



Keefe, Bruyette & Woods 2015 Mortgage Finance Conference

June 2, 2015

Forward Looking Statements



FORWARD-LOOKING STATEMENTS:

Our presentation contains certain forward-looking statements. These forward-looking statements may be identified by a reference to a future period or by the use of forward-looking terminology. They involve risks and uncertainties that could cause the company's actual results to differ materially from the results discussed in the forward-looking statements. Important factors that could cause actual results to differ include, but are not limited to, our future production, revenues, income, capital spending, related general economic and market conditions, delinquency rates, trends for home prices, uncertainties related to acquisitions, including our ability to integrate the systems, procedures and personnel from other companies, as well as other risks discussed in the "Risk Factors" section within our Annual Report on Form 10-K, which was filed with the U.S. Securities and Exchange Commission on March 6, 2015, and any revisions to those Risk Factors in subsequent filings. These forward-looking statements speak only as of the date they are made and except for our ongoing obligations under the U.S. federal securities laws, we undertake no obligation to update or revise forward-looking statements whether as a result of new information, future events or otherwise.

NON-GAAP MEASURES:

Our presentation contains non-GAAP performance measures, such as our references to "adjusted net income", "adjusted pre-tax net income", "adjusted EPS", "adjusted net income per diluted share", "adjusted segment revenue", and "adjusted segment pre-tax income". We believe these non-GAAP performance measures provide additional meaningful comparisons between current results and results in prior periods. Non-GAAP performance measures should be viewed in addition to, and not as an alternative for, the Company's reported results under accounting principles generally accepted in the United States. In addition, our calculations of non-GAAP performance measures may be different from the calculations used by other companies and, therefore, comparability may be limited. Please refer to the Appendix of this presentation for a reconciliation of these non-GAAP performance measures to the most comparable GAAP measure.

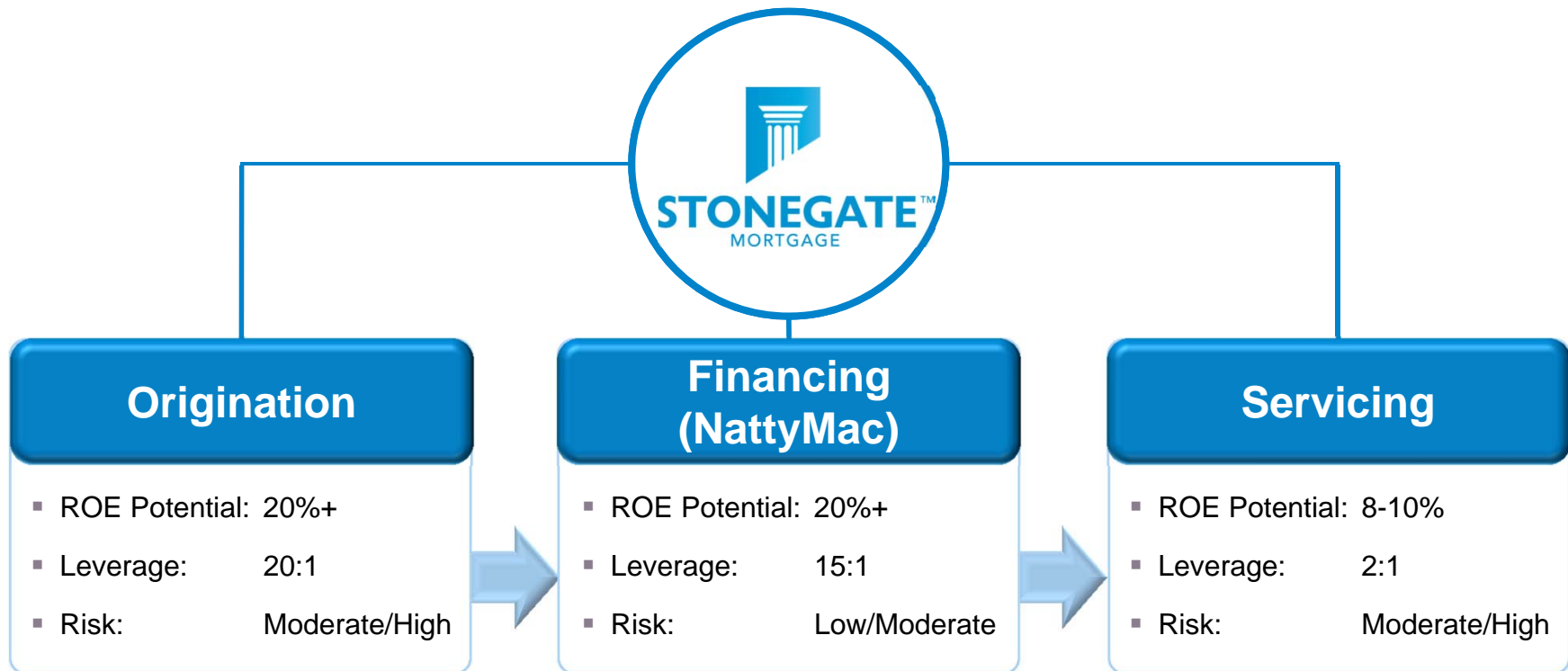
SEGMENT REPORTING PRIOR PERIOD RECLASSIFICATIONS:

Certain prior period amounts have been reclassified to conform to the current period presentation.

Stonegate Highlights



- Stonegate Mortgage (NYSE:SGM) operates as an intermediary focused on providing yield opportunities through **originating**, **financing** and **servicing** U.S. residential mortgage loans



Capital Deployment for Higher Returns

- We are focused on freeing up equity currently invested in servicing segment to reinvest in origination and financing, our highest-return segments

| <i>\$ in thousands</i> | Originations & Financing | | Servicing | |
|---|--------------------------|------------------|----------------------|------------------|
| | <u>3/31/2014</u> | <u>3/31/2015</u> | <u>3/31/2014</u> | <u>3/31/2015</u> |
| Total Assets ⁽¹⁾ | \$943,499 | \$1,356,378 | \$216,200 | \$229,062 |
| Total Liabilities ⁽²⁾ | (\$832,755) | (\$1,222,659) | (\$26,427) | (\$93,003) |
| Total Equity | \$110,744 | \$133,719 | \$189,773 | \$136,059 |
| <i>% of SGM Equity</i> | 37% → 50% | | 63% → 50% | |
| | <u>LTM 3/31/2015</u> | | <u>LTM 3/31/2015</u> | |
| Average equity | \$122,231 | | \$162,916 | |
| LTM adjusted Pre-tax income ⁽³⁾ | \$50,038 | | (\$545) | |
| Adjusted Pre-tax ROAE ⁽³⁾ | 41% | | (0%) | |

(1) Cash and cash equivalents, property and equipment, net, and other assets split 50/50 between servicing segment and originations & financing segments.

(2) Accounts payable and accrued expenses, deferred income tax liabilities, net, and other liabilities split 50/50 between servicing segment and originations & financing segments.

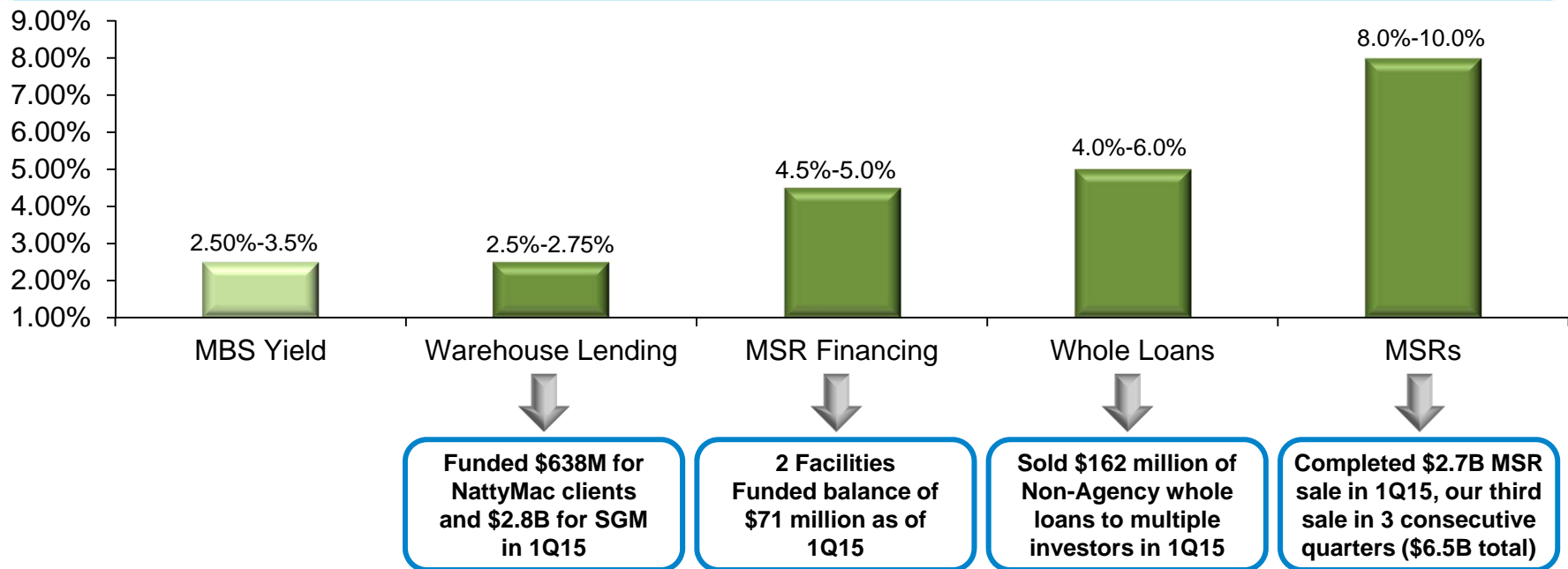
(3) Adjusted segment pre-tax income and adjusted pre-tax ROAE for LTM period excludes the ramp-up and other non-recurring expenses for the originations segment and excludes the change in mortgage servicing rights value for the servicing segment. See the Appendix for GAAP to non-GAAP reconciliation.

Stonegate Connect: Mortgage Asset Yield Opportunities



- Investors can participate in one or more asset classes based on their risk/return criteria
 - Asset classes can be expanded as the market evolves (i.e. non-agency securities)
- Assets can be sourced based on investor-specific guidelines (geographic, transaction type, yield, credit, etc.)
- Provides diversified funding and capital efficiency for Stonegate

Mortgage Asset Opportunities (Illustrative yields)



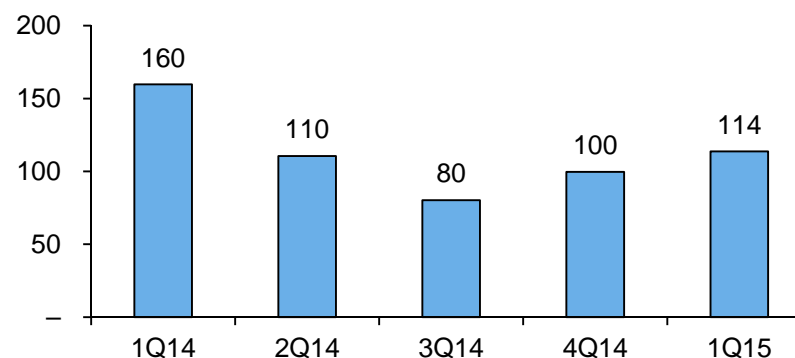
Cash Economics of Origination Business

- Cash investment into creating the Mortgage Servicing Right (MSR) determines real economic returns
 - GAAP accounting can distort the true cash economics of originations
 - GAAP financial statement and additional exhibits provide the necessary metrics to calculate the net cost to originate (NCO) MSR

1Q15 Net Cost to Originate

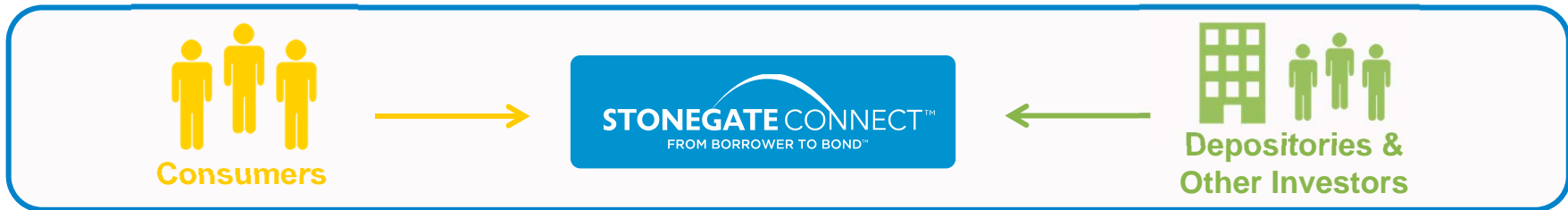
| Originations (\$M) | \$2,838.0 | |
|---|-----------------|--------------|
| | \$M | bps |
| Cash GOS | \$8.0 | 28 |
| Capitalized MSR | 34.5 | 122 |
| Direct loan costs | (4.5) | (16) |
| Loan loss reserve | (0.8) | (3) |
| Pipeline/inventory chg in valuation | 15.6 | 55 |
| Gain on mortgage loans held for sale | 52.8 | 186 |
| Loan origination and other loan fees | 6.1 | 21 |
| Interest income | 6.9 | 24 |
| Total revenue | 65.8 | 231 |
| Total expenses | (47.7) | (168) |
| Originations Segment Pre-tax income (GAAP) | \$18.1 | 63 |
| Less: Capitalized MSR | (34.5) | (122) |
| Less: Pipeline/inventory chg in valuation | (15.6) | (55) |
| Net cost to originate (NCO) | (\$32.0) | (114) |

NCO Trend

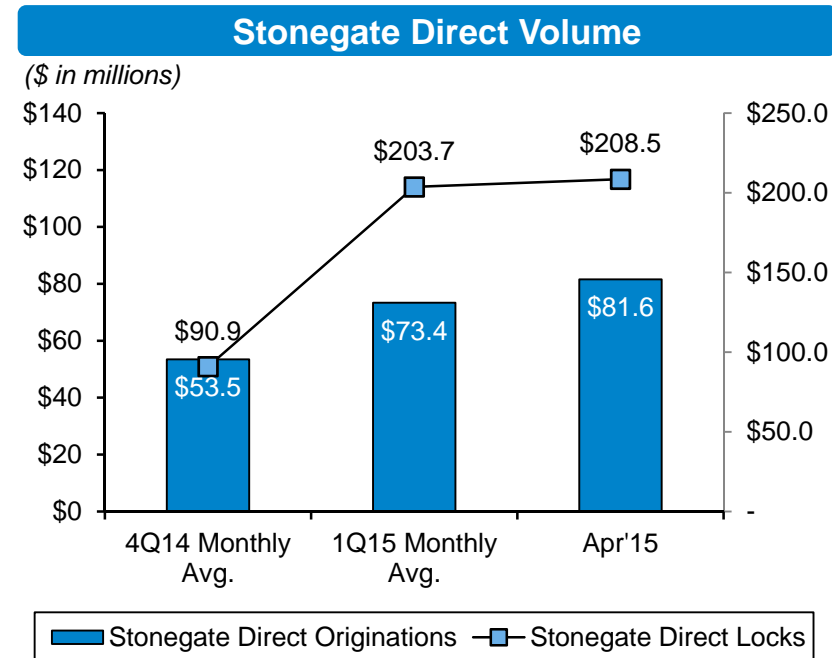


How We Calculate NCO:

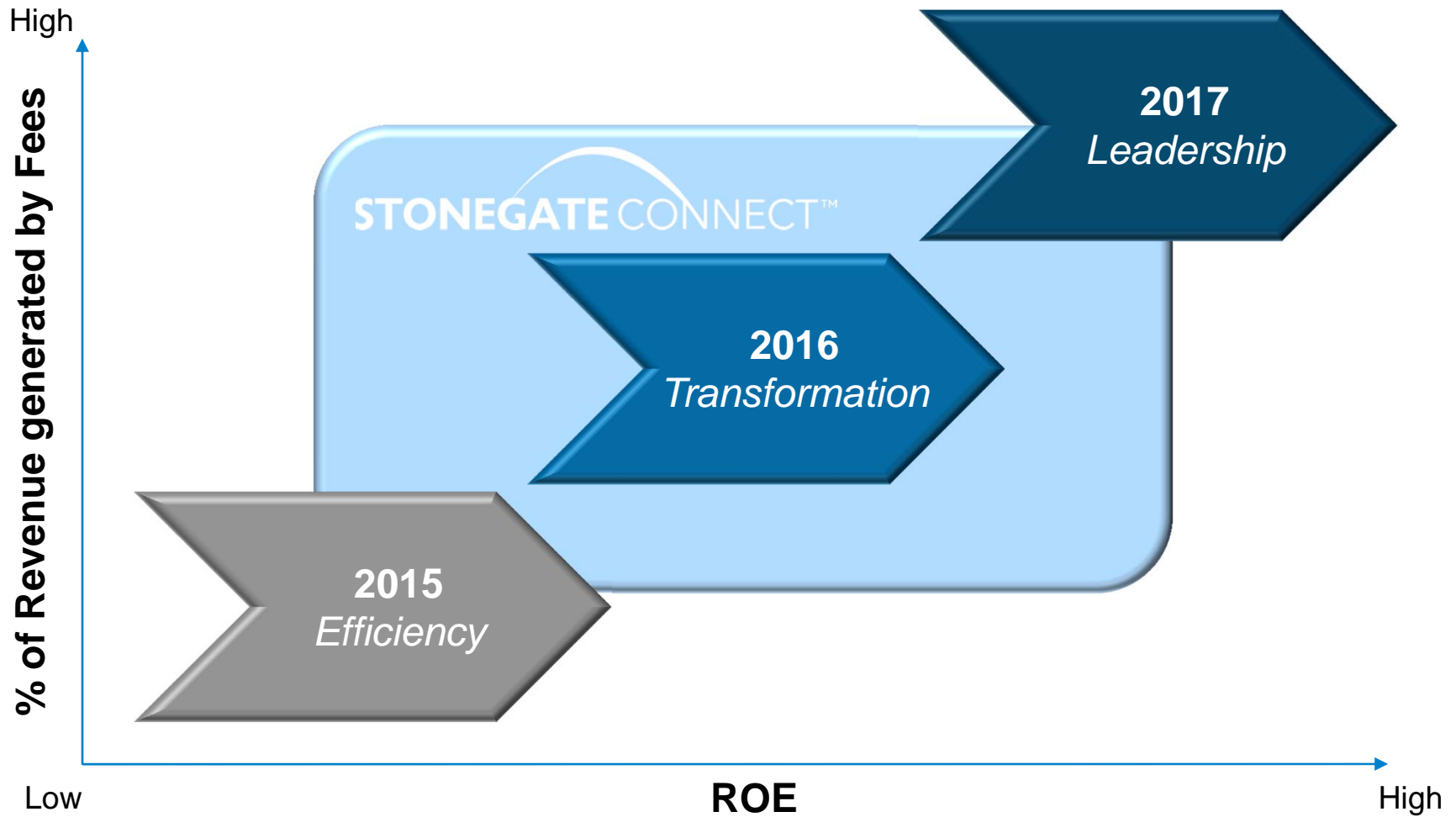
- 1) Start with Originations Segment Pre-Tax Income
- 2) Subtract the **Capitalized MSR** since it is the **asset** that is being created
- 3) Back out the **pipeline/inventory change in valuation** as it is a fair market value entry based on a combination of internal and external factors and is **non-cash**



- Stonegate Direct channel ramping up quickly
 - Benefitted from drop in interest rates and change in FHA MIP premium during the first quarter
 - Focused primarily on refinance, while continuing to seek opportunities to capture more purchase volume through lead generation
- Lowest NCO of all of our origination channels
- Productivity increasing as employees become more tenured
 - Direct model more efficient than distributed



The Road Ahead – 2015 to 2017



Appendix

Non-GAAP Financial Reconciliation: LTM Segment Income



| (\$ in thousands) | LTM 3/31/2015 | | | LTM 3/31/2015 |
|--|------------------|-----------------|------------------|-----------------|
| | Originations | Financing | Total | Servicing |
| Total Segment Pre-Tax Income | \$ 48,919 | \$ (171) | 48,748 | \$ (73,927) |
| Adjust for: | | | | |
| Ramp-up and other non-routine expenses | 1,290 | - | 1,290 | - |
| Changes in valuation inputs and assumptions on MSR's | - | - | - | 73,382 |
| Adjusted Segment Pre-Tax Income | \$ 50,209 | \$ (171) | \$ 50,038 | \$ (545) |

Note: Certain prior period amounts have been reclassified to conform to the current period presentation.



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