Mortgage Companies

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Warren Kornfeld, Senior Vice President – Financial Institutions Group
Moody’s Stand Alone Credit Assessments of 15 Largest US Banks

USB  BBT  MTB  PNC  WFC  CMA  JPM  FITB  STI  HBAN  KEY  RF  C  BAC  ZION

*CMA’s ratings have a negative outlook; KEY’s ratings are on review for possible downgrade; Zion’s ratings have a positive outlook

Source: Moody’s
Moody’s Corporate Family Ratings of Rated Mortgage Companies

*PHH's ratings are on review for possible downgrade; PMT's, Ocwen's and Altisource's ratings have a negative outlook*

Source: Moody's
Constrained Profitability

Only 5 out of 12 of rated mortgage companies have Net Income / Assets above 1%

Source: Company Disclosures and Moody’s
Profitability – Excluding MSR Impairments

Weak profitability driven largely by rising operating costs

Source: Company Disclosures and Moody’s
Weak Liquidity

Have low levels of liquidity versus facilities maturing over next two years as a result of reliance on 364 day warehouse facilities.

24 Month Coverage - (Cash divided by Debt Maturating within 2 years)

Source: Company Disclosures and Moody’s
Liquidity

Warehouse facilities also result in high levels of secured debt

Source: Company Disclosures and Moody's
Capital

Capital Adequacy Ranges from Weak to Strong

Tangible Common Equity (Finance) / Tangible Managed Assets

Source: Company Disclosures and Moody’s
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