We are headquartered in West Palm Beach, Florida, with offices throughout the United States and in the U.S. Virgin Islands and operations in India and the Philippines. We have been serving our customers since 1988. We may post information that is important to investors on our website ([www.Ocwen.com](http://www.Ocwen.com)).

## Exchange

New York Stock Exchange (NYSE)

## Ticker

OCN

## Headquarters

West Palm Beach, FL

## Contact Information

All Shareholder Relations inquiries should be sent to: [shareholderrelations@ocwen.com](mailto:shareholderrelations@ocwen.com)

## Employees

Approximately 9,400