



STONEGATE[™]
MORTGAGE

Fourth Quarter 2015 Investor Presentation

March 3, 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 EPS", "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.

4Q15 Stonegate Highlights



Consolidated

- GAAP net income from continuing operations of \$1.1 million or \$0.04 per diluted share
- Adjusted net income from continuing operations of \$1.2 million or \$0.05 per diluted share ⁽¹⁾; pre-tax adjustments include:
 - (\$4.1) million for changes in valuation inputs and assumptions on MSRs
 - \$0.3 million for stock-based compensation and \$0.2 million severance expense

Originations

- Adjusted Originations segment pre-tax income ⁽²⁾ of \$2.1 million was down 69% from 3Q15 primarily due lower volume
 - Originations of \$2.3 billion, down 29% from 3Q15 and 28% from prior year quarter
 - Interest Rate Locks of \$2.7 billion, down 32% from 3Q15 and 28% from prior year quarter

Servicing

- Adjusted Servicing segment pre-tax income ⁽³⁾ of \$1.2 million was up \$0.8 million from 3Q15 due to lower amortization
 - CPR rate of 12% in 4Q15 compared to 16% in 3Q15

Financing

- Financing segment pre-tax income decreased 35% to \$291,000 in 4Q15, compared to \$446,000 in 3Q15
 - NattyMac commitments as of December 31, 2015 increased 16% from 3Q15 to \$572 million
 - Funded volume of \$844.5 million down 4% from 3Q15

(1) Adjusted Net Income (Loss) and adjusted EPS 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 Appendix for GAAP to non-GAAP reconciliation.

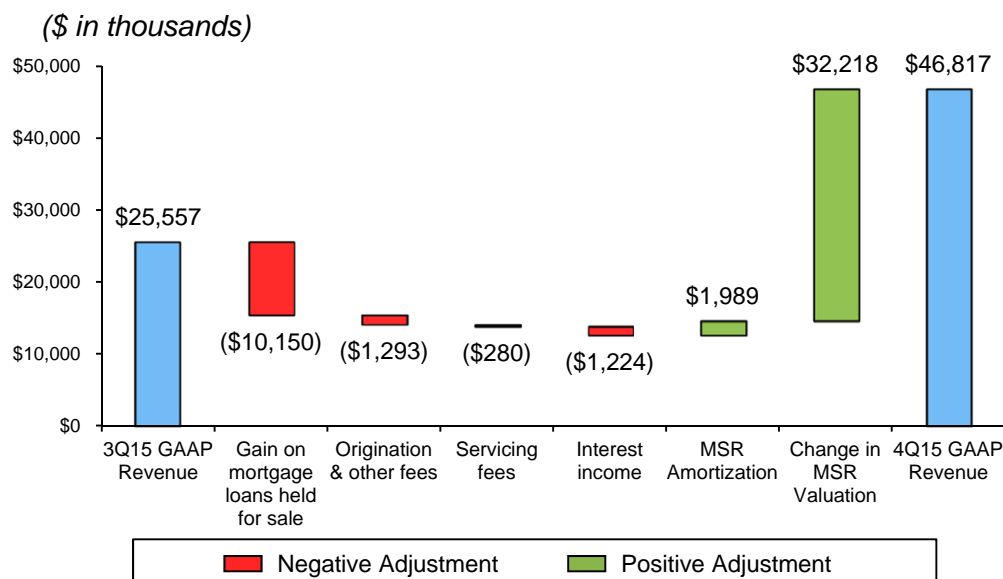
(3) Adjusted Servicing segment pre-tax income (loss) excludes the change in mortgage servicing rights value, MSR debt interest expenses and other non-recurring expenses for each period. See the Appendix for GAAP to non-GAAP reconciliation.

4Q15 Revenue Reconciliation

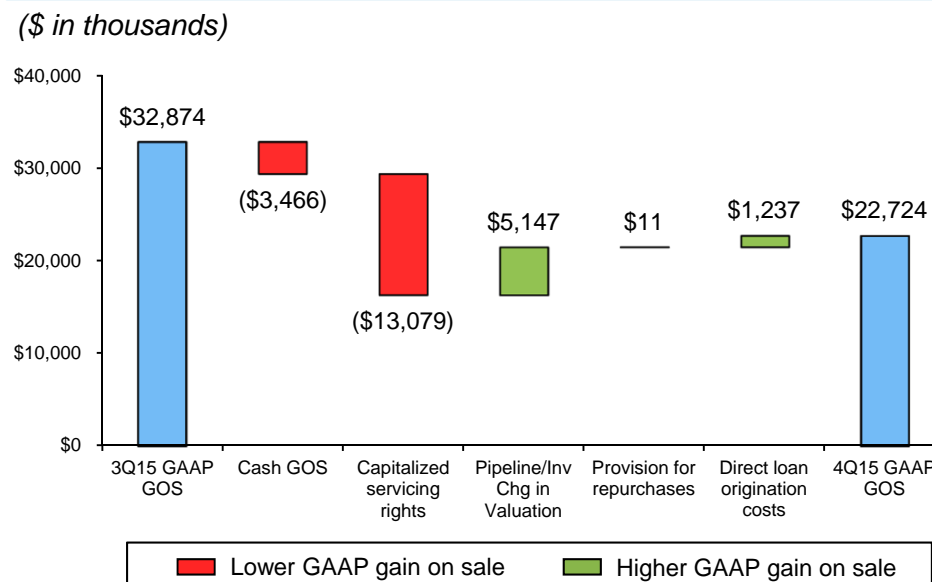


- GAAP revenue of \$46.8 million was up 83% from 3Q15 due primarily to a \$32.2 million swing in MSR valuation
 - 4Q15 includes a \$4.1 million positive adjustment of Mortgage Servicing Rights (MSR) valuation, due primarily to higher interest rates, compared to a \$28.1 million negative adjustment in 3Q15
 - Pre-payments continue to trend down; amortization expense was \$7.2 million in 4Q15, \$2.0 million lower than 3Q15
- Lower origination volume resulted in decreased gain on mortgage loans held for sale, loan origination fees, and interest income
 - Gain on mortgage loans held for sale decreased by 31% from 3Q15 to \$22.7 million in 4Q15

GAAP Revenue Bridge



Gain on Sale Bridge



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

Liquidity

- Maintained adequate liquidity position in 4Q15
 - Cash and equivalents of \$32.5 million as of December 31, 2015
 - MSR debt to asset ratio was 39% as of December 31, 2015
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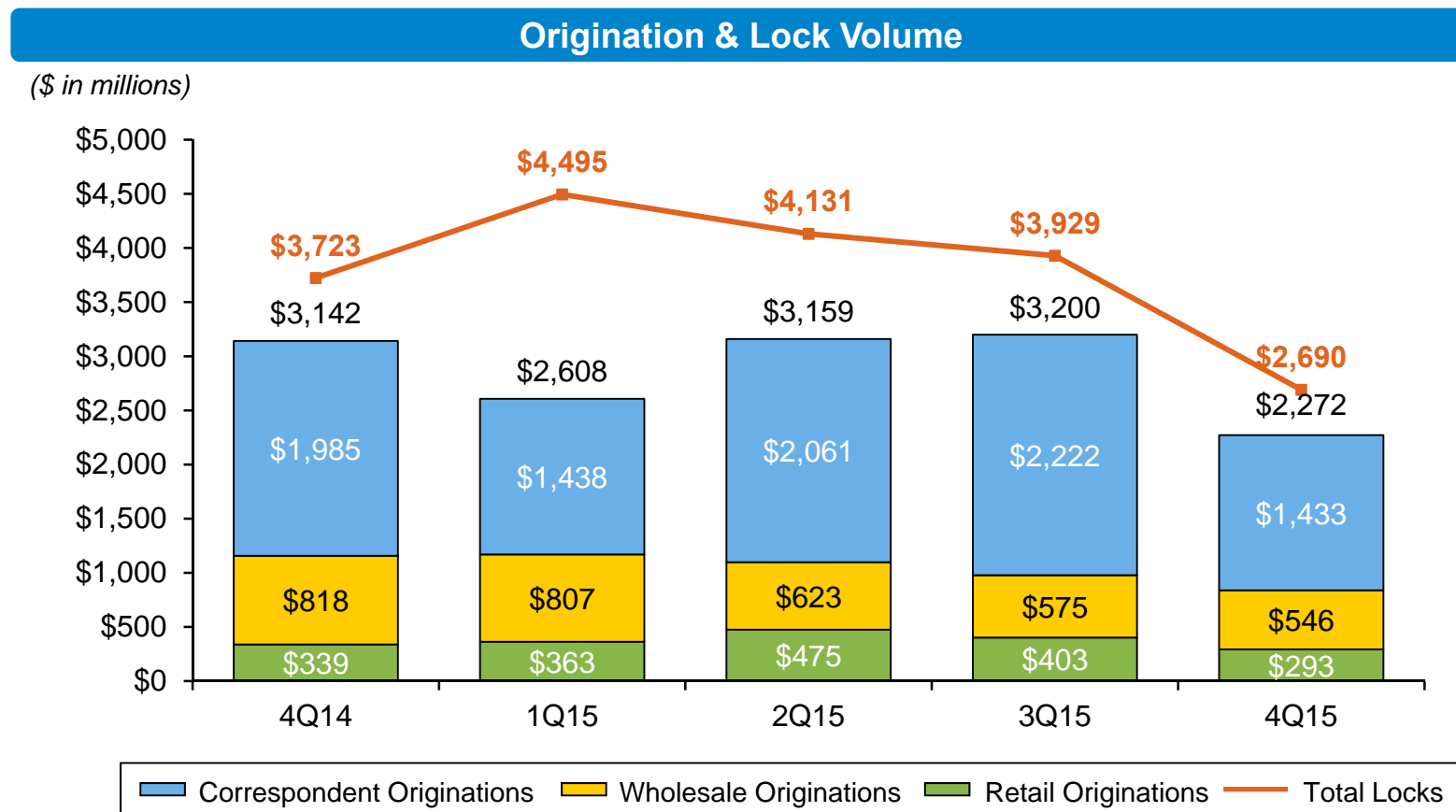
Cash Flow

- Freeing up capital from servicing assets to reinvest in origination and financing, each of which has a higher return potential
 - Began executing flow MSR sales in September 2015
 - Flow sales provide liquidity (cash) in place of a capitalized (non-cash) MSR value on the income statement
 - GAAP and core earnings become more aligned with cash income
-

Mortgage Origination Volume



- 4Q15 interest rate locks were \$2.7 billion, down 32% over 3Q15 and down 28% over prior year
- 4Q15 originations were \$2.3 billion, down 29% over 3Q15 and down 28% over prior year



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

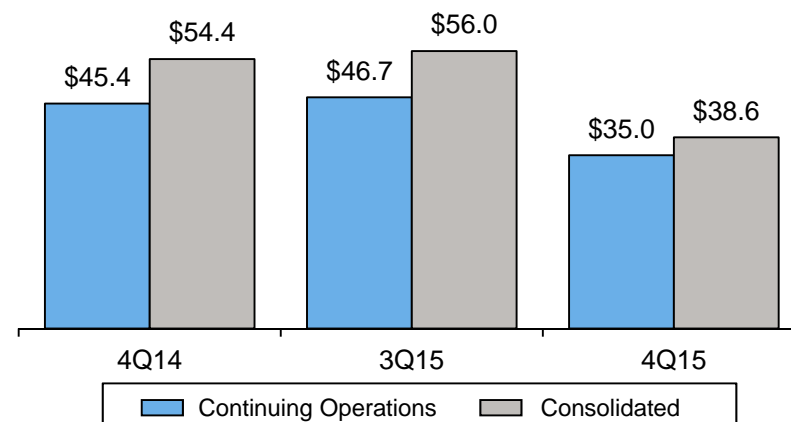
Originations Segment – Financial Results



- Segment revenue from continuing operations of \$35.0 million was down 25% over 3Q15 and down 23% over 4Q14
- Adjusted segment pre-tax income from continuing operations ⁽¹⁾ of \$2.1 million was down 69% over 3Q15 and 75% compared to 4Q14
- Adjusted segment expenses from continuing operations ⁽¹⁾ decreased 19% compared to 3Q15

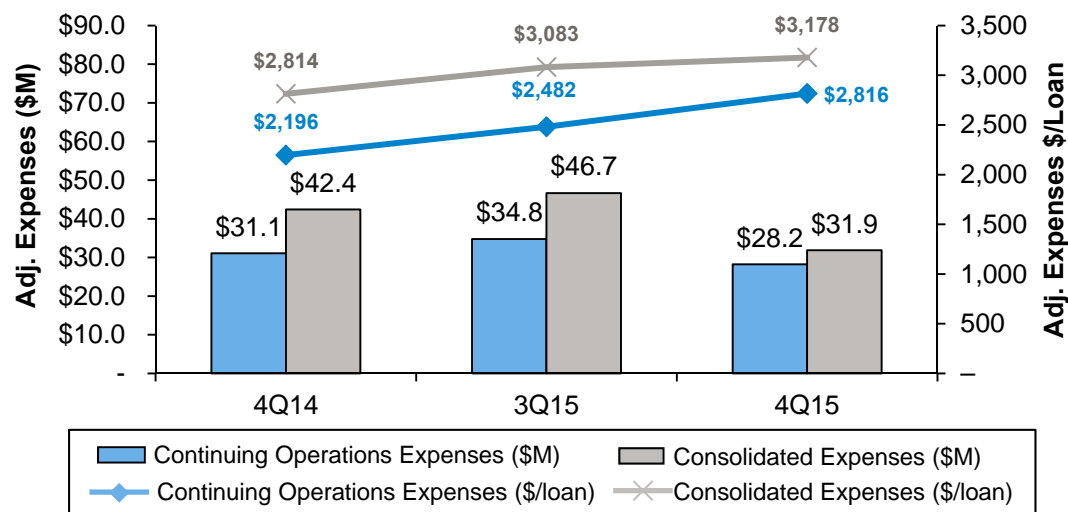
Segment Revenue

(\$ in millions)



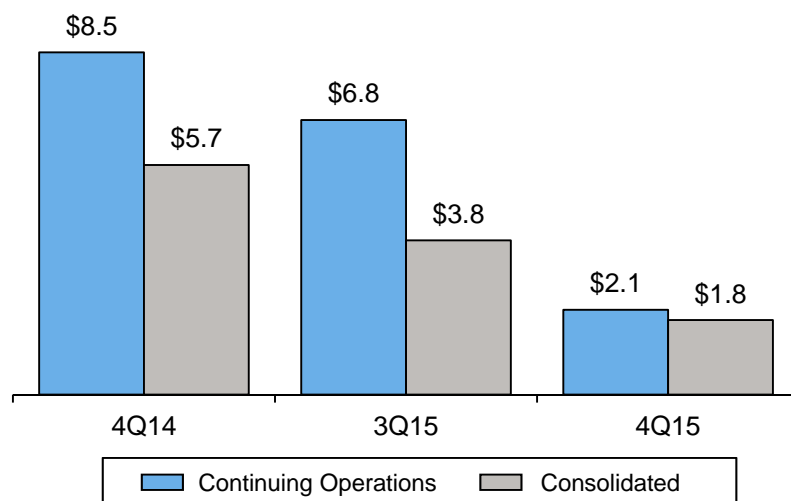
Adjusted Segment Expenses ⁽¹⁾

(\$ in millions, except per loan data)



Adjusted Segment Pre-Tax Income ⁽¹⁾

(\$ in millions)



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

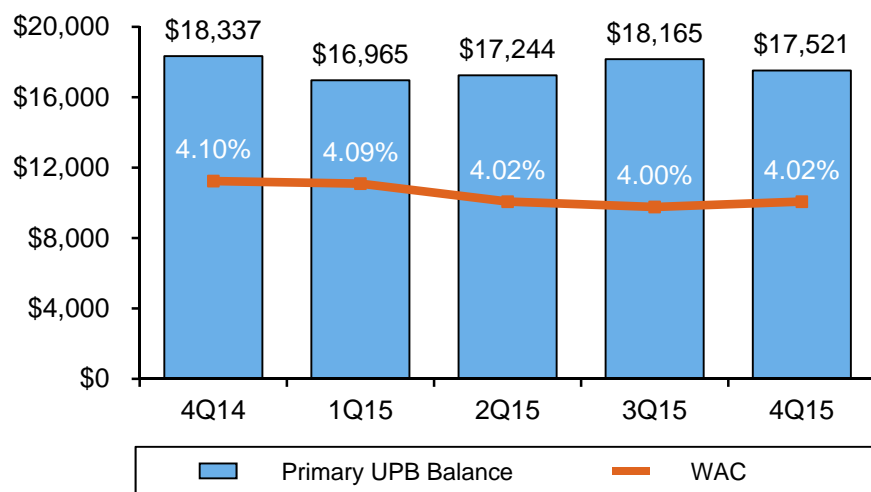
Servicing Segment Results



- Adjusted segment revenue ⁽¹⁾ increased to \$5.5 million in 4Q15 from \$4.8 million in 3Q15 due to lower amortization expenses
 - Payoffs and principal amortization of mortgage servicing rights were \$7.2 million in 4Q15
 - Down 22% from 3Q15 and 23% from 4Q14 as pre-payments continued to slow down from the beginning of the year
 - Loan servicing fees were \$13.8 million in 4Q15, down 2% from 3Q15 and up 14% from 4Q14 due to average portfolio size
- Adjusted segment pre-tax income ⁽¹⁾ increased to \$1.2 million in 4Q15, up from \$0.4 million in 3Q15

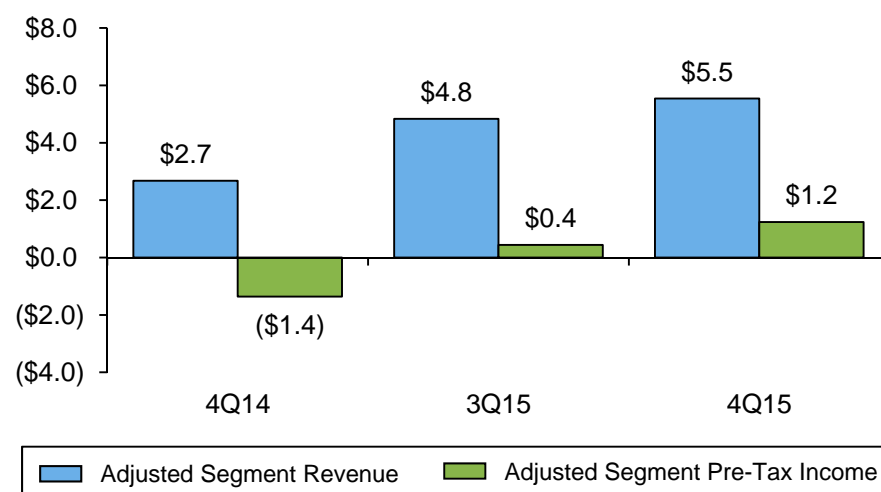
Servicing UPB and WAC

(\$ in millions)



Adjusted Segment Financials ⁽¹⁾

(\$ in millions)

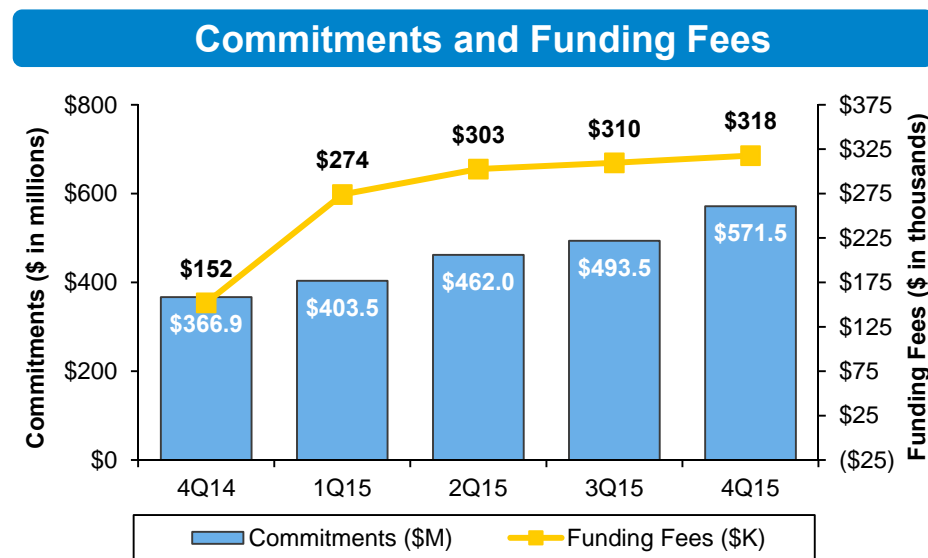
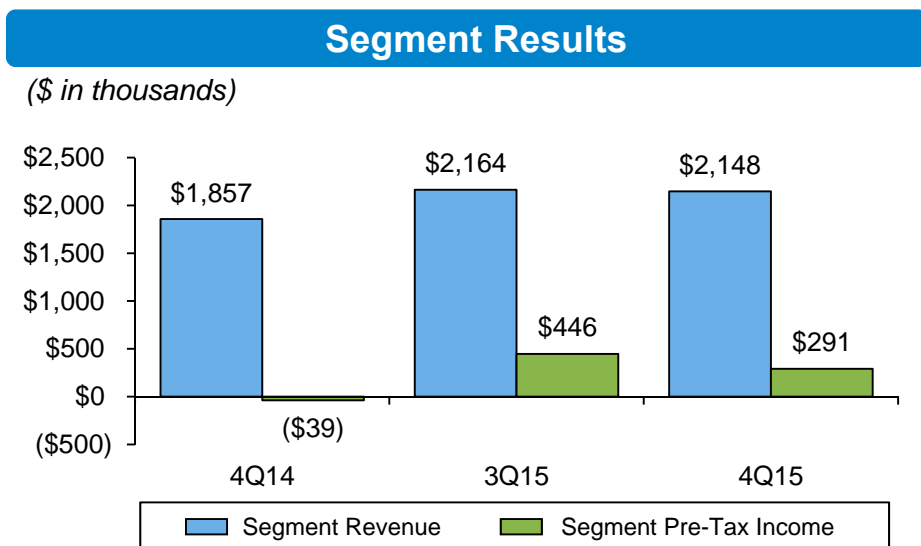
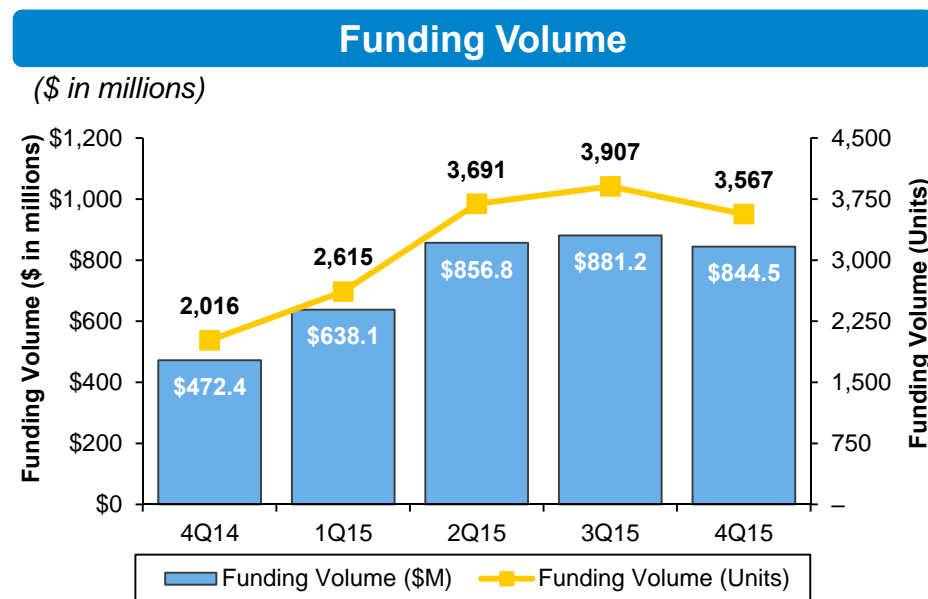


(1) Adjusted segment revenue and adjusted segment pre-tax income (loss) exclude the change in mortgage servicing rights value for each period. Adjusted Servicing segment pre-tax income (loss) excludes the change in mortgage servicing rights value, MSR debt interest expenses and other non-recurring expenses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

Financing Segment Results



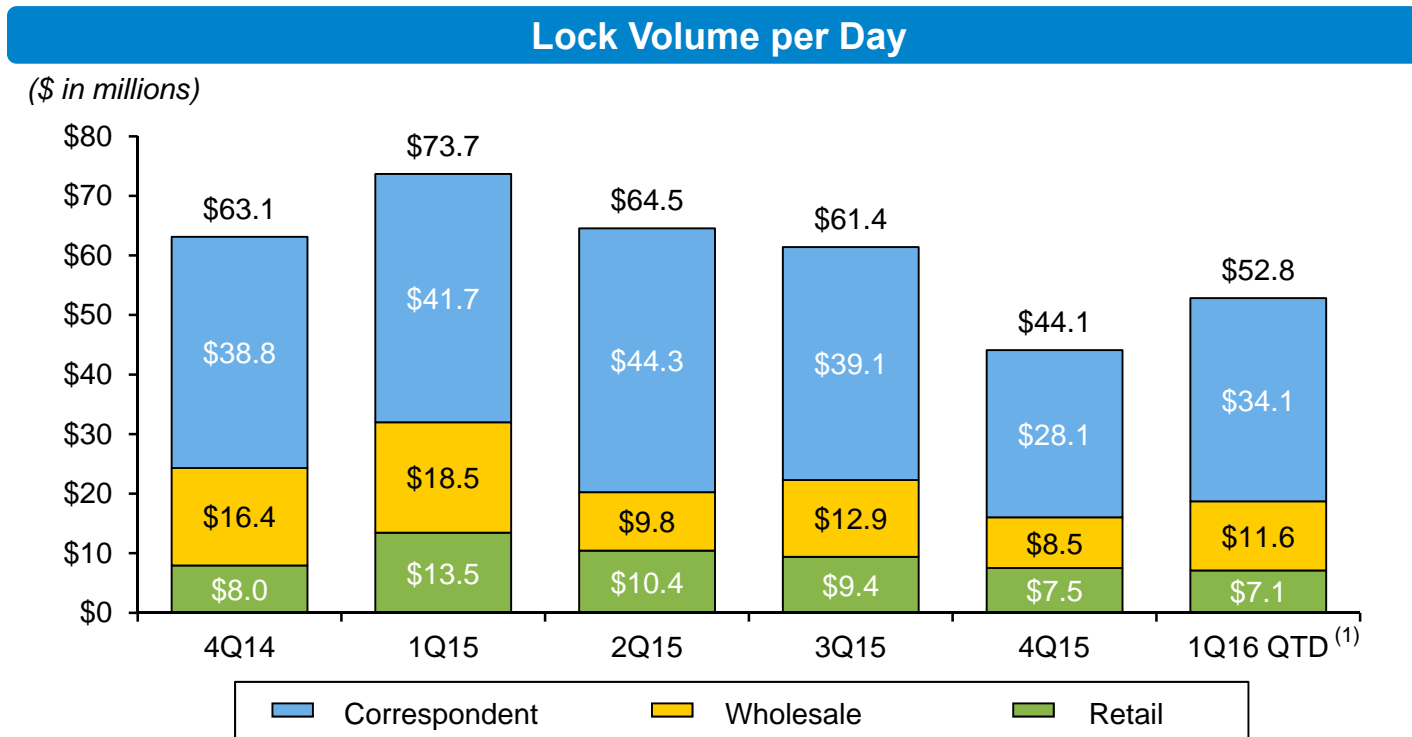
- Segment pre-tax income decreased 35% to \$291,000 in 4Q15 ⁽¹⁾
- Funded volume of \$844.5 million down 4% from 4Q14 and up 79% from 4Q14
 - Funding fees were up from \$310,000 in 3Q15 to \$318,000 in 4Q15
 - NattyMac commitments as of December 31, 2015 increased 16% from 3Q15 to \$572 million



(1) Primarily due to year-end intersegment expense adjustments.

1Q16 Quarter-to-Date Update

- Average lock volume per business day has increased to \$52.8 million quarter-to-date ⁽¹⁾ from \$44.1 million per day during 4Q15
 - Lock volume mix was 55% refinance quarter-to-date ⁽¹⁾ compared to 50% in 4Q15
- The 10-year treasury yield decreased from 2.27% on December 31, 2015 to 1.74% on February 29, 2016
 - Prepayment speeds trended around 10% in January and February



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

(1) Through February 2016.

Conclusion

- Our stated objective to reduce our overall expense base by 15% to 20% was met as a result of discontinued operations and other strategic expense reductions
 - Consolidated expenses declined 27% in 4Q15 compared to the YTD 3Q15 quarterly average and reflect the decline in expenses due to discontinued operations
 - Total expenses from continuing operations declined 17% in 4Q15 compared to the YTD 3Q15 quarterly average

<i>\$ in millions</i>	YTD 3Q15 Quarterly Avg.	4Q15	% Change
Origination Volume, Continuing Operations	\$2,988.7	\$2,272.0	(24%)
Total Expenses, Continuing Operations	\$53.5	\$44.2	(17%)
Total Expenses, Consolidated	\$66.6	\$48.6	(27%)

- Continued focus on optimizing remaining Distributed Retail structure and increasing profitability
 - We had 19 distributed retail branch locations as of December 31, 2015
 - As a result of the strategic changes implemented during the third quarter, we recognized \$1.0 million (pre-tax) in one-time expenses during 4Q15, partially offset by a one-time tax adjustment of \$0.5 million, both of which were included in our \$0.5 million after-tax net loss from discontinued operations

Appendix

Consolidated Statements of Operations



(\$ in thousands, except per share data)

	Three Months Ended		
	12/31/2015	9/30/2015	12/31/2014
Revenues			
Gain on mortgage loans held for sale, net	\$ 22,724	\$ 32,874	\$ 30,301
Changes in mortgage servicing rights valuation	4,130	(28,088)	(32,403)
Payoffs and principal amortization of mortgage servicing rights	(7,226)	(9,215)	(9,416)
Loan origination and other loan fees	5,425	6,718	6,231
Loan servicing fees	13,771	14,051	12,092
Interest and other income	7,993	9,217	10,742
Total revenues	\$ 46,817	\$ 25,557	\$ 17,547
Expenses			
Salaries, commissions and benefits	\$ 22,473	\$ 31,851	\$ 28,026
General and administrative expense	7,351	8,921	9,208
Interest expense	7,705	7,508	8,649
Occupancy, equipment and communication	4,430	4,175	3,735
Depreciation and amortization expense	2,202	2,397	1,449
Total expenses	\$ 44,161	\$ 54,852	\$ 51,067
Income (loss) from continuing operations before income tax expense (benefit)	2,656	(29,295)	(33,520)
Income tax expense (benefit)	1,603	(9,105)	(13,813)
Income (loss) from continuing operations, net of tax	\$ 1,053	\$ (20,190)	\$ (19,707)
(Loss) income from discontinued operations, net of tax	(534)	(2,614)	(1,677)
Net income (loss) available to common stockholders	\$ 519	\$ (22,804)	\$ (21,384)
Earnings (loss) per share			
Basic from continuing operations	\$ 0.04	\$ (0.78)	\$ (0.76)
Diluted from continuing operations	\$ 0.04	\$ (0.78)	\$ (0.76)

Consolidated Balance Sheets



<i>(\$ in thousands)</i>	12/31/2015	12/31/2014
Assets		
Cash and cash equivalents	\$ 32,463	\$ 45,382
Restricted cash	4,045	4,482
Mortgage loans held for sale, at fair value	645,696	1,048,347
Servicing advances, net	19,374	11,193
Derivative assets	12,160	12,560
Mortgage servicing rights, at fair value	199,637	204,216
Property and equipment, net	22,923	17,047
Loans eligible for repurchase from GNMA	80,794	109,397
Warehouse lending receivables	199,215	85,431
Other Assets	64,319	58,496
Total assets	\$ 1,280,626	\$ 1,596,551
Liabilities and stockholders' equity		
Secured borrowings/warehouse lines of credit	\$ 773,526	\$ 1,066,217
Secured borrowings - mortgage service rights	77,069	75,970
Secured borrowings - eligible GNMA loan repurchases	37,615	-
Operating lines of credit	5,000	2,000
Accounts payable and accrued expenses	23,544	28,350
Derivative liabilities	2,517	9,044
Reserve for mortgage repurchases and indemnifications	5,536	4,967
Liability for loans eligible for repurchase from GNMA	80,794	109,397
Deferred income tax liabilities, net	2,364	11,831
Other liabilities	11,033	8,700
Total liabilities	1,018,998	1,316,476
Stockholders' equity		
Common stock	264	264
Additional paid-in-capital	270,906	267,083
Retained earnings	(9,542)	12,728
Total stockholders' equity	261,628	280,075
Total liabilities and stockholders' equity	\$ 1,280,626	\$ 1,596,551

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	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.

Segment Results – 3Q15 (Continuing Operations)



(\$ in thousands)

	Three Months Ended September 30, 2015				
	Originations	Servicing	Financing	Other / Eliminations ⁽¹⁾	Consolidated
Revenues					
Gains on mortgage loans held for sale, net	\$ 32,913	\$ -	\$ -	\$ (39)	\$ 32,874
Change in mortgage servicing rights valuation	-	(28,088)	-	-	(28,088)
Payoffs and principal amortization of MSR	-	(9,215)	-	-	(9,215)
Loan origination and other loan fees	6,408	-	310	-	6,718
Loan servicing fees	-	14,051	-	-	14,051
Interest and other income	7,341	-	1,854	22	9,217
Total revenues	46,662	(23,252)	2,164	(17)	25,557
Expenses					
Salaries, commissions and benefits	21,037	2,153	486	8,175	31,851
General and administrative	4,038	460	180	4,243	8,921
Interest expense	5,071	1,526	778	133	7,508
Occupancy, equipment and communication	1,909	490	71	1,705	4,175
Depreciation and amortization	1,727	155	105	410	2,397
Corporate allocations	6,457	895	98	(7,450)	-
Total expenses	40,239	5,679	1,718	7,216	54,852
Income (loss) from continuing operations before taxes	\$ 6,423	\$ (28,931)	\$ 446	\$ (7,233)	\$ (29,295)

(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.

Segment Results – 4Q14 (Continuing Operations)



(\$ in thousands)

Three Months Ended December 31, 2014

	Originations	Servicing	Financing	Other / Eliminations ⁽¹⁾	Consolidated
Revenues					
Gains on mortgage loans held for sale, net	\$ 30,301	\$ -	\$ -	\$ -	\$ 30,301
Change in mortgage servicing rights valuation	-	(32,403)	-	-	(32,403)
Payoffs and principal amortization of MSRs	-	(9,416)	-	-	(9,416)
Loan origination and other loan fees	6,079	-	152	-	6,231
Loan servicing fees	-	12,092	-	-	12,092
Interest and other income	9,031	-	1,705	6	10,742
Total revenues	45,411	(29,727)	1,857	6	17,547
Expenses					
Salaries, commissions and benefits	20,023	1,707	472	5,824	28,026
General and administrative	2,253	352	144	6,459	9,208
Interest expense	5,864	1,735	1,050	-	8,649
Occupancy, equipment and communication	1,492	461	82	1,700	3,735
Depreciation and amortization	377	41	103	928	1,449
Corporate allocations	6,919	877	45	(7,841)	-
Total expenses	36,928	5,173	1,896	7,070	51,067
Income (loss) from continuing operations before taxes	\$ 8,483	\$ (34,900)	\$ (39)	\$ (7,064)	\$ (33,520)

(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 (Continuing Operations)



	Three Months Ended		
	12/31/2015	9/30/2015	12/31/2014
<i>(\$ in thousands, except per share data)</i>			
Net income (loss) from continuing operations:	\$ 1,053	\$ (20,190)	\$ (19,707)
Adjust for:			
Changes in valuation inputs and assumptions on MSR's	(4,130)	28,088	32,403
Stock-based compensation expense	278	1,900	699
Severance expense	202	1,533	-
Other non-routine expenses	-	221	1,290
Tax effect of adjustments	3,789	(9,872)	(11,465)
Adjusted net income from continuing operations ⁽¹⁾	\$ 1,192	\$ 1,680	\$ 3,220
Adjusted diluted earnings from continuing operations per share	\$ 0.05	\$ 0.07	\$ 0.14

(1) Adjusted net income from continuing operations is a key performance metric used by management in evaluating the performance of our business.

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

Non-GAAP Financial Reconciliation: Originations Segment (Continuing Operations)



	Three Months Ended		
	<u>12/31/2015</u>	<u>9/30/2015</u>	<u>12/31/2014</u>
<i>(\$ in thousands)</i>			
Total Originations segment expenses, continuing operations	\$ 33,079	\$ 40,239	\$ 36,928
Adjust for:			
Interest expense	(4,645)	(5,071)	(5,864)
Severance expense	(202)	(384)	-
Adjusted segment expenses, continuing operations	\$ 28,232	\$ 34,784	\$ 31,064
Plus: Total expenses, discontinued operations	4,488	13,553	11,790
Less: Interest expenses, discontinued operations	(252)	(449)	(423)
Less: Non-recurring expenses, discontinued operations	(606)	(1,222)	-
Adjusted segment expenses, consolidated	\$ 31,862	\$ 46,665	\$ 42,431
Total Originations segment pre-tax income, continuing operations	\$ 1,899	\$ 6,423	\$ 8,483
Adjust for:			
Severance expense	202	384	-
Adjusted segment pre-tax income, continuing operations	\$ 2,101	\$ 6,807	\$ 8,483
Plus: Pre-tax (loss) income, discontinued operations	(861)	(4,205)	(2,792)
Plus: Non-recurring expenses, discontinued operations	606	1,222	-
Adjusted segment pre-tax income, consolidated	\$ 1,846	\$ 3,824	\$ 5,691

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

Non-GAAP Financial Reconciliation: Servicing Segment



(\$ in thousands)	Three Months Ended		
	12/31/2015	9/30/2015	12/31/2014
Total Servicing segment revenue	\$ 9,670	\$ (23,252)	\$ (29,727)
Adjust for:			
Changes in valuation inputs and assumptions on MSR's	(4,130)	28,088	32,403
Adjusted segment revenue	\$ 5,540	\$ 4,836	\$ 2,676
Total Servicing segment pre-tax income (loss)	\$ 4,192	\$ (28,931)	\$ (34,900)
Adjust for:			
Changes in valuation inputs and assumptions on MSR's	(4,130)	28,088	32,403
MSR debt interest expenses	1,174	1,118	1,137
Severance expense	-	167	-
Adjusted segment pre-tax income (loss)	\$ 1,236	\$ 442	\$ (1,360)

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

Gain on Sale Economics (Continuing Operations)



- 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		
	12/31/2015	9/30/2015	12/31/2014
Realized gains on sales of loans	\$ 2,094	\$ 5,561	\$ (988)
Capitalized servicing rights	29,175	42,254	38,147
Economic hedge results	(4,960)	(10,107)	(4,238)
Provision for repurchases	(744)	(756)	(622)
Direct loan origination costs	(2,841)	(4,078)	(1,998)
Gains on mortgage loans held for sale, net	<u>\$ 22,724</u>	<u>\$ 32,874</u>	<u>\$ 30,301</u>
Origination Volume	\$ 2,272,000	\$ 3,199,700	\$ 3,142,200
<i>Basis points (bps) of origination volume</i>			
Realized gains on sales of loans	9	17	(3)
Capitalized servicing rights	129	132	121
Economic hedge results	(22)	(31)	(14)
Provision for repurchases	(3)	(2)	(2)
Direct loan origination costs	(13)	(13)	(6)
Gains on mortgage loans held for sale, net	<u>100</u>	<u>103</u>	<u>96</u>