OCWEN

Investor Presentation
July 26, 2018

OCWEN

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 our business, statements relating to our expectations of our merger with PHH Corporation (PHH), statements relating to our costs and our cost improvement efforts and statements relating to the financial and other impacts of our July 2017 and January 2018 agreements with New Residential Investment Corp. (NRZ). 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, the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Government National Mortgage Association (Ginnie Mae); our ability to comply with the terms of our settlements with regulatory agencies and the costs of doing so; 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 comply with our servicing agreements, including our ability to comply with our agreements with, and the requirements of, Fannie Mae, Freddie Mac and Ginnie Mae and maintain our seller/servicer and other statuses with them; our ability to contain and reduce our operating costs; 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 ability to timely transfer mortgage servicing rights under our July 2017 and January 2018 agreements with NRZ; our ability to maintain our long-term relationship with NRZ under these new arrangements; our ability to realize anticipated future gains from future draws on existing loans in our reverse mortgage portfolio; 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; our ability to complete the proposed acquisition of PHH in the third quarter or at all, our ability to successfully integrate PHH's business, and to realize the strategic objectives, synergies and other benefits of the acquisition at the time anticipated or at all, including our ability to integrate, maintain and enhance PHH's servicing, subservicing and other business relationships; our ability to execute an effective chief executive officer leadership transition; 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, 2017 and any current and quarterly reports since such date. 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.

NON-GAAP FINANCIAL MEASURES:

Our presentation contains certain non-GAAP financial measures, such as our references to adjusted operating expense, adjusted pre-tax income, adjusted pre-tax income before corporate debt expense, normalized adjusted cash flow from operations, illustrative servicing cash flow, available liquidity, adjusted liquidity and alternate income statement view. We believe these non-GAAP financial measures provide a useful supplement to discussions and analysis of our financial condition. We believe these non-GAAP financial measures provide an alternative way to view certain aspects of our business that is instructive. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, Ocwen's reported results under accounting principles generally accepted in the United States. Other companies may use non-GAAP financial measures with the same or similar titles that are calculated differently to our non-GAAP financial measures. As a result, comparability may be limited. Further information may be found on Ocwen's website.

Agenda

- Q2 2018 Executive Summary
- PHH Transaction Update
- Excess Cash Investment
- Financial Updates
- Appendix

Q2 2018 Executive Summary

OCWEN

- Reported GAAP net loss of $30 million … $15 million favorable to Q2 2017
  - Pre-tax loss of $28 million. Adjusted pre-tax loss of $9 million (see page 25)
  - Servicing pre-tax income of $2 million … Eighth consecutive quarter of profitability
  - Lending pre-tax income of $1 million … $7 million unfavorable to prior quarter driven by higher interest rates, wider investor spreads and higher competition for HECM volumes lowering investor pricing and execution margins
  - Partnered with NAACP to host a borrower outreach event to help families having trouble making their mortgage payments
- Maintaining a strong cash and liquidity position and deploying excess liquidity
  - Generated $97 million of cash flows from operating activities and ended the quarter with an adjusted liquidity of $270 million (see page 13)
  - Opportunistically investing excess liquidity in seasoned residential loans acquired through executing RMBS call rights and targeted GNMA securitization loan buyouts
  - Voluntarily prepaid $50 million of corporate debt in Q2 2018
  - In July, closed VFN advance financing capacity of $225 million, maturing Dec 2019, on materially better terms
- PHH Transaction Update
  - Currently targeting closing the transaction in Q3 2018, subject to regulatory approvals and other closing conditions
  - Updating annual synergy run-rate cost savings target to $100 million (see page 5)

PHH Transaction Update

☑

Targeting close in Q3 2018

Ocwen believes this transaction will provide the following key strategic and financial benefits:

- Accelerate Ocwen's transition to the Black Knight Financial Services, Inc. LoanSphere MSP® servicing platform
- Improve servicing and origination margins through improved economies of scale
- Reduce fixed costs (on a combined basis) through reductions of redundant corporate overhead and other costs
- Provide a foundation to enable the combined servicing platform to resume new business and growth activities to offset portfolio runoff

☑

Increasing annual run rate synergies target to $100 million

Annual run rate synergies target at $100 million over annualized Q2 2018 combined Ocwen and PHH operating expenses, which we aim to achieve within about 18 months of close. This is higher than our previous estimate of $50 million. Synergy target does not include the impact of transition-related expenses, such as technology and other integration costs and severance expense, nor does it include net MSR valuation adjustments

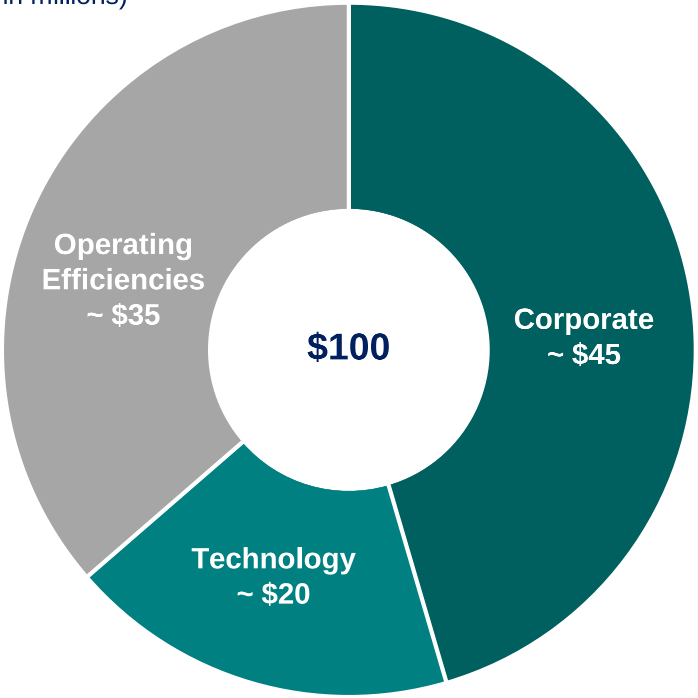
PHH Synergy Target

Drivers

- Synergies[a] largely fall into three categories:
  - Corporate structure redundancies and overhead savings … Integrate management team and staff
  - Technology cost savings … Lower cost platform
  - Operating efficiencies … Implement best practices and cost structure between companies

Synergy Categories

($ in millions)



(a) See slide 5 for methodology to calculate synergies

Excess Cash Investment

- Successfully deployed excess liquidity across a combination of short and medium term opportunities
  - As of end of Q2 2018, we have used $155 million of excess cash to reduce borrowing on advance facilities and warehouse lines (see page 29), saving ~4-5% in interest costs
  - Invested over $90 million in portfolio investments targeting 10%+ returns, including seasoned residential loans acquired largely through executing RMBS call rights and targeted Ginnie Mae securitization loan buyouts
  - Voluntarily prepaid $50 million of corporate debt in Q2 2018 in addition to $20 million prepaid in Q4 2017
- We are evaluating various longer-term investment options considering the following criteria
  - Supports long-term growth in earnings – size, impact over time and effect on future growth or ability to grow
  - Liquidity – ability to easily turn-off or get money back, if needed
  - Return on investment, including any direct leverage available, volatility and impact on GAAP financials
  - Fits the skills and capabilities of the company and meets risk appetite
- Options under consideration provide potential opportunities to deploy additional capital at attractive returns that leverage Ocwen's servicing capabilities and mortgage industry expertise

Financial Updates

Q2 2018 Financial Results

($ in millions, except Income/(Loss) per Share)

	Q1'18	Q2'18	VPQ$[a]
Revenues	**$260**	**$254**	**$(7)**
• Servicing	226	231	4
• Lending	29	19	(10)
• Corporate	5	4	(1)
Operating Expenses	**(207)**	**(206)**	**(1)**
• Non-MSR Expenses[b]	(189)	(173)	(17)
• MSR valuation adjustments, net	(17)	(33)	16
Other Income / (Expense)	**(49)**	**(76)**	**(28)**
• NRZ Interest Expense	(23)	(51)	(28)
• Other[c]	(26)	(25)	1
Pre-Tax Income / (Loss)	**$5**	**$(28)**	**$(33)**
Net Income / (Loss)	**$3**	**$(30)**	**$(32)**
Income / (Loss) per Share[d]	$0.02	$(0.22)	$(0.24)
Operating Cash Flow	**$99**	**$97**	**$(2)**

Key Results

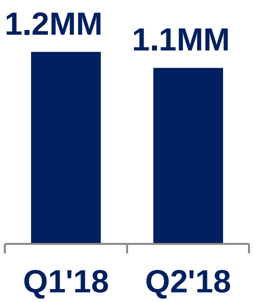
- Servicing revenue up 2% driven by RMBS call rights investment income
- Lending revenue decrease driven primarily by lower margins in Reverse Lending business (see slide 11)
- Lower Non-MSR operating expenses driven by $8 lower employee costs, $5 lower professional fees and $4 lower GNMA losses and advance reserves
- MSR valuation adjustments unfavorable to Q1'18 primarily driven by favorable GNMA & GSE MSR FV change in prior quarter
- NRZ interest expense higher due to favorable liability FV change in Q1'18 and unfavorable liability FV change in Q2'18 (see slide 26)

(a) All variances are versus Q1'18
(b) Non-MSR Expenses = Total of all Expense line items other than MSR Valuation Adjustments, net
(c) Other = All Other Income (Expense) except for NRZ Interest Expense (see Slide 26)
(d) Diluted Income / (Loss) per Share

Q2 2018 Servicing Segment Results

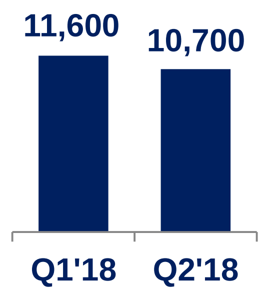
($ in millions, except UPB)

Key Metrics



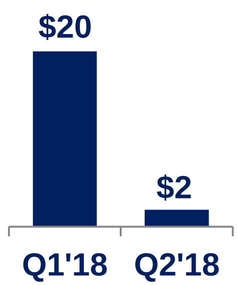
Customers (#)

UPB ($B)

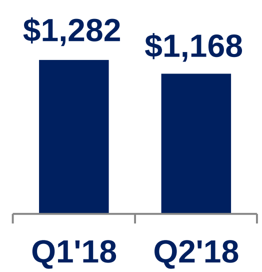


Completed Modifications (#)

Revenue



Pre-tax Income



Advances

Highlights

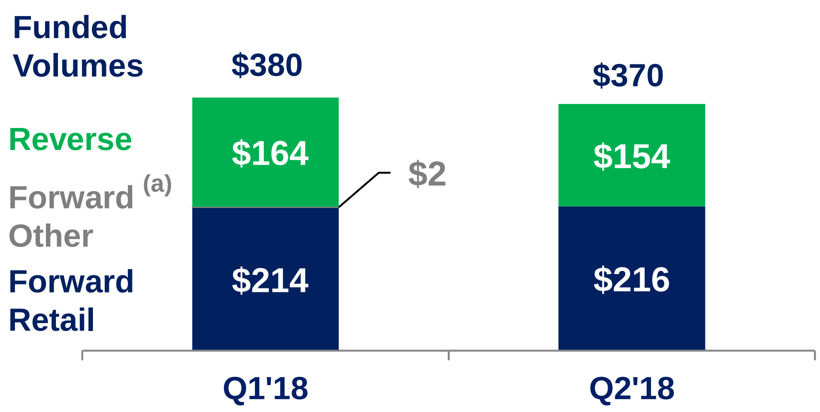
- Ocwen remains focused on providing modification solutions to qualifying borrowers in need
  - Completed over 10,700 modifications with $51 debt forgiveness
  - Continued reduction in non-performing loans[(a)] serviced from 9% to 8%
- Eighth consecutive quarter of pre-tax profitability
- Continue to focus on reducing expenses
  - Headcount declined 6% from Q1’18
- Reduced servicing advances by $114 in the quarter driving strong positive operating cash flows

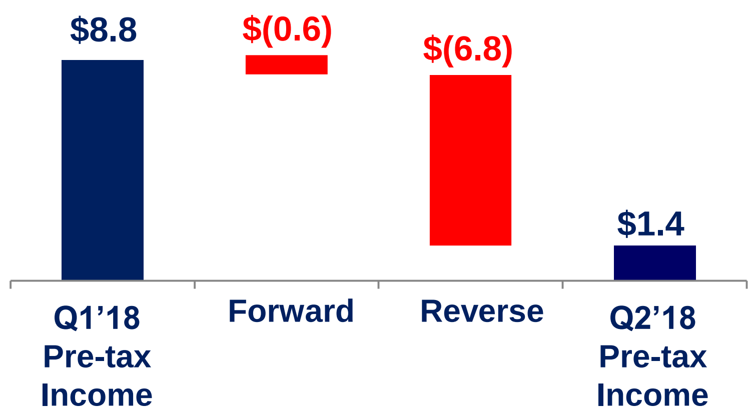
(a) As a percentage of total UPB. Performing loans include those loans that are less than 90 days past due and those loans for which borrowers are making scheduled payments under loan modification, forbearance or bankruptcy plans. We consider all other loans to be non-performing

Q2 2018 Lending Segment Results

($ in millions, except total lending volumes)

Financial Performance





Forward

- Retail volumes in line with prior quarter despite pressure due to increasing interest rates
- Q2’18 pre-tax loss materially in line with prior quarter as margin pressure partially offset by cost reductions
- Right-sized the business after the announced channel exits; 47% lower headcount since the end of Q3 2017

Reverse

- Volumes materially in line with prior quarter despite 33% lower market volumes due to HUD program changes in 2017
- Q2’18 pre-tax income $(6.8) reduction due to increased competition for HECM volumes, higher interest rates and wider investor spreads lowering investor pricing and execution margins
- Continue to manage headcount and marketing costs in the business after the HUD program changes; 52% lower headcount since the end of Q3 2017

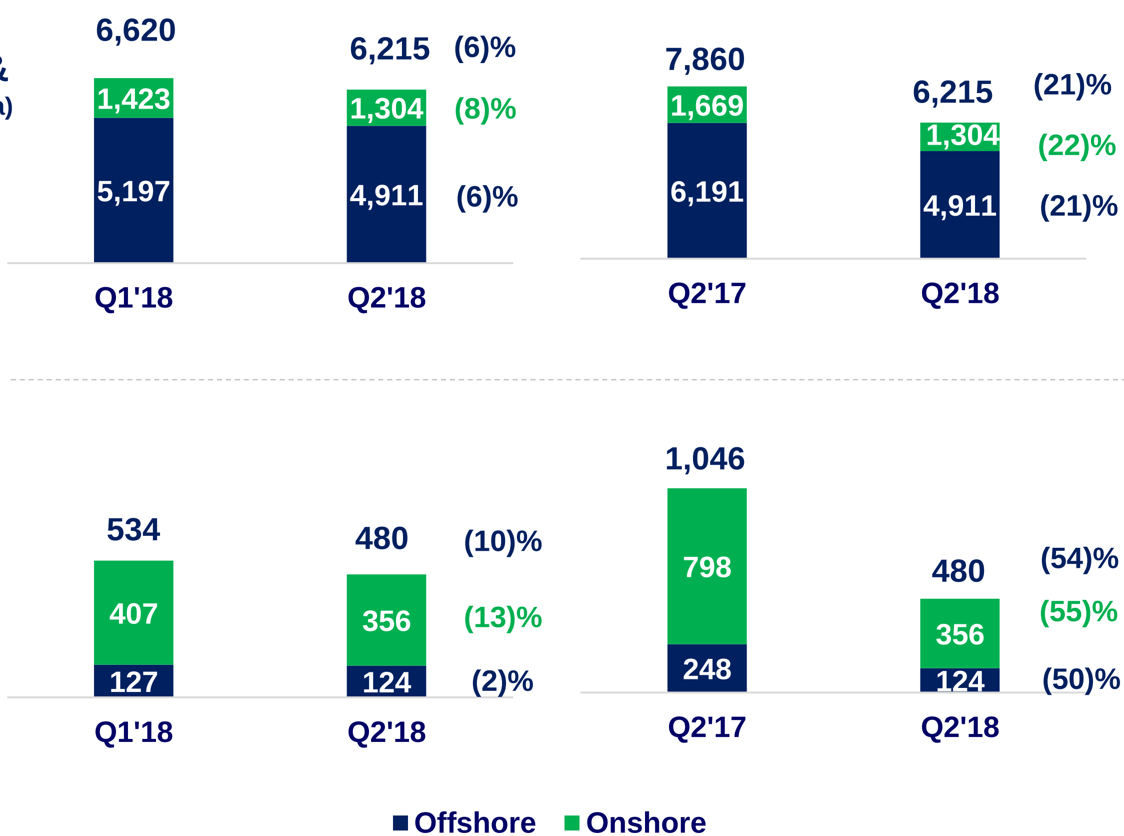
(a) Forward Other includes Correspondent and Wholesale businesses exited in 2017

Headcount Trend

vs. Prior Quarter | **vs. Prior Year**

Servicing & Corporate[a]

Lending & Initiatives



- Efficiency improvements continue
- VPQ: 318 lower headcount in Servicing and 87 lower headcount in Corporate
- VPY: 21% lower headcount compared to 13% lower loan count

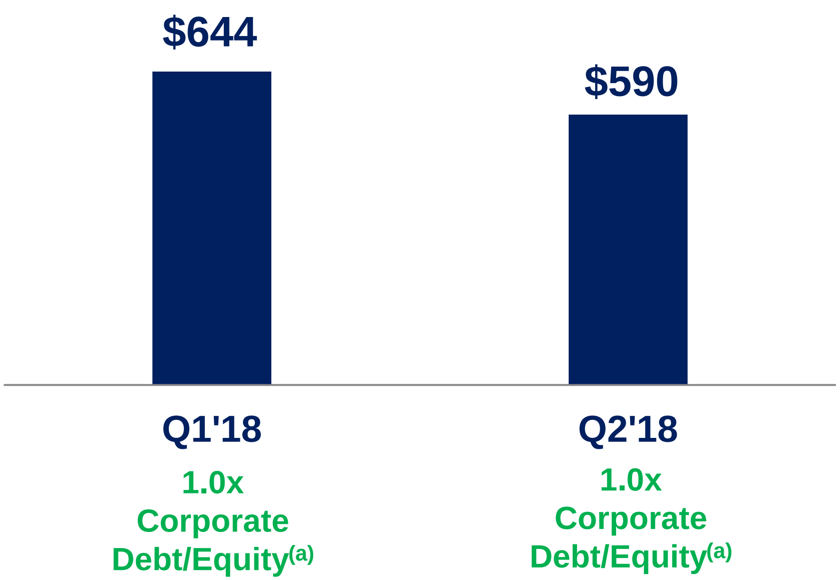
- VPQ: 10% or 54 lower headcount in Lending and Automotive Capital Services
- VPY: 54% lower headcount largely driven by exits from unprofitable Forward channels and Automotive Capital Services

(a) As per definitions on page 18. For these purposes, Servicing & Corporate excludes the Initiatives headcount that currently are reported in the Corporate Segment. This headcount is reflected in the Lending & Initiatives graphs

Leverage & Liquidity Update

($ in millions, except where otherwise noted)

Corporate Debt



- As of 6/30/18, Corporate Debt secured by approximately $1.4B of collateral, calculated in accordance with the Senior Secured Term Loan

(a) Corporate Debt = Debt Balance of Senior Secured Term Loan + 2nd Lien Bonds + remaining Unsecured bonds. Excludes Debt Issuance costs and Original Issue Discount on SSTL refinanced in December 2016 and Debt Issuance costs related to the 2nd Lien Bond and remaining Unsecured bonds

Liquidity Update

- Voluntarily paid down $50 Senior Secured Term Loan in Q2 2018
- Estimated Ocwen cash usage to close PHH Purchase = $74
- Excludes remaining PHH cash on hand post-acquisition

(b) As of 6/30/18, $228 GAAP reported cash + $155 available credit on advance facilities and warehouse lines

(c) Amounts accrued on balance sheet as of 6/30/18 for legal and regulatory settlement matters. Does not include accrued legal fees of $14

(d) Non-GAAP. Available liquidity and Adjusted liquidity are for illustrative purposes only and do not include adjustments for all unutilized borrowing capacity, reserves, accounts payable, interest payable and other short term payables, among others

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).

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

Employees	Approximately 6,700

Appendix: Q2 2018 Financials

- Financial Updates: Alternate View
- Segment Results
- Cost Performance
- Adjusted Operating Expense
- Operating Expense Roll-forward
- Illustrative Adjustments to Pre-tax Income
- Total Other (Income) Expense, Net Detail
- P&L impact of Fair Value Changes
- MSR Valuation Assumptions
- Debt Facilities Overview
- Adjusted Cash Flow from Operations

Q2 2018 Financial Updates: Alternate View

($ in millions)	Q1'18 Reported (GAAP)	Q1'18 MSR/NRZ Reclass	Q1'18 Alternate View(a)	Q2'18 Reported (GAAP)	Q2'18 MSR/NRZ Reclass	Q2'18 Alternate View(a)	VPQ Alternate View(a)
Revenue	**$ 260**	**$ (40)**	**$ 220**	**$ 254**	**$ (85)**	**$ 169**	**$ (51)**
Servicing and subservicing fees	222	-	222	222	-	222	0
Gain on loans held for sale, net	20	-	20	24	-	24	5
Other	18	(40)	(22)	7	(85)	(78)	(56)
Expenses	**$ 207**	**$ (17)**	**$ 189**	**$ 206**	**$ (33)**	**$ 173**	**$ (17)**
Compensation and benefits	78	-	78	70	-	70	(8)
Professional services	38	-	38	32	-	32	(5)
Servicing and origination	31	-	31	28	-	28	(3)
Technology and communications	23	-	23	24	-	24	1
MSR valuation adjustments, net	17	(17)	-	33	(33)	-	-
Occupancy and equipment	13	-	13	13	-	13	0
Other	7	-	7	5	-	5	(1)
Other income (expense)	**$ (49)**	**$ 23**	**$ (26)**	**$ (76)**	**$ 51**	**$ (25)**	**$ 1**
Interest income	3	-	3	3	-	3	1
NRZ interest expense	(23)	23	-	(51)	51	-	-
Other interest expense	(28)	-	(28)	(26)	-	(26)	2
MSR Gain on Sale	1	-	1	0	-	0	(1)
Other, net	(2)	-	(2)	(2)	-	(2)	(1)
Pre-tax Income (Loss)	**$ 5**	**$ -**	**$ 5**	**$ (28)**	**$ -**	**$ (28)**	**$ (33)**

(a) Non-GAAP. Alternate View reclasses adjustments to the MSR asset valuation (operating expenses) and NRZ interest expense to present a view of operating results that aggregates the items impacted by the NRZ relationship and includes as a reduction in Revenue, to illustrate servicing fee collections retained by Ocwen

Q2 2018 Segment Results

($ in millions, except where otherwise noted)

Servicing

	Q1'18	Q2'18	VPQ$[a]
Revenues	**$226**	**$231**	**$4**
• Servicing / Subservicing	185	182	(3)
• HAMP/Late/Other fees	37	41	3
• Gains / Other	3	8	4
Operating Expenses	**(171)**	**(167)**	**(4)**
• Non-MSR expenses	(154)	(134)	(20)
• MSR valuation adjustments, net	(17)	(33)	16
Other Income / (Expense)	**(35)**	**(62)**	**(27)**
• NRZ Interest Expense	(23)	(52)	(29)
• Other	(11)	(10)	2
Pre-tax Income	**$20**	**$2**	**$(18)**

Drivers:

- Higher revenue driven by driven by RMBS call rights investment income
- Lower Non-MSR expenses driven by $9 lower legal expenses, $4 lower GNMA losses and advance reserves and $3 lower employee costs, Higher MSR valuation adjustments driven by favorable GNMA and GSE MSR valuation in Q1'18

Lending

	Q1'18	Q2'18	VPQ$[a]
Revenues	**$29**	**$19**	**$(10)**
• Gain on loans held for sale	19	19	(0)
• Other revenue	10	0	(10)
Operating Expenses	(20)	(18)	(3)
Other Income / (Expense)	(0)	0	0
Pre-tax Income / (Loss)	**$9**	**$1**	**$(7)**
• Forward Lending	(1)	(2)	(1)
• Reverse Lending	10	3	(7)

Drivers:

- Forward Lending volume and income materially in line with prior quarter despite increasing interest rate pressure
- Reverse Lending income unfavorable to Q1'18 driven by higher competition for HECM volumes, higher interest rates and wider investor spreads lowering investor pricing and execution margins

(a) All variances are versus Q1'18

Cost Overview

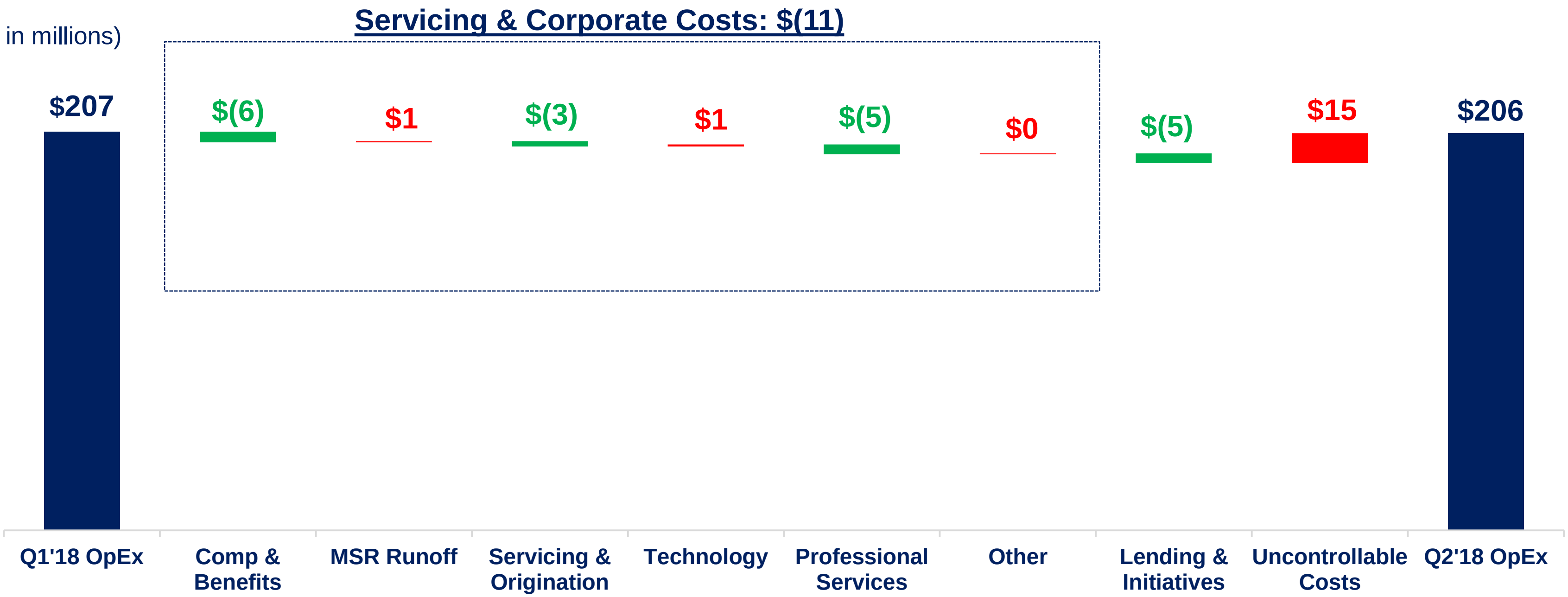
We believe Ocwen's cost structure is best understood by looking at three distinct categories of costs, each with their own dynamics and drivers

	Cost Category	Spend Dynamics
1	Servicing and Corporate costs, excluding Initiative spending and 'uncontrollable' costs described below	• Reduce servicing costs to adjust for reduced portfolio size and drive productivity and other reductions in overhead structure
2	Lending and Initiatives[a] spending	• Right-sizing cost structure in light of recent business announcements
3	Uncontrollable expenses (MSR valuation changes, excluding runoff)	• Interest rate changes or valuation assumptions have driven adjustments to our MSRs; For ease of reference, we use the term "uncontrollable" because we have no or limited ability to influence, limit or reduce MSR valuation changes

(a) Initiatives include Automotive Capital Services (ACS) and CR Limited (CRL) that currently are included in the Corporate segment

Cost Overview

($ in millions)



Servicing & Corporate	$204
Lending & Initiatives	23
Uncontrollable Expenses	(20)
Total	**$207**

Servicing & Corporate	$192
Lending & Initiatives	18
Uncontrollable Expenses	(5)
Total	**$206**

- $(11) lower Servicing and Corporate controllable expenses primarily driven by $(6) employee related costs and benefits, $(5) lower professional services expense & $(3) lower Servicing & Origination expense
- $(5) lower Lending and Initiatives controllable expenses primarily due to lower Lending employee costs and exit from Automotive Capital Services
- $15 higher Uncontrollable costs primarily due to larger favorable valuation-driven MSR Fair Value benefit in Q1’18 than Q2’18

Cost Performance: Servicing & Corporate

$(11) lower Servicing & Corporate controllable expenses primarily driven by $(6) Comp & Benefits, $(5) Professional fees and $(3) lower Servicing & Origination expenses

($ in millions)	Q1'18	Q2'18	VPQ
Servicing & Corporate	**$ 204**	**$ 192**	**$ (11)**
Compensation and Benefits	**$ 65**	**$ 60**	**$ (6)**
Onshore	44	42	(2)
Offshore	16	16	0
Severance	6	2	(4)
MSR Valuation adjustments, net	**$ 37**	**$ 38**	**$ 1**
Servicing and Origination	**$ 27**	**$ 24**	**$ (3)**
Servicer Expenses	7	5	(2)
GNMA Losses	14	12	(2)
Other Serv & Orig.	6	7	1
Technology and Communications	**$ 22**	**$ 23**	**$ 1**
Servicing Platform & Imaging	6	5	(1)
Service Maintenance Expenses	9	11	3
Depreciation	5	5	(0)
Other Tech & Comm.	2	2	(0)
Professional Services	**$ 37**	**$ 32**	**$ (5)**
General Legal Fees	14	13	(1)
Legal & Regulatory Settlements	10	10	(0)
Audit, Insurance and Other	13	9	(4)
Other Expenses	**$ 15**	**$ 15**	**$ 0**
Mailing Expenses	6	4	(1)
Facility Expenses	6	7	1
Reserves	0	2	1
Other	3	2	(1)

Cost Performance: Lending, Initiatives & Uncontrollable

$(5) lower Lending and Initiatives expenses primarily driven by $(3) Comp & Benefits and $15 unfavorable uncontrollable expenses due to $20 favorable GNMA and GSE MSR Fair Value change in Q1’18

($ in millions)			
Lending & Initiatives	**$ 23**	**$ 18**	**$ (5)**
Comp and Benefits	13	10	(3)
Servicing and Origination	4	4	(0)
Technology and Communications	1	1	(0)
Professional Services	1	1	(0)
Other	4	3	(2)
Uncontrollable Expenses	**$ (20)**	**$ (5)**	**$ 15**
GNMA & GSE MSR FV Change	(20)	-	20
Non-Agency MSR FV Change	-	(5)	(5)
Total Operating Expenses	**$ 207**	**$ 206**	**$ (1)**

Note Regarding Adjustments to GAAP Operating Expense, Pre-Tax Income and Cash Flow

In the following slides, we present supplemental information (including reconciliations) relating to certain illustrative adjustments to GAAP operating expense, pre-tax income and cash flows from operating activities. We believe this information is instructive as an alternative way to view certain aspects of our business. However, the adjustments we make to GAAP operating expense, pre-tax income and cash flow from operations should not be analyzed in isolation or as a substitute to analysis of our GAAP operating expense, pre-tax income and cash flow from operations. There are certain limitations on the analytical usefulness of the adjustments we make to GAAP operating expense, pre-tax income and cash flow from operations and, accordingly, we rely primarily on our GAAP results and use these adjustments only for purposes of supplemental analysis. Readers are cautioned not to place undue reliance on analysis of the adjustments we make to GAAP operating expense, pre-tax income and cash flow from operations.

Adjusted Operating Expense adjusts GAAP operating expense for (1) changes in fair value of our MSRs due to changes in market rates, valuation inputs and other assumptions, (2) expense related to business restructuring items such as severance expenses, (3) legal, regulatory or counterparty settlement expenses as well as monitoring costs and (4) other expense items, including certain non-recurring costs, that management believes do not reflect the underlying operating expense performance of the Company, consistent with the intent of providing management and investors with a supplemental means of evaluating our operating performance. Certain components excluded from Adjusted Operating Expense are expected to occur in each period. For example, fair value changes in our MSR portfolio are regularly expected to occur, and we may incur settlement expenses in each period.

On the slide entitled “Illustrative Adjustments to Pre-tax Income”, we show certain illustrative adjustments to GAAP pre-tax income for the following factors (1) Adjusted Operating Expense, (2) offsets to Other Income (Expense) relating to Adjusted Operating Expense, (3) CFPB and state regulatory action litigation defense and escrow analysis expenses, (4) NRZ consent expenses, (5) PHH transaction expenses, (6) gains/losses on MSR sales and (7) corporate debt interest expense.

Adjusted cash flow from operations adjusts GAAP cash flows from operating activities for a reduction of match funded liabilities corresponding to our collection of advances. Normalized adjusted cash flow from operations further adjusts this number for changes in Loans Held for Sale, which is largely driven by the level of mortgage loan production and the timing of sales and securitizations of mortgage loans.

Adjusted Operating Expense

($ in millions)

	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
Reported Operating Expense (GAAP)	**$280.5**	**$273.5**	**$168.3**	**$206.5**	**$205.7**
Restructuring costs	(0.8)	(9.5)	(2.4)	(5.7)	(5.3)
GNMA & GSE MSR FV Change[a]	(3.7)	6.0	2.2	20.5	-
Non-Agency MSR FV Change[a]	-	2.3	84.4	-	5.0
Legal and Regulatory Fees and Settlement Accruals	(33.6)	(2.5)	(49.8)	(7.3)	(2.3)
Monitor Costs	(0.5)	(1.6)	-	-	-
Adjusted Operating Expense (Non-GAAP)	**$241.9**	**$268.2**	**$202.7**	**$213.9**	**$203.0**
Operating Expense Adjustments	**$(38.6)**	**$(5.3)**	**$34.4**	**$7.4**	**$(2.7)**

(a) FV changes that are driven by changes in interest rates or valuation assumptions are recorded here

Note: Non-Agency = Total MSR excluding GNMA & GSE MSRs

Operating Expense Roll-forward

($ in millions)	Compensation & Benefits	MSR Valuation Adjustments, net	Servicing & Origination	Technology & Communication	Professional Services	Occupancy & Equipment	Other Operating Expenses	Total
Q1'18 Actual Operating Expenses (GAAP)	**$ 78.1**	**$ 17.1**	**$ 31.4**	**$ 22.8**	**$ 37.8**	**$ 12.6**	**$ 6.7**	**$ 206.5**
Restructuring costs	(5.7)							(5.7)
GNMA & GSE MSR FV Change [(a)]		20.5						20.5
Legal and Regulatory Settlement Accruals					(7.3)			(7.3)
Q1'18 Adjusted Operating Expense	**$ 72.4**	**$ 37.6**	**$ 31.4**	**$ 22.8**	**$ 30.4**	**$ 12.6**	**$ 6.7**	**$ 213.9**
Servicing expenses			(3.8)				0.5	(3.2)
Employee costs	(7.9)							(7.9)
Consulting & Legal					(0.4)			(0.4)
Infrastructure & Projects				1.8		1.6		3.4
Amortization & MSR FV Change [(b)]		0.5						0.5
Loan-count driven expenses			1.0	(0.7)		(1.3)		(1.1)
Other	-	-	(0.3)	-	-	-	(2.0)	(2.3)
Q2'18 Adjusted Operating Expense	**$ 64.5**	**$ 38.1**	**$ 28.3**	**$ 23.9**	**$ 30.1**	**$ 12.9**	**$ 5.3**	**$ 203.0**
Restructuring costs	(5.3)							(5.3)
Non-Agency MSR FV Change[(a)]		5.0						5.0
Legal and Regulatory Settlement Accruals					(2.3)			(2.3)
Q2'18 Actual Operating Expenses (GAAP)	**$ 69.8**	**$ 33.1**	**$ 28.3**	**$ 23.9**	**$ 32.4**	**$ 12.9**	**$ 5.3**	**$ 205.7**

(a) FV changes that are driven by changes in interest rates or valuation assumptions are recorded here
(b) Portfolio run-off and collateral change, excluding any FV changes driven by market rates or assumptions
Note: Non-Agency = Total MSR excluding GNMA & GSE MSRs

Illustrative Adjustments to Pre-tax Income

($ in millions)	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
Pre-tax Income (GAAP)	**$(42)**	**$(27)**	**$(45)**	**$5**	**$(28)**
Operating Expense Adjustments[(a)]	39	5	(34)	(7)	3
Other Income Adjustments[(b)] [(c)]	(1)	10	81	-	9
CFPB/State Matter Expenses (Litigation and Escrow Analysis)	6	3	2	3	5
NRZ Consent Expenses	2	3	3	2	1
PHH Transaction Expenses	-	-	-	3	2
Gains on MSR Sales	(1)	(7)	(3)	-	-
Adjusted Pre-tax Income/(loss) (Non-GAAP)	**$3**	**$(13)**	**$4**	**$6**	**$(9)**
Less: Corporate Debt Interest Expense	(13)	(13)	(14)	(13)	(13)
Adjusted Pre-tax Income before Corporate debt expense (Non-GAAP)	**$16**	**$0**	**$17**	**$19**	**$5**

(a) See page 23 for details
(b) Certain Operating Expense adjustments had offsetting true-ups to other income/(expense)
(c) Q4'17 included $73 valuation driven NRZ interest expense and $8 valuation mark-to-market for trading securities asset

Total Other (Income) Expense, Net

($ in millions)	Q1'18	Q2'18	VPQ$	Comments
NRZ Interest Expense	$23.0	$51.5	$28.4	
- NRZ Servicing Fees	92.8	93.6	0.8	Higher collections
- MSR Liability[(a)] runoff and other	(17.0)	(16.2)	0.8	Runoff & collateral mix updates
- RMSR Liability[(b)] runoff	(36.0)	(34.0)	2.0	Amortization of RMSR Liability
- MSR Liability Mark-to-Market	(0.1)	8.9	9.0	Valuation updates
- RMSR Liability Mark-to-Market	(16.6)	(0.8)	15.8	Characteristics and assumptions (RMSR)
Match Funded Financing	9.5	7.7	(1.8)	
SSTL (incl. fee amortization)	5.7	5.9	0.2	
Other Secured/Structured Financing	3.7	3.5	(0.2)	OASIS, Warehouse Lines, EBO Facilities[(c)]
High Yield Bond / Second Lien Notes	7.5	7.5	(0.0)	
RMBS Call Rights	(0.7)	(0.1)	0.5	
Other	2.8	3.7	0.9	
Interest Income	(2.7)	(3.4)	(0.7)	
Total Other Expense, net	**$48.8**	**$76.3**	**$27.5**	

Note: "VPQ$" = Dollar variance versus prior quarter

(a) MSR Liability refers to the Original Rights to MSR Agreements
(b) RMSR Liability refers to the New RMSR Agreements
(c) EBO Facilities finance advances on loans repurchased out of Ginnie Mae securitizations (i.e., "early buy-outs")

P&L Impact of Fair Value Changes

	($ in millions)	Q1'18	Q2'18	VPQ$	Slide Reference
	Non-Agency MSR Fair Value Change				
0	- Portfolio change (Run-off and collateral)	$(22.1)	$(24.0)	$ (1.9)	Slide 24 via line 6 below
1	- Interest Rate and Other Assumption Changes	$ -	$ 5.0	5.0	Slide 23
2	**Total Non-Agency MSR Fair Value Change**	**(22.1)**	**(19.0)**	**3.1**	
	Agency MSR Fair Value Change				
3	- Portfolio change (Run-off and collateral)	$(15.5)	$(14.1)	$ 1.4	Slide 24 via line 6 below
4	- Interest Rate and Other Assumption Changes	20.5	-	(20.5)	Slide 23
5	**Total Agency MSR Fair Value Change**	**5.0**	**(14.1)**	**(19.1)**	
	Total MSR Fair Value Changes				
6	- Portfolio change (Run-off and collateral) **(0 + 3)**	$(37.6)	$(38.1)	$ (0.5)	Slide 24
7	- Interest Rate and Other Assumption Changes **(1+ 4)**	20.5	5.0	(15.5)	
8	**Total MSR Valuation Adjustments (6 + 7)**	**$(17.1)**	**$(33.1)**	**$(16.0)**	
	NRZ Liability Fair Value Changes				
	- Portfolio change (Run-off and collateral)	17.0	16.2	(0.8)	Slide 26
	- Interest Rate and Other Assumption Changes	0.1	(8.9)	(9.0)	Slide 26
9	**Total MSR Liability Fair Value Changes (impacts interest expense)**	**17.1**	**7.3**	**(9.8)**	Offset to line 2 above

Note: Agency includes GNMA and GSE MSRs; Non-Agency = Total MSR excluding GNMA & GSE MSRs

MSR Valuation Assumptions

(in $ millions)	FNMA / FHLMC				GNMA			PLS		
	OASIS Financed[a]	OASIS Retained[a]	MSRs Retained	Total	NRZ Financed	Ocwen Retained	Total	NRZ Financed	Ocwen Retained	Total
UPB	5,602		17,235	22,838	253	15,315	15,569	89,948	27,137	117,085
Book Value	62	36	202	300	(8)	134	126	480	137	616
Fair Value	62	36	202	300	(8)	134	126	480	137	616
Collateral Metrics:										
Weighted Average Note Rate	4.38		4.34	4.35	5.61	4.48	4.49	4.53	4.44	4.51
Weighted Average Svc Fee	0.31		0.28	0.28	0.10	0.32	0.32	0.47	0.33	0.44
Weighted Average Loan-to-Value	71		67	68	83	83	83	84	82	83
% D30 (MBA)	1%		3%	2%	14%	6%	6%	8%	5%	8%
% D60 (MBA)	0%		1%	1%	7%	3%	3%	5%	2%	4%
% D90+ (MBA)	1%		3%	3%	16%	6%	7%	12%	8%	11%
Fair Value Assumptions[b]:										
Lifetime CPR[c]	6.31		8.43	7.91	24.89	10.29	10.53	16.12	13.75	15.75
Cost to Service[d]	$69		$96	$89	$294	$133	$136	$312	$263	$304
Ancillary Income[d]	$42		$47	$46	$64	$64	$64	$88	$102	$90
Discount Rate	8.60		9.30	9.13	13.50	10.12	10.18	12.76	13.66	12.90

(a) "OASIS Financed" represents the value attributed to the securitized 21 bps service fee strip, and “Oasis Retained" is the leftover service fee and other cash flows that remain with Ocwen
(b) 3rd party broker assumptions
(c) Total voluntary payoffs and involuntary defaults; does not include scheduled payments
(d) Annual $ per loan

Debt Facilities Overview[a]

($ in millions)	Debt Balance	Facility Cap	Available Credit	Weighted Average Advance Rate	Interest Rate	Maturity
Advance Facilities						
OMART[b]	750	890	9	88.5%	2.80% for term Notes; 1 L + 3.02% for VFN	08/10/2018; 08/15/2018; 09/17/2018 08/15/2019
OFAF	0	65	46	85.4%	CoF + 2.30%	6/6/2019
OSART III	1	55	43	73.0%	CoF + 3.01%	12/14/2018
EBO Advances Pledged	6	6	-	79.0%	1L + 4.5%	N/A
Subtotal - Advance Facilities	**757**	**1,016**	**97**			
Warehouse Lines						
OLS - Lender 1	1	175	-	100.0%	WAC	4/30/2019
OLS - Lender 2	-	138	58	90.0%	1L + 2.00% to 3.75%	8/20/2018
OLS - Lender 3	66	150	-	97.0%	1mL+2.25% Forward 1mL+2.75% Reverse	12/7/2018
Liberty - Lender 1	10	100	-	99.0%	1L + 2.75%	10/12/2018
Liberty - Lender 2	1	50	-	98.0%	Prime + 0.00% (4% floor)	12/3/2018
HRI - Lender 1	30	75	-	100.0%	WAC	5/31/2019
Subtotal - Warehouse Lines	**107**	**688**	**58**			
Structured Transactions						
OASIS	69	69	N/A	N/A	N/A	2/28/2028
Subtotal - Structured Transactions	**69**	**69**				
Corporate Debt						
SSTL	240	240	N/A	N/A	1L (with a floor at 1.00%) + 5.00%	12/5/2020
6.625% Sr Notes	3	3	N/A	N/A	6.625%	5/15/2019
8.375% 2nd Lien Notes	347	347	N/A	N/A	8.375%	11/15/2022
Subtotal - Corporate Debt	**590**	**590**				
Total	**$ 1,522**	**$ 2,362**	**$ 155**			

(a) Balances as of 6/30/18
(b) OMART Variable Funding Note maturity extended to 12/15/2019 after quarter-end

Note: Corporate Debt excludes Debt Issuance costs and Original Issue Discount on SSTL refinanced in December 2016 and Debt Issuance costs related to the 2nd Lien Bond and remaining Unsecured bonds
"CoF" represents Cost of Funds, "1L" represents 1 month LIBOR and "WAC" represents Weighted Average Coupon on underlying mortgage loans

Consolidated Statement of Cash Flows: Adjusted Cash Flow from Operations Calculation

OCWEN

($ in millions)

	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
Cash Flows from Operating Activities (A) (GAAP)	**$193**	**$123**	**$4**	**$99**	**$97**
Decrease in Advances and Match Funded Advances (B)	$121	$58	$45	$71	$111
Funding Efficiency (C) [(1)]	74%	73%	69%	63%	63%
Reduction of match funded liabilities (D=B*C)	89	42	31	44	71
Adjusted Cash Flow from Operations (A-D)	**$104**	**$80**	**$(27)**	**$55**	**$26**
Loans Held for Sale change (E)	(78)	(37)	15	(60)	31
Normalized Adjusted Cash Flow from Operations (A-D) + (E) (Non-GAAP)	**$26**	**$43**	**$(13)**	**$(5)**	**$58**

Note: Operating cash flow for prior periods have been revised to conform to FASB Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230) – Restricted Cash,* which we adopted on January 1, 2018. Please refer to the Company's Quarterly Report on Form 10-Q for additional information

(1) Funding Efficiency = Average month-end balance of Servicing match funded liabilities / (Average month-end balance of advances, net + Average month-end balance of Servicing match funded assets)