



STONEGATETM
MORTGAGE

First Quarter 2016 Investor Presentation

May 10, 2016

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, as well as other risks discussed in the "Risk Factors" section within our Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission. 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 (loss)", "adjusted net income (loss) per diluted share", "adjusted segment revenue", "adjusted segment pre-tax income (loss)", and "adjusted segment expenses". 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.

CONTINUING VS. DISCONTINUED OPERATIONS:

All results are reported on a continuing operations basis unless otherwise indicated. See the Appendix for additional details.

1Q16 Stonegate Highlights



Consolidated

- GAAP net loss of \$37.5 million or \$1.45 per diluted share
- Adjusted net loss of \$3.1 million or \$0.12 per diluted share ⁽¹⁾; pre-tax adjustments include:
 - \$35.7 million for changes in valuation inputs and assumptions on MSRs
 - \$0.4 million for other adjustments

Originations

- Adjusted Originations segment pre-tax income ⁽²⁾ of \$0.5 million was down 76% from 4Q15 primarily due to lower volume
 - Originations of \$1.9 billion, down 15% from 4Q15 and 26% from prior year quarter
 - Interest Rate Locks of \$3.1 billion, up 14% from 4Q15 and down 32% from prior year quarter

Servicing

- Adjusted Servicing segment pre-tax income ⁽³⁾ of \$2.1 million was up \$0.8 million from 4Q15
 - Servicing portfolio increased to \$18.1 billion in 1Q16 from \$17.5 billion in 4Q15

Financing

- Financing segment pre-tax income increased 87% to \$545,000 in 1Q16, compared to \$291,000 in 4Q15
 - NattyMac commitments as of March 31, 2016 were \$564 million
 - Funded volume of \$881.6 million up 4% from 4Q15

(1) Adjusted Net (Loss) Income and Adjusted Net (Loss) Income per diluted share are key performance metrics used by management in evaluating the performance of our business. See the Appendix for GAAP to non-GAAP reconciliation.

(2) Adjusted Originations Segment pre-tax income excludes certain non-recurring expenses for each period. See the Appendix for GAAP to non-GAAP reconciliation.

(3) Adjusted Servicing segment pre-tax income (loss) excludes the change in mortgage servicing rights value and MSR debt interest expenses (if reported in servicing segment) for each period. See the Appendix for GAAP to non-GAAP reconciliation.

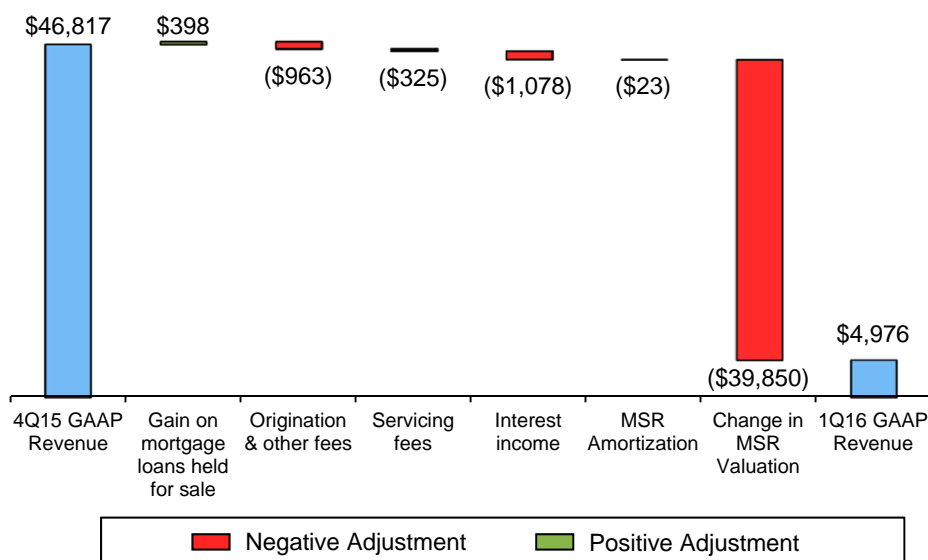
1Q16 Revenue Reconciliation



- GAAP revenue of \$5.0 million was down 89% from 4Q15 due primarily to a \$39.9 million swing in MSR valuation
 - 1Q16 includes a \$35.7 million negative adjustment of Mortgage Servicing Rights (MSR) valuation compared to a \$4.1 million positive adjustment in 4Q15
 - MSR amortization was relatively flat at \$7.2 million compared to prior quarter
- Lower origination volume resulted in decreased loan origination fees and interest income
 - Total gain on mortgage loans held for sale increased 2% quarter-over-quarter; Gain on sale generated by originations segment decreased 6% as lower cash gain on sale and MSR capitalization were mostly offset by the positive change in the valuation of the pipeline

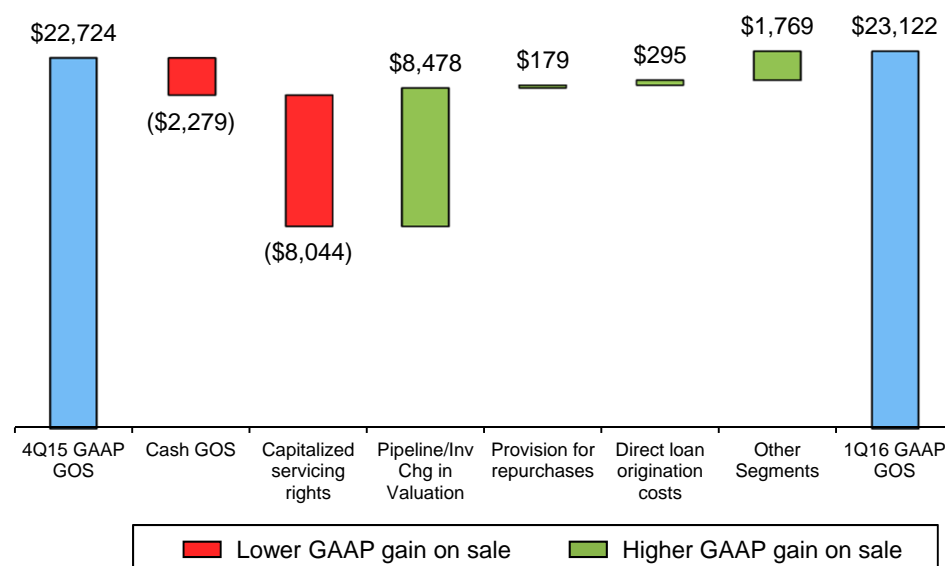
GAAP Revenue Bridge

(\$ in thousands)



Gain on Sale Bridge

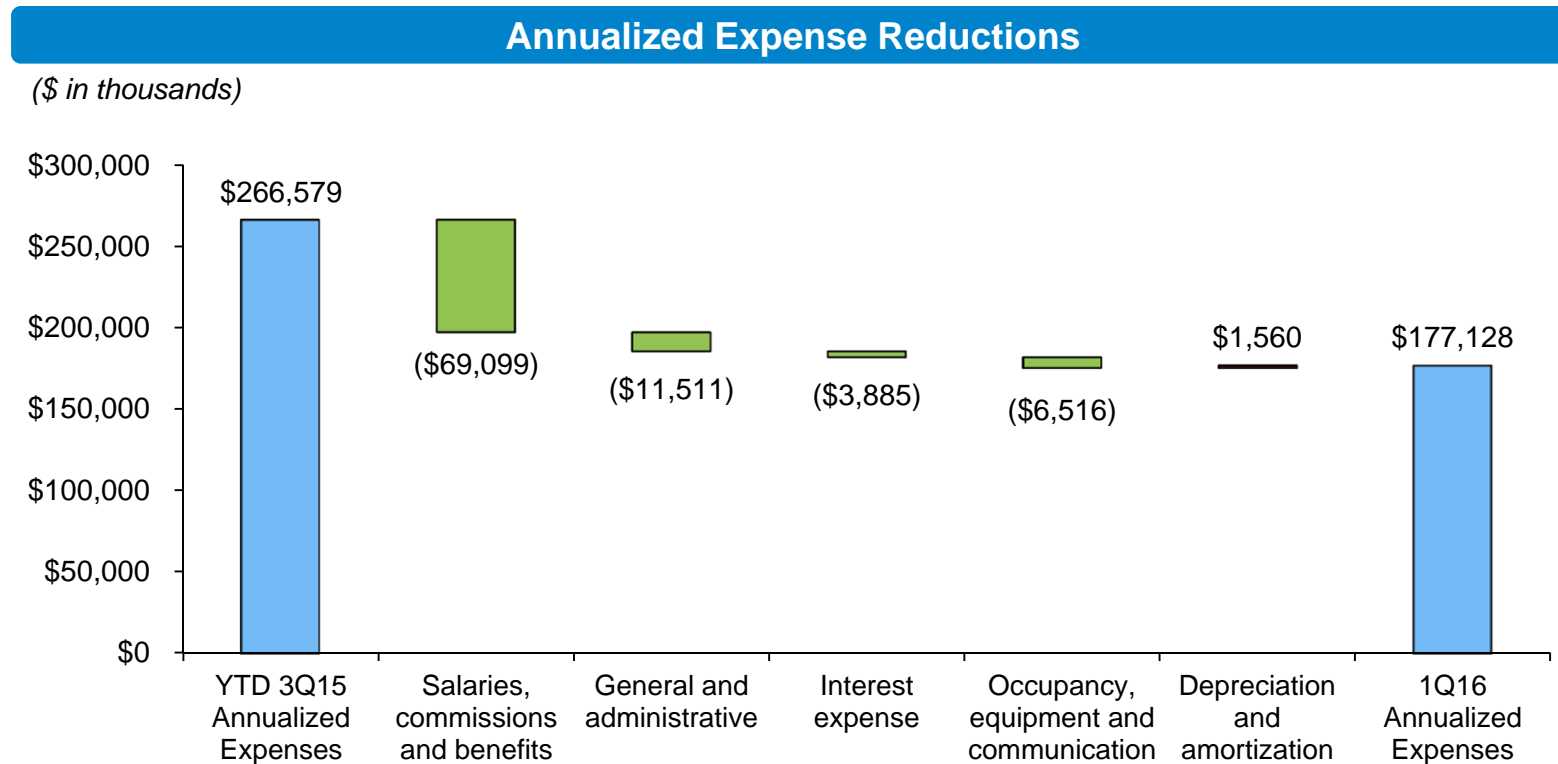
(\$ in thousands)



Note: All results are reported on a continuing operations basis.

Expense Reductions

- We exceeded our previously stated objective to reduce our overall expense base by 15% to 20% as a result of restructuring and other strategic expense reductions
- Annualized run rate of expenses has decreased approximately 34% to \$177 million per year (given 1Q16 origination volume)



Liquidity

- Maintained adequate liquidity position in 1Q16
- Cash and equivalents of \$29.5 million as of March 31, 2016
- MSR debt to asset ratio was 54% as of March 31, 2016

Cash Flow

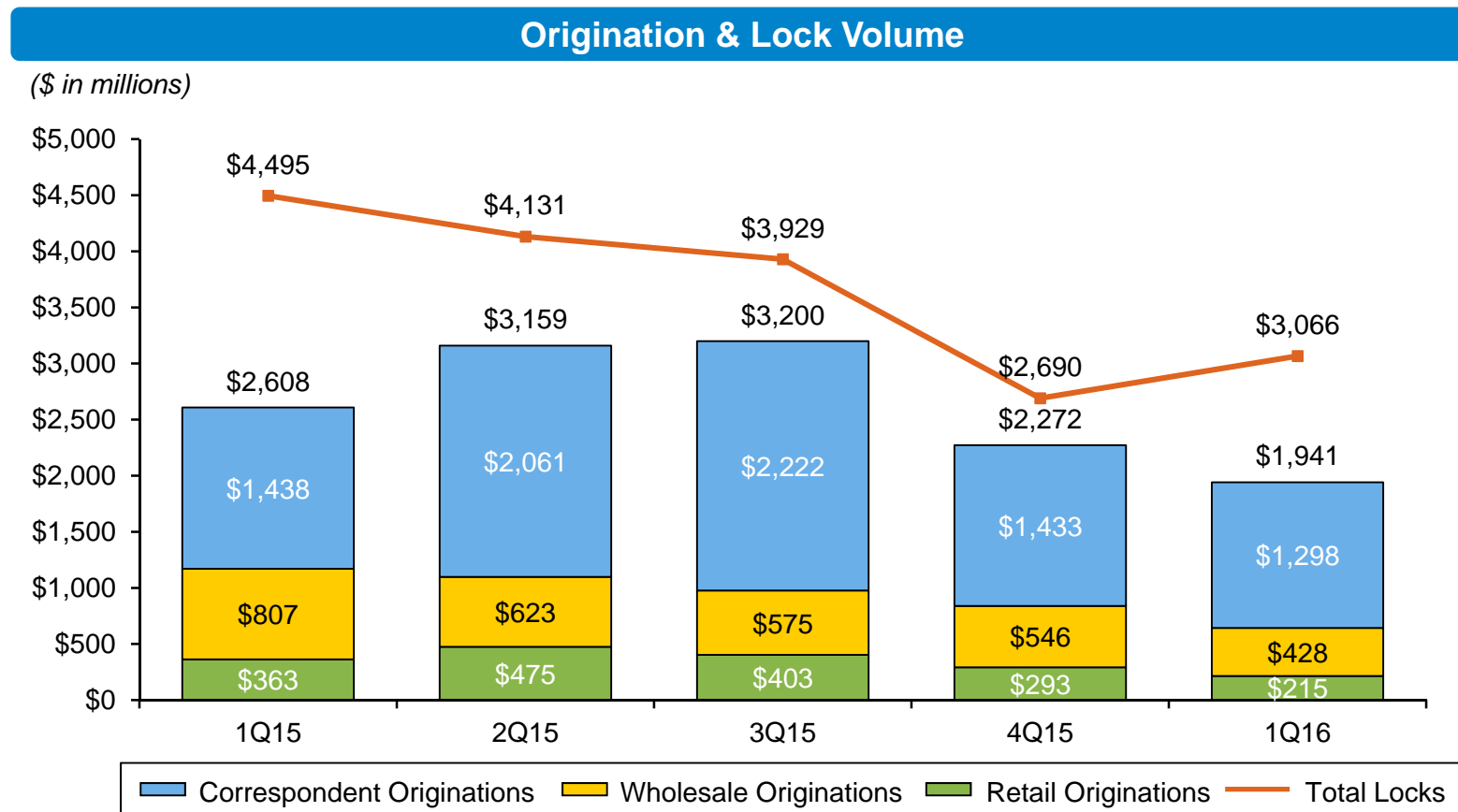
- Lower expense base requires less cash investment for our originations segment
 - Current annualized expense base is \$89 million lower than YTD 3Q15
 - No bulk sales were executed in 1Q16
- MSR flow sales of \$532 million in 1Q16 compared to \$436 million in 4Q15 ⁽¹⁾
 - Flow sales provide liquidity (cash) in place of a capitalized (non-cash) MSR value on the income statement and balance sheet
 - GAAP and core earnings become more aligned with cash income
- Cash investment for capitalized assets and property & equipment was \$1.1 million in 1Q16 compared to FY15 of \$16 million

(1) Capitalized mortgage servicing rights that are sold on a flow basis are recorded in Gain on Mortgages Held for Sale, net on our Consolidated Statements of Operations based on the capitalization rate at time of lock. Realized gains or losses from sale of MSRs are recorded in Changes in mortgage servicing rights valuation.

Mortgage Origination Volume



- 1Q16 interest rate locks were \$3.1 billion, up 14% over 4Q15 and down 32% over prior year
- 1Q16 originations were \$1.9 billion, down 15% over 4Q15 and down 26% over prior year



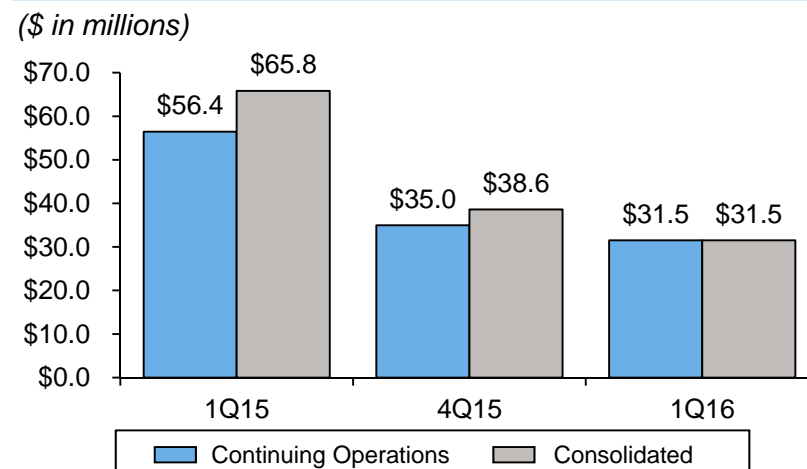
Note: All results are reported on a continuing operations basis.

Originations Segment – Financial Results



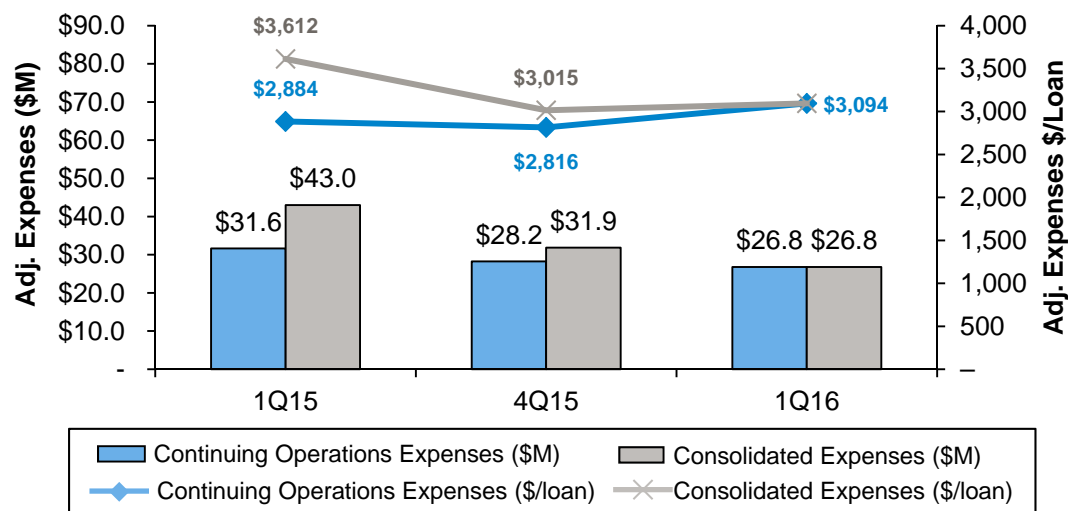
- Segment revenue of \$31.5 million was down 10% over 4Q15 continuing operations
- Adjusted segment pre-tax income ⁽¹⁾ of \$0.5 million was down 76% over 4Q15 continuing operations
- Adjusted segment expenses ⁽¹⁾ decreased 5% compared to 4Q15 continuing operations

Segment Revenue



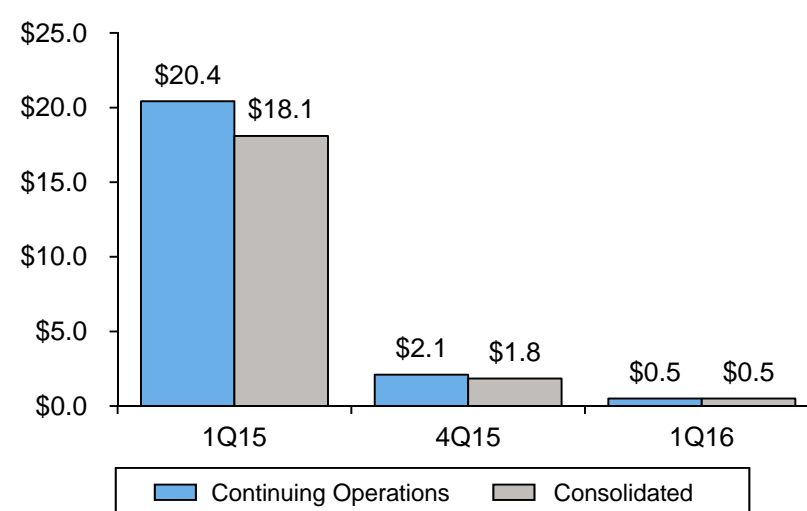
Adjusted Segment Expenses ⁽¹⁾

(\$ in millions, except per loan data)



Adjusted Segment Pre-Tax Income ⁽¹⁾

(\$ in millions)



(1) See the Appendix for GAAP to non-GAAP reconciliation.

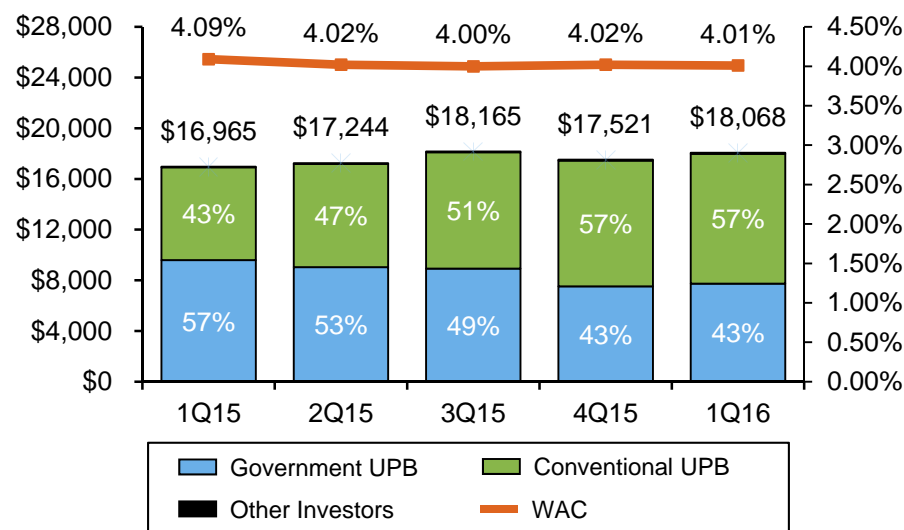
Servicing Segment Results



- Adjusted segment revenue ⁽¹⁾ increased to \$6.9 million in 1Q16 from \$5.5 million in 4Q15
 - Payoffs and principal amortization of mortgage servicing rights were \$7.2 million in 1Q16
 - Flat to 4Q15 and down 47% from 1Q15
 - Loan servicing fees were \$13.4 million in 1Q16, down 2% from 4Q15 and 6% from 1Q15 due to portfolio mix
- Adjusted segment pre-tax income ⁽¹⁾ increased to \$2.1 million in 1Q16, up from \$1.2 million in 4Q15

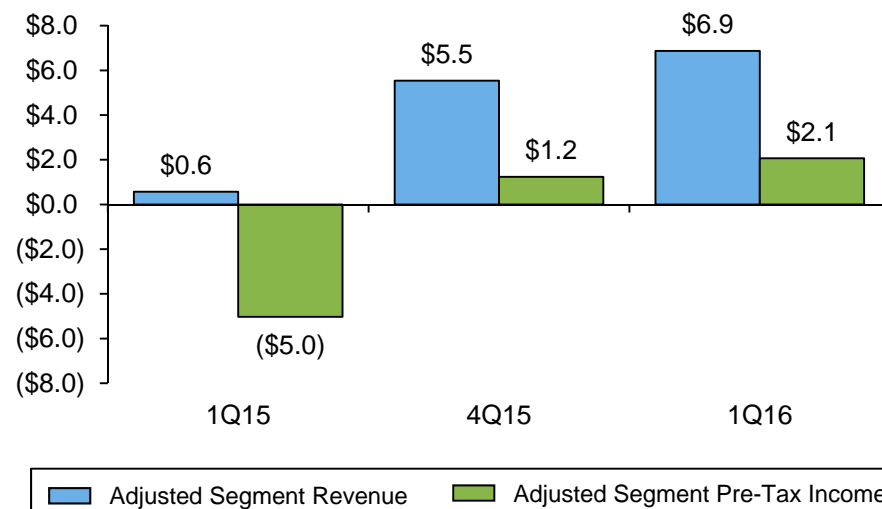
Servicing UPB and WAC

(\$ in millions)



Adjusted Segment Financials ⁽¹⁾

(\$ in millions)

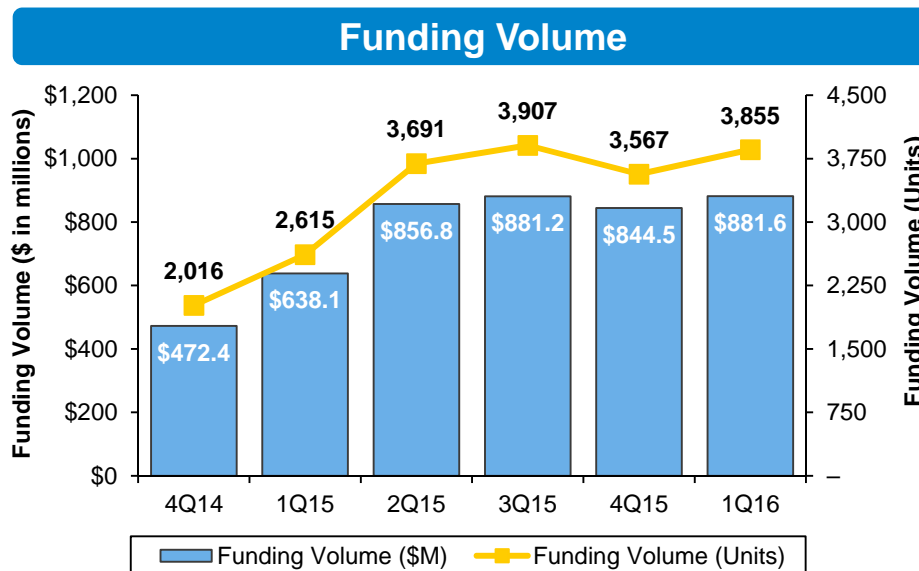


(1) Adjusted segment revenue excludes the change in mortgage servicing rights value for each period. Adjusted servicing segment pre-tax income (loss) excludes the change in mortgage servicing rights value and MSR debt interest expenses (if reported in servicing segment) for each period. See the Appendix for GAAP to non-GAAP reconciliation.

Financing Segment Results

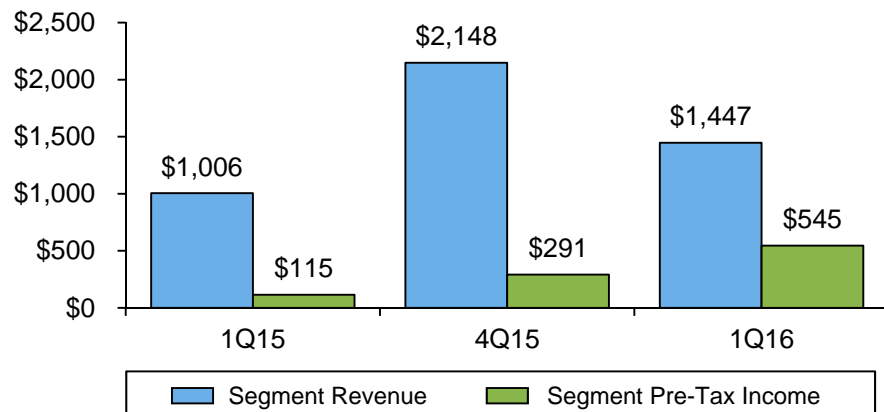


- Segment pre-tax income increased 87% to \$545,000 in 1Q16
- Funded volume of \$881.6 million up 4% from 4Q15 and up 38% from 1Q15
 - Funding fees were up from \$318,000 in 4Q15 to \$325,000 in 1Q16
 - NattyMac commitments as of March 31, 2016 of \$564 million

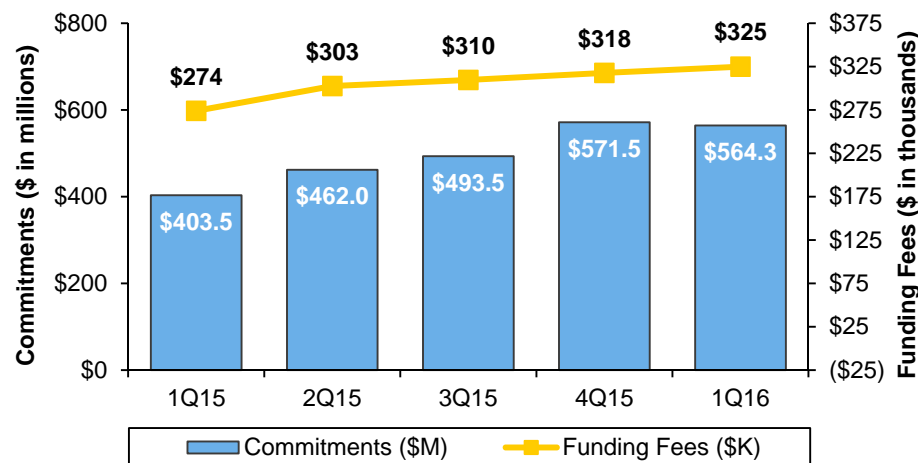


Segment Results

(\$ in thousands)



Commitments and Funding Fees

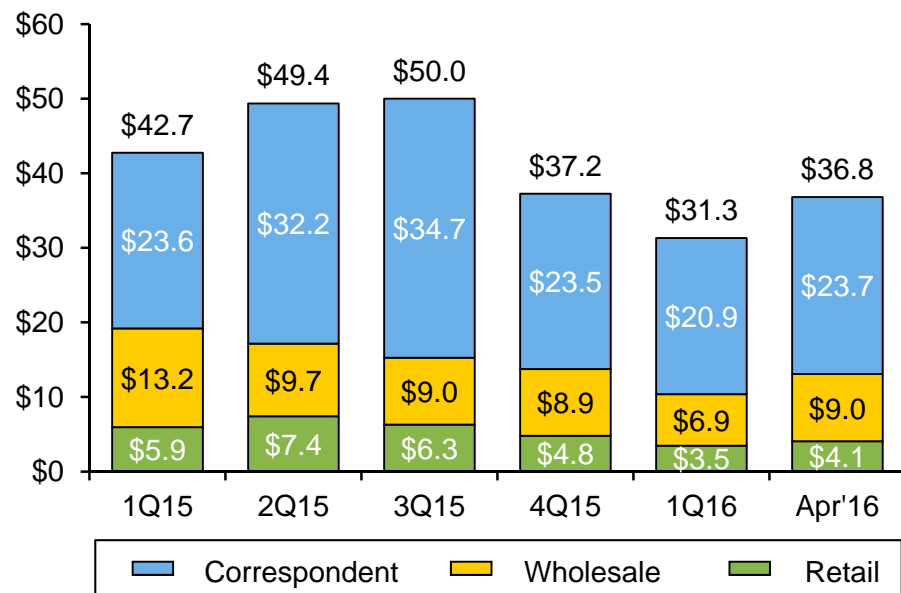


April Volume Update

- Average origination volume per business day increased to \$36.8 million in April 2016, up 18% compared with average origination volume per business day of \$31.3 million during the first quarter of 2016
- Average lock volume per business day has decreased to \$49.2 million in April 2016 from \$49.5 million per day during 1Q16
 - April lock volume was 50% refinance compared to 52% in 1Q16

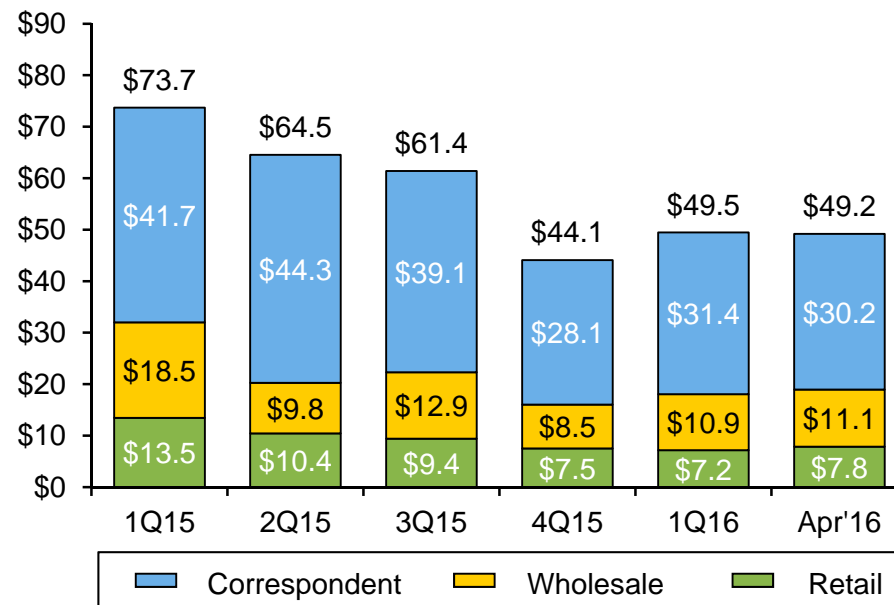
Origination Volume per Day

(\$ in millions)



Lock Volume per Day

(\$ in millions)



Note: All results are reported on a continuing operations basis. See the Appendix for additional details.

Appendix

Consolidated Statements of Operations



	Three Months Ended		
	3/31/2016	12/31/2015	3/31/2015
<i>(\$ in thousands, except per share data)</i>			
Revenues			
Gain on mortgage loans held for sale, net	\$ 23,122	\$ 22,724	\$ 45,001
Changes in mortgage servicing rights valuation	(35,720)	4,130	(24,190)
Payoffs and principal amortization of mortgage servicing rights	(7,249)	(7,226)	(13,766)
Loan origination and other loan fees	4,462	5,425	5,347
Loan servicing fees	13,446	13,771	14,339
Interest and other income	6,915	7,993	8,189
Total revenues	\$ 4,976	\$ 46,817	\$ 34,920
Expenses			
Salaries, commissions and benefits	\$ 23,226	\$ 22,473	\$ 29,438
General and administrative expense	7,014	7,351	7,402
Interest expense	7,249	7,705	8,024
Occupancy, equipment and communication	4,247	4,430	4,225
Depreciation and amortization expense	2,546	2,202	1,710
Total expenses	\$ 44,282	\$ 44,161	\$ 50,799
Income (loss) from continuing operations before income tax expense (benefit)	(39,306)	2,656	(15,879)
Income tax expense (benefit)	(1,783)	1,603	(6,326)
Income (loss) from continuing operations, net of tax	\$ (37,523)	\$ 1,053	\$ (9,553)
(Loss) income from discontinued operations, net of tax	-	(534)	(1,566)
Net income (loss) available to common stockholders	\$ (37,523)	\$ 519	\$ (11,119)
Basic (loss) income per share:			
From continuing operations	\$ (1.45)	\$ 0.04	\$ (0.37)
From discontinued operations	\$ -	\$ (0.03)	\$ (0.06)
Total basic (loss) income per share	\$ (1.45)	\$ 0.01	\$ (0.43)
Diluted (loss) income per share:			
From continuing operations	\$ (1.45)	\$ 0.04	\$ (0.37)
From discontinued operations	\$ -	\$ (0.03)	\$ (0.06)
Total diluted (loss) income per share	\$ (1.45)	\$ 0.01	\$ (0.43)

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

Consolidated Balance Sheets



<i>(\$ in thousands)</i>	3/31/2016	12/31/2015
Assets		
Cash and cash equivalents	\$ 29,466	\$ 32,463
Restricted cash	5,027	4,045
Mortgage loans held for sale, at fair value	697,694	645,696
Servicing advances, net	17,745	19,374
Derivative assets	17,681	12,160
Mortgage servicing rights, at fair value	171,676	199,637
Property and equipment, net	21,052	22,923
Loans eligible for repurchase from GNMA	84,006	80,794
Warehouse lending receivables	182,762	199,215
Other Assets	59,716	64,319
Total assets	\$ 1,286,824	\$ 1,280,626
Liabilities and stockholders' equity		
Secured borrowings/warehouse lines of credit	\$ 798,192	\$ 773,526
Secured borrowings - mortgage service rights	92,069	77,069
Secured borrowings - eligible GNMA loan repurchases	36,227	37,615
Operating lines of credit	4,997	5,000
Accounts payable and accrued expenses	21,874	23,544
Derivative liabilities	8,976	2,517
Reserve for mortgage repurchases and indemnifications	5,798	5,536
Liability for loans eligible for repurchase from GNMA	84,006	80,794
Deferred income tax liabilities, net	758	2,364
Other liabilities	9,515	11,033
Total liabilities	1,062,413	1,018,998
Stockholders' equity		
Common stock	\$ 264	\$ 264
Additional paid-in-capital	271,212	270,906
Retained earnings	(47,065)	(9,542)
Total stockholders' equity	224,411	261,628
Total liabilities and stockholders' equity	\$ 1,286,824	\$ 1,280,626

Segment Results – 1Q16



(\$ in thousands)

	Three Months Ended March 31, 2016				
	Originations	Servicing	Financing	Other / Eliminations ⁽¹⁾	Consolidated
Revenues					
Gains on mortgage loans held for sale, net	\$ 22,487	\$ 572	\$ -	\$ 63	\$ 23,122
Change in mortgage servicing rights valuation	–	(35,720)	–	–	(35,720)
Payoffs and principal amortization of MSRs	–	(7,249)	–	–	(7,249)
Loan origination and other loan fees	4,131	–	325	6	4,462
Loan servicing fees	–	13,446	–	–	13,446
Interest and other income	4,900	105	1,898	12	6,915
Total revenues	31,518	(28,846)	2,223	81	4,976
Expenses					
Salaries, commissions and benefits	14,585	1,753	471	6,417	23,226
General and administrative	2,704	479	155	3,676	7,014
Interest expense	4,225	1,077	776	1,171	7,249
Occupancy, equipment and communication	1,895	444	53	1,855	4,247
Depreciation and amortization	1,949	123	98	376	2,546
Corporate allocations	5,723	932	125	(6,780)	–
Total expenses	31,081	4,808	1,678	6,715	44,282
Income (loss) from continuing operations before taxes	\$ 437	\$ (33,654)	\$ 545	\$ (6,634)	\$ (39,306)

(1) Includes intersegment eliminations and certain corporate income and expenses not allocated to the three reportable segments, such as those related to our accounting, executive administration, finance, internal audit, investor relations, and legal departments.

Segment Results – 4Q15 (Continuing Operations)



(\$ in thousands)

	Three Months Ended December 31, 2015				
	Originations	Servicing	Financing	Other / Eliminations ⁽¹⁾	Consolidated
Revenues					
Gains on mortgage loans held for sale, net	\$ 23,859	\$ (1,136)	\$ -	\$ 1	\$ 22,724
Change in mortgage servicing rights valuation	–	4,130	–	–	4,130
Payoffs and principal amortization of MSRs	–	(7,226)	–	–	(7,226)
Loan origination and other loan fees	5,107	–	318	–	5,425
Loan servicing fees	–	13,771	–	–	13,771
Interest and other income	6,012	131	1,830	20	7,993
Total revenues	34,978	9,670	2,148	21	46,817
Expenses					
Salaries, commissions and benefits	15,815	1,645	380	4,633	22,473
General and administrative	3,603	325	380	3,043	7,351
Interest expense ⁽²⁾	4,645	2,073	821	166	7,705
Occupancy, equipment and communication	1,851	498	61	2,020	4,430
Depreciation and amortization	1,593	101	103	405	2,202
Corporate allocations	5,572	836	112	(6,520)	–
Total expenses	33,079	5,478	1,857	3,747	44,161
Income (loss) from continuing operations before taxes	\$ 1,899	\$ 4,192	\$ 291	\$ (3,726)	\$ 2,656

(1) Includes intersegment eliminations and certain corporate income and expenses not allocated to the three reportable segments, such as those related to our accounting, executive administration, finance, internal audit, investor relations, and legal departments.

(2) MSR debt interest expense was included in Servicing segment for 4Q15. Current period includes this expense in Other/Eliminations segment.

Segment Results – 1Q15 (Continuing Operations)



(\$ in thousands)

	Three Months Ended March 31, 2015				
	Originations	Servicing	Financing	Other / Eliminations ⁽¹⁾	Consolidated
Revenues					
Gains on mortgage loans held for sale, net	\$ 45,001	\$ -	\$ -	\$ -	\$ 45,001
Change in mortgage servicing rights valuation	-	(24,190)	-	-	(24,190)
Payoffs and principal amortization of MSR	-	(13,766)	-	-	(13,766)
Loan origination and other loan fees	5,073	-	274	-	5,347
Loan servicing fees	-	14,339	-	-	14,339
Interest and other income	6,366	-	1,734	89	8,189
Total Revenue	56,440	(23,617)	2,008	89	34,920
Expenses					
Salaries, commissions and benefits	19,591	2,116	519	7,212	29,438
General and administrative	2,714	441	135	4,112	7,402
Interest expense	4,362	1,524	1,002	1,136	8,024
Occupancy, equipment and communication	1,712	482	58	1,973	4,225
Depreciation and amortization	285	35	101	1,289	1,710
Corporate allocations	7,346	1,003	78	(8,427)	-
Total Expenses	36,010	5,601	1,893	7,295	50,799
Income (loss) before taxes	\$ 20,430	\$ (29,218)	\$ 115	\$ (7,206)	\$ (15,879)

(1) Includes intersegment eliminations and certain corporate income and expenses not allocated to the three reportable segments, such as those related to our accounting, executive administration, finance, internal audit, investor relations, and legal departments.

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

Non-GAAP Financial Reconciliation: Adjusted Net Income



(\$ in thousands, except per share data)

	Three Months Ended		
	<u>3/31/2016</u>	<u>12/31/2015</u>	<u>3/31/2015</u>
Net (loss) income from continuing operations:	\$ (37,523)	\$ 1,053	\$ (9,553)
Adjust for:			
Changes in valuation inputs and assumptions on MSR's	35,720	(4,130)	24,190
Stock-based compensation expense	306	278	822
Severance expense	-	202	-
Results from discontinued retail branches	64	-	-
Tax effect of adjustments	(1,635)	3,789	(9,780)
Adjusted net (loss) income	<u>\$ (3,068)</u>	<u>\$ 1,192</u>	<u>\$ 5,679</u>
Adjusted diluted (loss) earnings per share	<u>\$ (0.12)</u>	<u>\$ 0.05</u>	<u>\$ 0.22</u>

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

Non-GAAP Financial Reconciliation: Originations Segment



	Three Months Ended		
	3/31/2016	12/31/2015	3/31/2015
<i>(\$ in thousands)</i>			
Total Originations segment expenses, continuing operations	\$ 31,081	\$ 33,079	\$ 36,010
Adjust for:			
Interest expense	(4,225)	(4,645)	(4,362)
Severance expense	-	(202)	-
Results from discontinued retail branches	(64)	-	-
Adjusted segment expenses, continuing operations	\$ 26,792	\$ 28,232	\$ 31,648
Plus: Total expenses, discontinued operations	-	4,488	11,732
Less: Interest expenses, discontinued operations	-	(252)	(385)
Less: Non-recurring expenses, discontinued operations	-	(606)	-
Adjusted segment expenses, consolidated	\$ 26,792	\$ 31,862	\$ 42,995
Total Originations segment pre-tax income, continuing operations	\$ 437	\$ 1,899	\$ 20,430
Adjust for:			
Severance expense	-	202	-
Results from discontinued retail branches	64	-	-
Adjusted segment pre-tax income, continuing operations	\$ 501	\$ 2,101	\$ 20,430
Plus: Pre-tax (loss) income, discontinued operations	-	(861)	(2,332)
Plus: Non-recurring expenses, discontinued operations	-	606	-
Adjusted segment pre-tax income, consolidated	\$ 501	\$ 1,846	\$ 18,098

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

Non-GAAP Financial Reconciliation: Servicing Segment



<i>(\$ in thousands)</i>	Three Months Ended		
	3/31/2016	12/31/2015	3/31/2015
Total Servicing segment revenue	\$ (28,846)	\$ 9,670	\$ (23,617)
Adjust for:			
Changes in valuation inputs and assumptions on MSR's	35,720	(4,130)	24,190
Adjusted segment revenue	\$ 6,874	\$ 5,540	\$ 573
Total Servicing segment pre-tax income (loss)	\$ (33,654)	\$ 4,192	\$ (29,218)
Adjust for:			
Changes in valuation inputs and assumptions on MSR's	35,720	(4,130)	24,190
MSR debt interest expenses	-	1,174	-
Adjusted segment pre-tax income (loss)	\$ 2,066	\$ 1,236	\$ (5,028)

Gain on Sale Economics



- Gain on sale is calculated with cash and non-cash items:
 - Realized gains on sales of loans (cash gain on sale)
 - Capitalized servicing rights (MSR asset)
 - Economic hedge results (pipeline/inventory fair value change)
 - Provision for repurchases (loan loss reserve)
 - Direct loan origination costs

Gain on Sale Economics

<i>\$ in thousands</i>	Three Months Ended		
	3/31/2016	12/31/2015	3/31/2015
Realized gains on sales of loans	\$ (185)	\$ 2,095	\$ 2,347
Capitalized servicing rights	21,146	\$ 29,190	32,239
Economic hedge results	4,588	\$ (3,890)	15,177
Provision for repurchases	(565)	\$ (744)	(679)
Direct loan origination costs	(2,497)	\$ (2,792)	(4,083)
Gains on mortgage loans held for sale, net - Originations Segment	<u>\$ 22,487</u>	<u>\$ 23,859</u>	<u>\$ 45,001</u>
Origination Volume	\$ 1,941,500	\$ 2,272,000	\$ 2,607,200
<i>Basis points (bps) of origination volume</i>			
Realized gains on sales of loans	(1)	9	9
Capitalized servicing rights	109	129	124
Economic hedge results	24	(17)	58
Provision for repurchases	(3)	(3)	(3)
Direct loan origination costs	(13)	(12)	(16)
Gains on mortgage loans held for sale, net - Originations Segment	<u>116</u>	<u>105</u>	<u>172</u>

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