

New Residential Investment Corp (NRZ, Buy, \$10.50 PT)

Updating our Model and Reducing Our Price Target to \$10.50 from \$18
– Focus on NRZ’s Differentiation Compared to Other mREITs

WHAT YOU SHOULD KNOW: We are updating our model and estimates to account for the impact of recent market volatility across all mortgage assets and New Residential’s (NRZ) estimate that book value per share (BVPS) has fallen by approximately 25% to 30% as of March 27 compared to 4Q19 BVPS of \$16.21. Going forward, we believe investors should focus on NRZ’s differentiation compared to other mREITs and how NRZ’s operating companies should put the company in a position to outperform peers once the market stabilizes. With the stock trading at approximately 0.38X proforma BVPS, we believe the market is pricing in significant additional downside without giving the company credit for its ability to generate earnings and cash flow from operating companies. We are reducing our price target to \$10.50 from \$18 per share based on 0.9X our 1Q20E book value per share estimate of \$11.77.

- Updating estimates** – We are reducing our 1Q20 book value per share estimate by 27.4% to \$11.77 to reflect the impact of asset writedowns and realized losses from portfolio sales during the quarter. We are also forecasting quarterly dividends of \$0.05, \$0.10 and \$0.20 for 2Q, 3Q and 4Q respectively as NRZ stabilizes the company’s balance sheet and portfolio – in FY21, we assume NRZ pays \$0.25 per quarter, below our operating earnings estimate of \$1.42. NRZ’s announcement earlier today about the sale of \$6.1B face value of Non-Agency RMBS was positive insofar as it noted the impact of the sale was not expected to have an impact on the 25% to 30% book value reduction as of March 27.
- Focus on Differentiation** – Unlike most mREITs, NRZ has exposure to other businesses that have the potential to generate counter cyclical capital-light earnings with the company’s services businesses and subservicing capabilities at Shellpoint should both outperform in a rising delinquency environment. In addition, NRZ has the potential to capitalize on more capital efficient earnings from the originations segment.
- Operating Companies Contribution/Upside** – On the March 13 update call, the company noted the mortgage company could generate between \$400M and \$500M of operating earnings in FY20 – in our model we assume that originations volumes fall due to capital constraints. If we use the original range of \$250M to \$400M provided during the 4Q19 earnings release – at those levels, NRZ could pay an annual common dividend per share between \$0.28 and \$0.88 with no contribution from the MSR, Residential Securities or Residential Mortgages segments. If we assume the full 25% to 30% writedown was incurred by those segments, they would have net equity of between \$4,647M and \$5,005M.
- Dividend Sensitivity Analysis** – We put together a dividend sensitivity analysis that provides a range of earnings for the operating companies and a range of ROE/contribution from the already written down equity in the MSR and Residential Securities and Residential Loans segments (see page 4).
- Valuation:** Our price target of \$10.50 is based on 0.9X our 1Q20E book value per share estimate of \$11.77.



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Giuliano Bologna
(212) 588-6583 gbologna@btig.com

COMPANY DATA	
Closing Price:	\$5.01
Price Target:	\$10.50
Market Cap (\$M):	2,081.76
Shares Out (M):	415.5
Avg Daily Vol - 3 Months (M):	6.23
Dividend/Yield:	\$2.00/39.9%

REVISIONS		
	Previous	Current
Rating	Buy	Buy
Price Target	\$18.00	\$10.50
FY20E EPS	\$2.19	\$(4.25)
FY21E EPS	\$2.20	\$1.42
FY20E Rev. (M)	\$2,883.95	\$195.06

Diluted EPS (Adjusted)			
FY Dec	2019A	2020E	2021E
Q1	0.53	(4.89)	0.34
Q2	0.53	0.10	0.37
Q3	0.50	0.26	0.36
Q4	0.61	0.29	0.34
Calendar EPS	2.17	(4.25)	1.42
Calendar P/E	2.3x	-	3.5x

REVENUE (\$M)			
FY Dec	2019A	2020E	2021E
Q1	607.92	(1,552.19)	630.73
Q2	405.58	540.50	650.58
Q3	730.56	599.12	655.86
Q4	841.58	607.62	647.25
FY	2,585.65	195.06	2,584.42

Source: IDC, BTIG Estimates and Company Documents
(\$ in millions, except per share amount)

Investment Thesis

We have a Buy rating and a price target of \$10.50 on shares of New Residential. We believe NRZ shares are mispriced by the market due to concerns about the impact of low interest rates on the company's MSR assets creating an attractive entry point. At these levels, we believe the market underappreciates the value of the company's assets and the expansion into operating businesses which should have a significant benefit to cash flow generations over time.

Upcoming Catalysts

- 1Q20 Earnings.

Base Case Assumptions

- NRZ stabilized book value and does not incur further book value reduction beyond the 25% to 30% as of March 27.
- NRZ deleverages and begins to increase the dividend payout during 2H20.

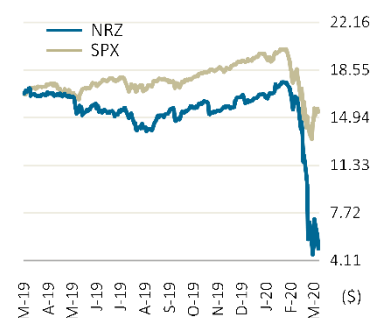
Upside Scenario

- Successfully scaling Ditech's originations platform and originating between \$40B and \$50B of volume at attractive margins.
- Higher interest rates.
- Increased recapture of ancillary services revenue.
- Increased origination volume.

Downside Scenario

- Lower interest rates could have an adverse impact on NRZ's MSR portfolio.
- Credit deterioration and increased default rates could reduce the return on NRZ's assets.
- Lower origination volume.
- Regulatory changes.

Price Performance



Source: IDC

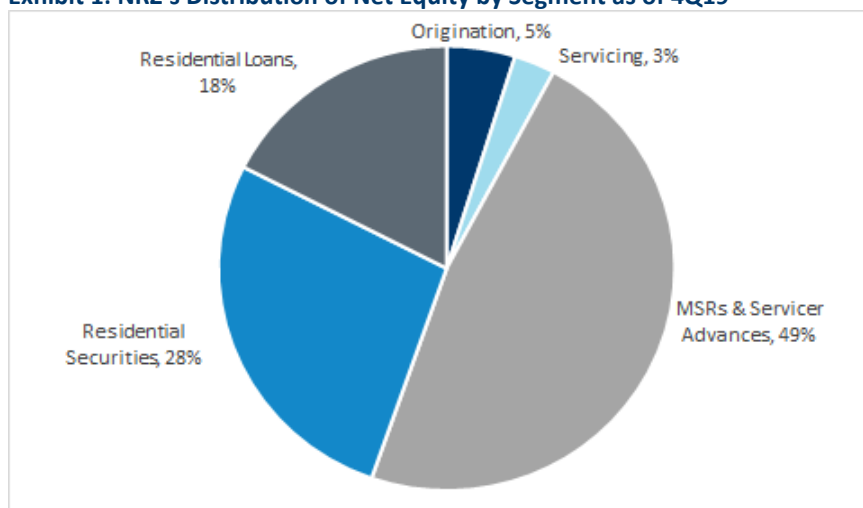
Company Description

New Residential Investment Corp (NRZ) is a real estate investment trust (REIT) that opportunistically invests in assets related to residential real estate. NRZ was formed as a wholly owned subsidiary of Newcastle Investment Corp. (Drive Shack) in 2011 and was spun-off from Drive Shack in May 2013.

The path to an earnings and dividend payout recovery can largely be supported by increased operating company performance (Origination Segment, Servicing Segment, Guardian Asset Management and Covius) – further supported by a recovery of capital-intensive businesses should provide additional earnings and dividend capacity growth. As of 4Q19, the origination, servicing and ancillary business segments accounted for ~8% of net equity capital compared to 95% for more capital-intensive segments MSR, Residential Securities and Residential loans – excluding corporate negative equity of 277M.

Operating Company contribution – Going into FY20, NRZ provided a range of potential scenarios where the operating companies could generate between \$250M and \$400M of operating earnings – and provided additional detail on the company’s March 13 update call highlighting the potential to generate between \$125M and \$150M in operating earnings during 1Q20 based on ~\$12B of volume and between \$400M and \$500M in FY20 from the mortgage company due to increased volumes and margins.

Exhibit 1: NRZ’s Distribution of Net Equity by Segment as of 4Q19



Source: BTIG Estimates and Company Reports (excludes corporate negative equity of ~\$277M, ~3%)

Earnings and Dividend Sensitivity Analysis – We believe the market is overlooking NRZ’s operating companies as a source of capital light earnings and dividend power in the near-term and long-term along with the countercyclical nature of some of those businesses that should outperform in a higher delinquency environment.

We include an operating company operating earnings range between \$250M and \$500M and a range of ROE scenarios for the MSR, Residential Securities and Residential Mortgage segments between 1% and 10%. To handicap the earnings power of the capital-intensive sides of the business, we are assuming the full 25% and 30% impairments are applied to the capital-intensive segments which comes out to net equity of \$5,005M and \$4,647M, respectively.

In both scenarios, we present NRZ’s potential dividend capacity on common shares after accounting for dividends on preferred shares and the implied dividend yield assuming a share price of \$4.50.

Exhibit 2: Dividend Sensitivity Analysis – 25% Scenario

	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%
250	\$0.40	\$0.52	\$0.64	\$0.76	\$0.88	\$1.00	\$1.12	\$1.24	\$1.36	\$1.48
275	\$0.46	\$0.58	\$0.70	\$0.82	\$0.94	\$1.06	\$1.18	\$1.30	\$1.42	\$1.54
300	\$0.52	\$0.64	\$0.76	\$0.88	\$1.00	\$1.12	\$1.24	\$1.36	\$1.48	\$1.60
325	\$0.58	\$0.70	\$0.82	\$0.94	\$1.06	\$1.18	\$1.30	\$1.42	\$1.54	\$1.66
350	\$0.64	\$0.76	\$0.88	\$1.00	\$1.12	\$1.24	\$1.36	\$1.48	\$1.60	\$1.72
375	\$0.70	\$0.82	\$0.94	\$1.06	\$1.18	\$1.30	\$1.42	\$1.54	\$1.66	\$1.78
400	\$0.76	\$0.88	\$1.00	\$1.12	\$1.24	\$1.36	\$1.48	\$1.60	\$1.72	\$1.84
425	\$0.82	\$0.94	\$1.06	\$1.18	\$1.30	\$1.42	\$1.54	\$1.66	\$1.78	\$1.90
450	\$0.88	\$1.00	\$1.12	\$1.24	\$1.36	\$1.48	\$1.60	\$1.72	\$1.84	\$1.96
475	\$0.94	\$1.06	\$1.18	\$1.30	\$1.42	\$1.54	\$1.66	\$1.78	\$1.90	\$2.02
500	\$1.00	\$1.12	\$1.24	\$1.36	\$1.48	\$1.60	\$1.72	\$1.84	\$1.96	\$2.08

	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%
250	8.9%	11.5%	14.2%	16.9%	19.6%	22.2%	24.9%	27.6%	30.3%	32.9%
275	10.2%	12.9%	15.5%	18.2%	20.9%	23.6%	26.3%	28.9%	31.6%	34.3%
300	11.5%	14.2%	16.9%	19.6%	22.2%	24.9%	27.6%	30.3%	32.9%	35.6%
325	12.9%	15.5%	18.2%	20.9%	23.6%	26.3%	28.9%	31.6%	34.3%	37.0%
350	14.2%	16.9%	19.6%	22.2%	24.9%	27.6%	30.3%	32.9%	35.6%	38.3%
375	15.5%	18.2%	20.9%	23.6%	26.2%	28.9%	31.6%	34.3%	37.0%	39.6%
400	16.9%	19.6%	22.2%	24.9%	27.6%	30.3%	32.9%	35.6%	38.3%	41.0%
425	18.2%	20.9%	23.6%	26.2%	28.9%	31.6%	34.3%	37.0%	39.6%	42.3%
450	19.6%	22.2%	24.9%	27.6%	30.3%	32.9%	35.6%	38.3%	41.0%	43.6%
475	20.9%	23.6%	26.2%	28.9%	31.6%	34.3%	37.0%	39.6%	42.3%	45.0%
500	22.2%	24.9%	27.6%	30.3%	32.9%	35.6%	38.3%	41.0%	43.6%	46.3%

Source: BTIG Estimates and Company Reports

Exhibit 3: Dividend Sensitivity Analysis – 30% Scenario

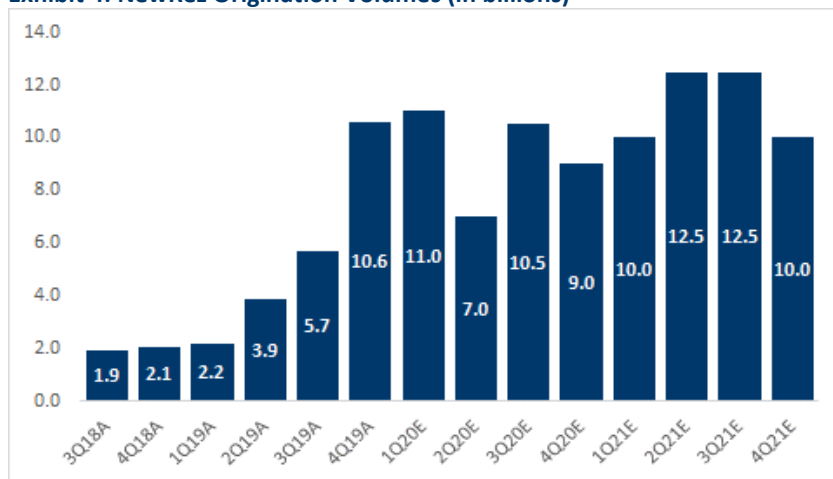
	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%
250	\$0.39	\$0.50	\$0.61	\$0.73	\$0.84	\$0.95	\$1.06	\$1.17	\$1.28	\$1.40
275	\$0.45	\$0.56	\$0.67	\$0.79	\$0.90	\$1.01	\$1.12	\$1.23	\$1.34	\$1.46
300	\$0.51	\$0.62	\$0.73	\$0.85	\$0.96	\$1.07	\$1.18	\$1.29	\$1.40	\$1.52
325	\$0.57	\$0.68	\$0.79	\$0.91	\$1.02	\$1.13	\$1.24	\$1.35	\$1.47	\$1.58
350	\$0.63	\$0.74	\$0.85	\$0.97	\$1.08	\$1.19	\$1.30	\$1.41	\$1.53	\$1.64
375	\$0.69	\$0.80	\$0.91	\$1.03	\$1.14	\$1.25	\$1.36	\$1.47	\$1.59	\$1.70
400	\$0.75	\$0.86	\$0.97	\$1.09	\$1.20	\$1.31	\$1.42	\$1.53	\$1.65	\$1.76
425	\$0.81	\$0.92	\$1.03	\$1.15	\$1.26	\$1.37	\$1.48	\$1.59	\$1.71	\$1.82
450	\$0.87	\$0.98	\$1.10	\$1.21	\$1.32	\$1.43	\$1.54	\$1.65	\$1.77	\$1.88
475	\$0.93	\$1.04	\$1.16	\$1.27	\$1.38	\$1.49	\$1.60	\$1.71	\$1.83	\$1.94
500	\$0.99	\$1.10	\$1.22	\$1.33	\$1.44	\$1.55	\$1.66	\$1.77	\$1.89	\$2.00

	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%
250	8.9%	11.5%	14.2%	16.9%	19.6%	22.2%	24.9%	27.6%	30.3%	32.9%
275	10.2%	12.9%	15.5%	18.2%	20.9%	23.6%	26.3%	28.9%	31.6%	34.3%
300	11.5%	14.2%	16.9%	19.6%	22.2%	24.9%	27.6%	30.3%	32.9%	35.6%
325	12.9%	15.5%	18.2%	20.9%	23.6%	26.3%	28.9%	31.6%	34.3%	37.0%
350	14.2%	16.9%	19.6%	22.2%	24.9%	27.6%	30.3%	32.9%	35.6%	38.3%
375	15.5%	18.2%	20.9%	23.6%	26.2%	28.9%	31.6%	34.3%	37.0%	39.6%
400	16.9%	19.6%	22.2%	24.9%	27.6%	30.3%	32.9%	35.6%	38.3%	41.0%
425	18.2%	20.9%	23.6%	26.2%	28.9%	31.6%	34.3%	37.0%	39.6%	42.3%
450	19.6%	22.2%	24.9%	27.6%	30.3%	32.9%	35.6%	38.3%	41.0%	43.6%
475	20.9%	23.6%	26.2%	28.9%	31.6%	34.3%	37.0%	39.6%	42.3%	45.0%
500	22.2%	24.9%	27.6%	30.3%	32.9%	35.6%	38.3%	41.0%	43.6%	46.3%

Source: BTIG Estimates and Company Reports

Originations Segment – When NRZ reported 4Q19 earnings, the company expected to generate \$50B+ of origination volumes in FY20 and on the March 13 update call noted an expectation of ~\$12B during 1Q20. We estimate that NRZ will originate \$11B in 1Q20, \$7B in 2Q20 recovering in 3Q and 4Q for total FY20 volume of \$37.5B. We believe this accounts for market volatility and zero Non-QM volume in the last 9 months of FY20.

Exhibit 4: NewRez Origination Volumes (in billions)

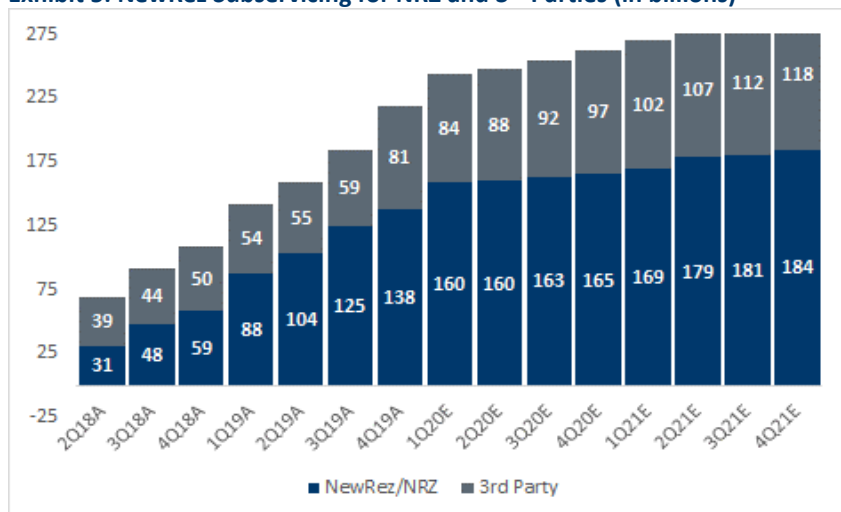


Source: BTIG Estimates and Company Reports

Subservicing for NRZ and for 3rd Parties – NRZ’s purchase of Shellpoint also gave the company a specialty servicing platform (now part of NewRez) that should be countercyclical. Across the servicing industry, there has been a gradual reduction in specialty and default servicing capacity which could be a source of upside for NewRez if delinquencies rise and demand for specialty subservicing increasing. In addition to Shellpoint, NRZ’s acquisition of Ditech added additional servicing capacity. As of 4Q19, NewRez serviced \$219.4B of UPB and NRZ expects to increase servicing capacity to \$350B in FY20.

As of 4Q19, NewRez subserviced \$80.7B of UPB for 3rd parties. And during FY19, 3rd party subservicing generated \$137.4M of revenue on average UPB of ~\$62B for the year. As delinquencies increase over the next few months and quarters, NRZ should be able to further scale its 3rd party subservicing platform that would provide incremental capital light revenue and earnings.

Exhibit 5: NewRez Subservicing for NRZ and 3rd Parties (in billions)



Source: BTIG Estimates and Company Reports

Ancillary Services – Over the past couple years, NRZ has acquired a portfolio of companies that provide ancillary services. Notably, NRZ recently acquired Guardian Asset Management that provides Field Services (Inspections, Property preservation, Repairs, REO management, Hazard claims) – this business should outperform as delinquency rates increase over the next few months and quarters, a source of countercyclical operating earnings.

Exhibit 6: NRZ's Ancillary Services Businesses and Partnerships

Company	Ownership / Partnership	Date	Products and Services
Covius	25%	May-19	Origination Solutions (Credit, Verification, Flood, Title) Servicing and Capital Markets (Document management Loan modification, REO management, auction)
eStreet	100%	Jul-18	Appraisal services
Avenue 365	100%	Jul-18	Title and Closing services
Altisource	Cooperative Brokerage Agreement	Aug-17	REO brokerage services
Auction.com	Workshare Agreement	Apr-19	Foreclosure auction services
Matic	Joint Marketing Program	Jun-19	Voluntary Hazard/Homeowners, Voluntary Flood and Automobile Insurance
Guardian Asset Management	100%	Aug-19	Field Services (Inspections, Property preservation, Repairs, REO management, Hazard claims)

Source: BTIG and Company Reports

Income Statement

NRZ - Operating Model <i>\$ millions</i>	Dec-16	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Dec-21
	2016A	2017A	1Q18A	2Q18A	3Q18A	4Q18A	2018A	1Q19A	2Q19A	3Q19A	4Q19A	2019A	1Q20E	2Q20E	3Q20E	4Q20E	2020E	1Q21E	2Q21E	3Q21E	4Q21E	2021E
Interest income	1,076.7	1,519.7	383.6	403.8	425.5	451.3	1,664.2	438.9	416.0	448.1	463.1	1,766.1	360.0	291.5	276.9	274.1	1,202.5	268.1	267.8	267.3	261.5	1,064.7
Interest expense	373.4	460.9	124.4	133.9	162.8	185.3	606.4	212.8	228.0	245.9	247.0	933.8	256.6	222.1	210.8	210.7	900.2	209.0	215.2	220.0	215.6	859.8
Net Interest Income	703.3	1,058.8	259.2	269.9	262.7	266.0	1,057.8	226.0	188.0	202.2	216.1	832.4	103.3	69.5	66.2	63.4	302.4	59.1	52.6	47.3	45.9	204.9
Other-than-temporary impairment (OTTI) on securities	10.3	10.3	6.7	12.6	3.9	6.8	30.0	7.5	8.9	5.6	3.2	25.2	6.4	4.5	4.2	4.2	19.2	4.2	4.2	4.2	4.2	16.8
Valuation and loss provision on loans and real estate owned	77.7	75.8	19.0	3.7	5.5	32.5	60.6	5.3	13.5	-10.7	2.4	10.4	8.8	7.0	5.9	5.7	27.4	4.8	4.8	3.6	3.3	15.9
Impairments	88.0	86.1	25.7	16.3	9.4	39.3	90.6	12.8	22.3	-5.1	5.6	35.6	15.2	11.6	10.0	9.9	46.7	9.0	8.3	7.9	7.6	32.7
Net Interest Income after impairment	615.3	972.7	233.5	253.6	253.4	226.7	967.1	213.2	165.7	207.3	210.5	796.8	88.1	57.9	56.1	53.5	255.7	50.1	44.3	39.4	38.3	172.2
Servicing revenue	118.2	424.3	217.2	146.2	175.4	-10.2	528.6	165.9	-85.5	53.1	251.8	385.2	-169.1	219.9	239.9	262.4	553.1	263.4	254.5	258.9	283.5	1,060.3
Gain on sale of originated mortgage loans	0.0	0.0	0.0	0.0	45.7	43.3	89.0	44.0	49.5	100.5	180.5	374.5	198.0	84.0	126.0	108.0	516.0	135.0	168.8	168.8	135.0	607.5
Total other income	62.3	207.8	264.5	-96.8	-83.3	-128.7	-44.3	-40.8	25.6	128.8	-53.8	59.8	-1,941.1	-55.0	-43.7	-36.9	-2,076.6	-35.8	-40.5	-39.1	-32.8	-148.2
General and administrative expenses	38.6	67.2	20.0	20.6	98.6	92.4	231.6	98.9	118.9	133.5	186.7	538.0	192.6	200.8	215.5	213.1	822.0	216.8	229.1	234.2	230.4	910.5
Management fee to affiliate	41.6	55.6	15.1	15.5	15.5	16.6	62.6	18.0	19.6	20.7	21.2	79.5	20.6	16.4	16.6	16.8	70.4	16.9	17.0	17.1	17.2	68.2
Incentive compensation to affiliate	42.2	81.4	14.6	26.7	23.8	29.7	94.9	13.0	0.0	36.3	42.6	91.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loan servicing expense	44.0	52.3	11.5	11.0	11.1	9.9	43.5	9.6	9.4	7.2	5.6	31.7	3.7	3.4	3.0	2.7	12.8	2.2	1.7	1.4	1.1	6.4
Subservicing expense	7.8	166.1	46.6	46.0	43.1	41.1	176.8	40.9	54.0	52.9	79.7	227.5	72.1	74.1	72.4	71.3	289.8	70.4	71.6	72.7	71.7	386.3
Operating expenses	174.2	422.6	107.8	119.8	192.1	189.7	609.4	180.4	201.9	250.6	335.8	968.6	289.0	294.7	307.4	303.9	1,195.1	306.3	319.4	325.4	320.4	1,271.5
Income before taxes	621.6	1,182.3	607.5	183.2	199.0	-58.6	931.1	201.9	-46.6	239.2	253.2	647.7	-2,113.1	12.2	70.9	83.2	-1,946.8	106.4	107.8	102.6	103.6	420.4
Income tax expense (benefit)	38.9	167.6	-6.9	-2.6	3.6	-67.5	-73.4	46.0	-21.6	-5.4	22.8	41.8	-10.1	-0.6	-0.7	-0.8	-12.1	0.0	0.0	0.0	0.0	0.0
Net income	582.7	1,014.7	614.4	185.8	195.5	8.9	1,004.5	155.9	-25.0	244.7	230.4	605.9	-2,103.0	12.7	71.6	84.0	-1,934.7	106.4	107.8	102.6	103.6	420.4
Noncontrolling interests in income of consolidated subsidiaries	78.3	57.1	10.1	11.1	10.9	8.5	40.6	10.3	6.9	14.7	10.7	42.6	5.9	4.7	3.7	2.7	16.9	1.9	1.1	0.7	0.3	4.0
Dividends on preferred stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.9	13.3	8.6	14.4	14.4	14.4	51.7	14.4	14.4	14.4	14.4	57.5
Net Income attributable to common shareholders	504.5	957.5	604.3	174.8	184.6	0.3	964.0	145.6	-31.9	224.6	211.8	550.0	-2,117.5	-6.3	53.5	67.0	-2,003.4	90.2	92.2	87.5	88.9	358.9
GAAP EPS - Basic	\$2.12	\$3.17	\$1.83	\$0.52	\$0.54	\$0.00	\$2.82	\$0.37	-\$0.08	\$0.54	\$0.49	\$1.35	-\$5.12	-\$0.03	\$0.11	\$0.14	-\$4.82	\$0.20	\$0.20	\$0.19	\$0.19	\$0.86
GAAP EPS - Diluted	\$2.12	\$3.15	\$1.81	\$0.51	\$0.54	\$0.00	\$2.81	\$0.37	-\$0.08	\$0.54	\$0.49	\$1.34	-\$5.11	-\$0.03	\$0.11	\$0.14	-\$4.83	\$0.20	\$0.20	\$0.19	\$0.19	\$0.86
Core EPS - Diluted	\$2.14	\$2.83	\$0.58	\$0.58	\$0.63	\$0.58	\$2.38	\$0.53	\$0.53	\$0.50	\$0.61	\$2.17	-\$4.89	\$0.10	\$0.26	\$0.29	-\$4.25	\$0.34	\$0.37	\$0.36	\$0.34	\$1.42
Shares outstanding - basic	238.1	302.2	330.4	336.3	340.0	358.3	341.3	388.3	415.5	415.5	415.5	408.8	415.5	415.5	415.5	415.5	415.5	415.5	415.5	415.5	415.5	415.5
Shares outstanding - diluted	238.5	304.4	333.4	339.5	340.9	358.5	343.1	388.6	415.7	415.6	415.7	409.0	415.7	415.7	415.7	415.7	415.7	415.7	415.7	415.7	415.7	415.7
Net Income attributable to common stockholders	504.5	957.5	604.3	174.8	184.6	0.3	964.0	145.6	-31.9	224.6	211.8	550.0	-2,117.5	-6.3	53.5	67.0	-2,003.4	90.2	92.2	87.5	88.9	358.9
Impairments	88.0	86.1	25.7	16.3	9.4	39.3	90.6	12.8	22.3	-5.1	5.4	35.3	15.2	11.6	10.0	9.9	46.7	9.0	8.3	7.9	7.6	32.7
Change in fair value of investmnt in excess mortgage servicing rights	7.3	-4.3	45.7	5.3	4.7	2.9	58.7	-4.6	8.5	0.0	0.0	3.8	25.0	0.0	0.0	0.0	25.0	0.0	0.0	0.0	0.0	0.0
Change in fair value of investments in excess mortgage servicing rights, equity investees	-16.5	-12.6	-0.5	-1.7	-3.4	-2.7	-8.4	-2.6	3.3	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in fair value of investments in mortgage servicing rights financing receivables	0.0	-109.6	-319.8	62.3	39.3	-11.1	-229.3	-6.5	15.2	0.0	0.0	8.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in fair value of servicer advance investments	7.8	-84.4	79.5	1.8	5.4	2.8	89.3	-7.9	-1.4	-6.6	5.6	-10.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in the fair value of investments in residential mortgage loans	0.0	0.0	0.0	0.0	0.0	-73.5	-73.5	-14.6	-95.0	7.3	145.3	43.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gain on consumer loan investment	-9.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(Gain) loss on settlement of investments	-71.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gain (loss) on settlement of investments, net	48.8	-10.3	-103.3	-14.7	11.9	2.2	-103.8	27.3	-29.6	-135.9	-112.6	-250.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unrealized (gain) loss on derivative instruments	-5.8	2.2	-2.4	-1.2	-24.3	141.5	113.6	23.8	36.7	-41.9	31.1	49.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unrealized (gain) loss on other ABS	2.3	-2.9	0.3	-5.1	-7.2	1.7	-10.3	-6.7	-7.4	0.0	0.0	-14.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(Gain) loss on transfer of loans to RED	-18.4	-22.9	-4.2	-6.3	-6.1	-2.9	-19.5	-5.0	-1.6	0.0	0.0	-6.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(Gain) loss on transfer of loans to other assets	-2.9	-0.5	-0.1	0.2	1.5	0.3	2.0	0.5	-0.2	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(Gain) loss on Excess MSRs	-2.8	-2.4	-2.9	-1.4	-1.0	4.3	-1.0	-0.3	-0.9	0.0	0.0	-1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(Gain) loss on Ocwen common stock	0.0	-5.3	-5.8	1.0	0.1	15.5	10.9	-2.8	-1.5	0.0	0.0	-4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other (income) loss	9.4	27.7	5.1	2.9	17.8	2.9	28.7	1.6	5.5	36.3	-42.9	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total other income adjustments	-52.0	-225.4	-308.4	43.0	38.8	84.0	-142.6	2.														



BTIG Covered Companies Mentioned in this Report

NEW RESIDENTIAL INVESTMENT CORP (NRZ, Buy, \$10.50 PT; Current Price: \$5.01; Analyst: Giuliano.Bologna)

Appendix: Analyst Certification and Other Important Disclosures

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