



OCWEN FINANCIAL PROVIDES BUSINESS UPDATE AND SECOND QUARTER 2021 RESULTS

West Palm Beach, FL – (August 4, 2021) – Ocwen Financial Corporation (NYSE: OCN) (“Ocwen” or the “Company”), a leading non-bank mortgage servicer and originator, today provided information regarding its second quarter 2021 results and progress on the Company’s key business priorities. A presentation with additional detail regarding today’s announcement will be available on the Ocwen Financial Corporation website at www.ocwen.com (through a link on the Shareholder Relations page) prior to the Company’s second quarter 2021 earnings conference call scheduled for Thursday, August 5, 2021 at 8:30 am ET.

The Company reported net loss of \$10.3 million and pre-tax loss of \$22.2 million for the second quarter of 2021, compared to a net income of \$1.9 million and a pre-tax loss of \$6.2 million for the second quarter of 2020. Adjusted pre-tax income was \$5.8 million for the quarter, compared to a \$7.8 million adjusted pre-tax income, excluding NRZ lump-sum amortization, in the second quarter of 2020 (see “Note Regarding Non-GAAP Financial Measures” below).

Glen A. Messina, President and CEO of Ocwen, said, “Our financial results for the quarter are consistent with our expectations and we’re excited about the progress we’ve made. We successfully closed \$51 billion in bulk MSR and our strategic transactions with Texas Capital Bank, we announced our agreement with Reverse Mortgage Solutions to purchase its reverse mortgage servicing platform, and in July we sold the first of our planned call rights transactions. Our continued strong progress on driving growth, cost leadership, revenue diversification and operational excellence is building scale across our platform and growth in higher margin channels, services and products. We believe these actions have markedly improved the earnings potential of the business as we move into the second half of 2021, and we continue to be on track to achieve our growth, profitability and return objectives for the year.”

The Company reported the following results for the second quarter of 2021 (see “Note Regarding Non-GAAP Financial Measures” and “Note Regarding Financial Performance Estimates” below):

- Pre-tax loss was \$22.2 million compared to pre-tax loss of \$6.2 million for the second quarter of 2020. Adjusted pre-tax income was \$5.8 million, the seventh consecutive quarter of positive adjusted pre-tax income.
- Q2 Notables include \$23 million unfavorable net MSR valuation adjustment.
- Closed \$51 billion of bulk MSR acquisitions for which the Company signed letters of intent in Q1, profitably replenishing our Servicing portfolio.
- Announced acquisition of Reverse Mortgage Solutions, Inc. (“RMS”) reverse servicing platform with \$7.8 billion UPB, as of March 31, 2021. This will uniquely position the Company to be the only full-service provider in the attractive and growing reverse mortgage market and is expected to close in Q4.
- Approximately \$244 million of unrestricted cash and available credit at June 30, 2021. Liquidity supported

significant bulk MSR acquisitions in Q2.

- MSR Asset Vehicle LLC (“MAV”) launched in Q2. MAV acquired MSRs with \$8.7 billion of UPB on June 1 and entered into an agreement to purchase MSRs with \$5.4 billion of UPB, which is expected to close in Q3.

Webcast and Conference Call

Ocwen will hold a conference call on Thursday, August 5, 2021 at 8:30 a.m. (ET) to review the Company’s second quarter 2021 operating results and to provide a business update. A live audio webcast and slide presentation for the call will be available by visiting the Shareholder Relations page at www.ocwen.com. Participants can access the conference call by dialing (877) 344-8082 or (213) 992-4618 approximately 10 minutes prior to the call. A replay of the conference call will be available via the website approximately two hours after the conclusion of the call and will remain available for approximately 30 days.

About Ocwen Financial Corporation

Ocwen Financial Corporation (NYSE: OCN) is a leading non-bank mortgage servicer and originator providing solutions through its primary brands, PHH Mortgage and Liberty Reverse Mortgage. PHH Mortgage is one of the largest servicers in the country, focused on delivering a variety of servicing and lending programs. Liberty is one of the nation’s largest reverse mortgage lenders dedicated to education and providing loans that help customers meet their personal and financial needs. We are headquartered in West Palm Beach, Florida, with offices in the United States and the U.S. Virgin Islands and operations in India and the Philippines, and have been serving our customers since 1988. For additional information, please visit our website (www.Ocwen.com).

Forward Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements may be identified by a reference to a future period or by the use of forward-looking terminology.

Forward-looking statements are typically identified by words such as “expect”, “believe”, “foresee”, “anticipate”, “intend”, “estimate”, “goal”, “strategy”, “plan” “target” and “project” or conditional verbs such as “will”, “may”, “should”, “could” or “would” or the negative of these terms, although not all forward-looking statements contain these words, and includes statements in this press release regarding the ability of our recent strategic transactions to improve our earnings. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Our business has been undergoing substantial change and we are experiencing significant changes within the mortgage lending and servicing ecosystem 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, our ability to close bulk MSR acquisitions, our RMS asset acquisition and other transactions, and the timing for doing so; the extent to which MAV and other recent transactions and initiatives will accomplish our growth objectives; uncertainty relating to the continuing impacts of the COVID-19 pandemic, including the response of the U.S. government, state governments, the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) (together, the GSEs), the Government National Mortgage Association (Ginnie Mae) and regulators, as well as the potential for ongoing disruption in the financial markets and in commercial activity generally, increased unemployment, and other financial difficulties facing our borrowers; the proportion of borrowers who enter into forbearance plans, the financial ability of borrowers to resume repayment and their timing for doing so; the extent to which a recent judicial interpretation of the Fair Debt Collection Practices Act may require us to modify our business practices and

expose us to increased expense and litigation risk; the adequacy of our financial resources, including our sources of liquidity and ability to sell, fund and recover servicing advances, forward and reverse whole loans, and HECM and forward loan buyouts and put backs, as well as repay, renew and extend borrowings, borrow additional amounts as and when required, meet our MSR or other asset investment objectives and comply with our debt agreements, including the financial and other covenants contained in them; increased servicing costs based on increased borrower delinquency levels or other factors; the future of our long-term relationship and remaining servicing agreements with New Residential Investment Corp.; our ability to continue to improve our financial performance through cost re-engineering efforts and other actions; our ability to continue to grow our lending business and increase our lending volumes in a competitive market and uncertain interest rate environment; our ability to execute on identified business development and sales opportunities; uncertainty related to past, present or future claims, litigation, cease and desist orders and investigations regarding our servicing, foreclosure, modification, origination and other practices brought by government agencies and private parties, including 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); adverse effects on our business as a result of regulatory investigations, litigation, cease and desist orders or settlements and the reactions of key counterparties, including lenders, the GSEs and 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 interpret correctly and comply with liquidity, net worth and other financial and other requirements of regulators, the GSEs and Ginnie Mae, as well as those set forth in our debt and other agreements; our ability to comply with our servicing agreements, including our ability to comply with the requirements of the GSEs and Ginnie Mae and maintain our seller/servicer and other statuses with them; our ability to fund 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 any future downgrades; as well as other risks and uncertainties detailed in our reports and filings with the SEC, including our annual report on Form 10-K for the year ended December 31, 2020 and any current report or quarterly report filed with the SEC since such date. Anyone wishing to understand Ocwen's business should review our SEC filings. Our 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.

Note Regarding Non-GAAP Financial Measures

This press release contains references to non-GAAP financial measures, such as our references to adjusted pre-tax income (loss) and adjusted pre-tax income (loss) excluding amortization of NRZ lump-sum payments.

We believe these non-GAAP financial measures provide a useful supplement to discussions and analysis of our financial condition. In addition, management believes that these presentations may assist investors with understanding and evaluating our initiatives to drive improved financial performance. However, these measures should not be analyzed in isolation or as a substitute to analysis of our GAAP expenses and pre-tax income (loss). There are certain limitations to the analytical usefulness of the adjustments we make to GAAP expenses and pre-tax income (loss) and, accordingly, we use these adjustments only for purposes of supplemental analysis. 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. Readers are cautioned not to place undue reliance on analysis of the adjustments we make to GAAP expenses and pre-tax income (loss).

Beginning with the three months ended June 30, 2020, we refined our definitions of Expense Notables, which we previously referred to as "Expenses Excluding MSR Valuation Adjustments, net, and Expense Notables," and Income Statement Notables in order to be more descriptive of the types of items included.

Expense Notables

In the table titled “Expense Notables”, we adjust GAAP operating expenses for the following factors (1) expenses related to severance, retention and other actions associated with continuous cost and productivity improvement efforts, (2) significant legal and regulatory settlement expense items^(a), and (3) certain other significant activities including, but not limited to, insurance related expense and settlement recoveries, compensation or incentive compensation expense reversals and other transactions (collectively, Other) consistent with the intent of providing management and investors with a supplemental means of evaluating our expenses.

^(a) Including however not limited to CFPB, Florida Attorney General/Florida Office of Financial Regulations and Massachusetts Attorney General litigation related legal expenses, state regulatory action related legal expenses and state regulatory action settlement related escrow analysis costs (collectively, CFPB and state regulatory defense and escrow analysis expenses)

Expense Overview

(\$ in millions)	Q2'21	Q1'21	Q2'20
I Operating Expenses (as reported)	150	140	145
Adjustments for Notables^(a)			
Re-engineering costs	-	-	(9)
Significant legal & regulatory settlement expenses	(6)	-	(1)
Expense recoveries	-	-	7
Covid-19 Related Expenses	-	-	(6)
Other ^(b)	(5)	(1)	1
II Expense Notables	(13)	(1)	(9)
III Adjusted Expenses (I + II)	137	139	135

(a) Notables presented in prior periods that are nil for each quarter shown here have been omitted

(b) Includes non-routine costs associated with strategic transactions

Income Statement Notables

In the table titled “Income Statement Notables”, we adjust GAAP pre-tax (loss)/income for the following factors (1) Expense Notables, (2) changes in fair value of our Agency and Non-Agency MSR due to changes in interest rates, valuation inputs and other assumptions, net of hedge positions, (3) offsets to changes in fair value of our MSR in our NRZ financing liability due to changes in interest rates, valuation inputs and other assumptions, (4) changes in fair value of our reverse originations portfolio due to changes in interest rates, valuation inputs and other assumptions, (5) early call premiums, amortization of debt costs, and OID relating to corporate debt refinancing, (6) certain other transactions, including but not limited to pension benefit cost adjustments and gains related to exercising servicer call rights and fair value assumption changes on other investments (collectively, Other) and (7) amortization of NRZ lump-sum cash payments consistent with the intent of providing management and investors with a supplemental means of evaluating our net income/(loss).

Income Overview

(\$ in millions)		Q2'21	Q1'21	Q2'20
I	Reported Pre-Tax Income / (Loss)	(22)	12	(6)
	Adjustments for Notables^(a)			
	Expense Notables (from prior slide)	13	1	9
	Non-Agency MSR FV Change ^(b)	(4)	(2)	3
	Agency MSR FV Change, net of macro hedge ^(b)	17	(25)	3
	NRZ MSR Liability FV Change ^(c)	7	2	(1)
	Reverse FV Change	(5)	4	6
	Corporate Debt Refinance	-	15	-
	Other	-	0	3
II	Total Income Statement Notables	28	(5)	24
III	Adjusted Pre-tax Income (Loss) (I+II)	6	7	18
IV	Amortization of NRZ Lump-sum Cash Payments	-	-	(10)
V	Adjusted Pre-Tax Income (Loss) excluding Amortization of NRZ Lump-sum Payment (III+IV)	6	7	8

(a) Notables presented in prior periods that are nil for each quarter shown here have been omitted

(b) FV changes that are driven by changes in interest rates, valuation inputs or other assumptions, net of unrealized gains / (losses) on macro hedge. Non-Agency = Total MSR excluding GNMA & GSE MSRs. Agency = GNMA & GSE MSRs. The adjustment does not include \$9 million valuation gains of certain MSRs that were opportunistically purchased in disorderly transactions due to the market environment in Q2 2021 (\$9 million in Q1 2021 and \$14 million in Q2 2020).

(c) Includes \$1.4M offset of liability for MSR valuation adjustment associated with certain called NRZ securities

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